Detailed Financial Statements | 2009

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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 (the "City") should be read in conjunction with the audited consolidated financial statements (the "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, establishes these funds to ensure and demonstrate compliance with finance-related requirements.

The General Revenue Fund reports on 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, 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 operating 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 2009, on a comparative basis. Since annual revenues exceeded expenses, the Statements indicate the City increased its accumulated surplus during the year.

During 2009, the City recorded consolidated revenues of $1.343 billion (2008 - $1.271 billion), which included government transfers and developer contributions-in-kind that related to the acquisition of tangible capital assets. Consolidated expenses totalled $1.150 billion (2008 - $1.061 billion). As a result, the City's accumulated surplus increased by $0.193 billion (2008 - $0.210 billion).

Consolidated Revenues
For the years ended December 31

(in thousands of dollars)	2009		2008		Variance
Taxation	$ 534,571	40%	$ 521,684	41%	$ 12,887
Sales of services and regulatory fees	413,243	31%	412,984	32%	259
Government transfers					
Operating	134,710	10%	122,722	10%	11,988
Capital	122,113	9%	90,588	7%	31,525
Investment, land sales and other revenues	68,061	5%	82,976	7%	(14,915)
Developer contributions-in-kind	70,950	5%	40,304	3%	30,646
	$1,343,648		$1,271,258		$ 72,390

Revenues improved in 2009 from 2008 by $72.4 million due to several factors. The major reason was government transfers and developer contributions-in-kind related to the acquisition of tangible capital assets, which represented 86% of the year-over-year increase in total revenues. The Transit System accounted for a $36.8 million increase in government transfers related to capital, due to the acquisition of 63 air-conditioned buses and the commencement of the construction of stage one of the Southwest Rapid Transit Corridor. In addition, developer contributions-in-kind rose substantially as a result of increased development activity in the city.

The major components of taxation revenues are property, business, electricity and natural gas taxes. The primary reason for the increase in taxation is that property taxes rose by $9.3 million because of growth and adjustments to the assessment roll. Taxation also increased by $2.5 million due to the introduction of the accommodation tax late in 2008. The accommodation tax supports organizations, projects and special events that encourage tourism in Winnipeg.

Operating government transfer revenues rose in 2009 from 2008 mainly because of additional funding from the Province of Manitoba (the "Province"): $4.1 million in disaster financial assistance associated with the 2009 spring flood; $1.0 million for the OurWinnipeg initiative; $0.9 million for the Police Service department by way of additional gaming revenue; $4.0 million for the Fire Paramedic Service department for emergency medical services; and $1.4 million for waste reduction support. In 2009, the Province implemented the new waste reduction and recycling support levy ("WRARS") in the amount of $10 per tonne on the operators of all Manitoba landfills. The Province indicated that the revenue will be used to encourage sustainable waste management practices and improve waste diversion activities such as recycling and composting. The WRARS will be phased in commencing in 2009 to 2011. Landfills that accept at least 30,000 tonnes per year were required to apply the levy as of July 1, 2009. The one remaining landfill operated by the City - Brady Road Landfill - accepts approximately 420,000 tonnes per year. Under the WRARS program, 80% of the levy will be returned to municipalities based on their recycling tonnage as reported to Multi-Material Stewardship Manitoba.

Investment income, land sales and other revenues decreased by $14.9 million. This decrease can be attributed to interest income that declined by $8.7 million due to reductions in the Bank of Canada rate during the year.

Consolidated Expenses
For the years ended December 31

(in thousands of dollars)	2009		2008		Variance
Protection and community services	$ 362,341	31%	$ 344,158	32%	$ 18,183
Utility operations	278,848	24%	258,788	24%	20,060
Public works	270,877	24%	250,534	24%	20,343
Property and development	97,958	9%	93,738	9%	4,220
Finance and administration	61,575	5%	67,590	6%	(6,015)
General government	49,252	4%	17,283	2%	31,969
Civic corporations	29,582	3%	29,383	3%	199
	$1,150,433		$1,061,474		$ 88,959

Consolidated expenses grew by $89.0 million or eight percent from the previous year, due partially to an $18.2 million increase in protection and community services expenses. This expense category includes the Police Service, Fire Paramedic Service, and Community Service departments and Museums, which reported additional salaries and employee benefits of $17.9 million during the year.

Expenses for utility operations rose by $20.1 million, which can be attributed to the Waterworks System - $9.6 million and the Sewage Disposal System - $7.0 million. The Waterworks System's expenses increased due to the completion of the Water Treatment Plant, resulting in higher operating costs such as salaries and benefits and chemical costs. The Sewage Disposal System also experienced increased amortization costs, primarily due to the capitalization of $69.4 million related to the sewage treatment plants and lift stations, and $16.7 million for underground networks during 2008. In 2009 these tangible capital assets were amortized for the full year, compared to one-half the year during 2008.

The public works category includes the Public Works and Water and Waste (garbage collection and land drainage) departments. Public works experienced higher costs in 2009 because of spring flood preparation and recovery, and snow removal activities.

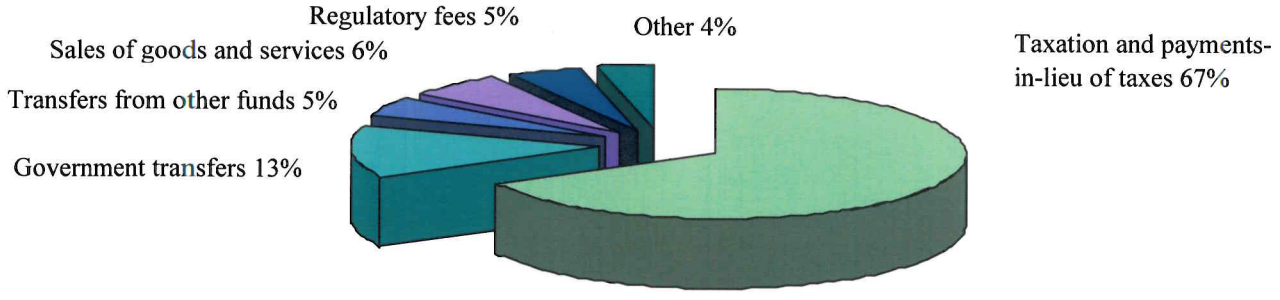
Moreover, general government expenses rose from the previous year. This was partially the result of changes in estimated environmental liabilities. Also included in general government expenses is a $16.0 million cash contribution to the Canadian Museum for Human Rights ("CMHR"). Part of the cash contribution was financed by the Province in the form of an $11.1 million 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, as part of the contributions to this project, 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 will 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.

Consolidated Expenses By Object
For the years ended December 31

(in thousands of dollars)	2009		2008		Variance
Salaries and benefits	$ 598,576	52%	$ 565,071	53%	$ 33,505
Goods and services	314,746	27%	291,061	28%	23,685
Amortization	155,382	14%	141,099	13%	14,283
Interest	49,588	4%	50,952	5%	(1,364)
Other expenses	32,141	3%	13,291	1%	18,850
	$1,150,433		$1,061,474		$ 88,959

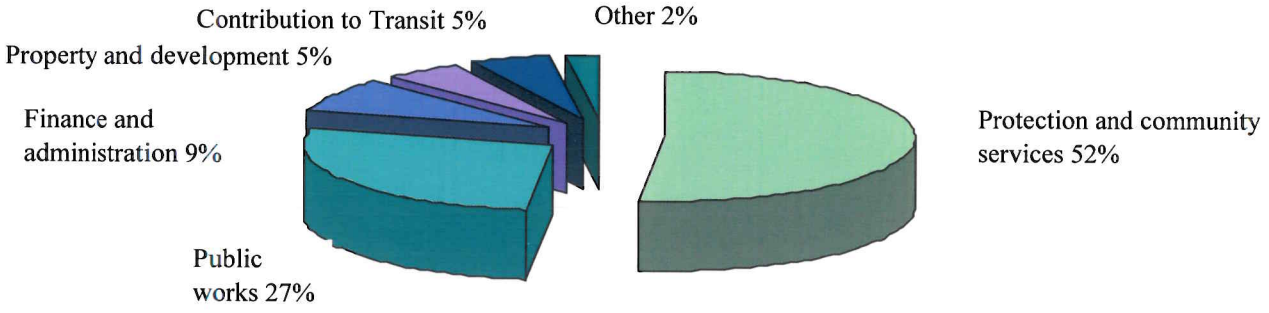
General Revenue Fund

As mentioned previously, the Statements incorporate the services reported in the General Revenue Fund. The 2009 budget for tax-supported operations was adopted by City Council on March 24, 2009. During the budget process, the City faced several challenges to produce a balanced budget, including maintaining service levels, a commitment to a competitive tax environment, and global economic uncertainty. The result was the twelfth consecutive approved budget without an increase to property tax rates. The budget focused on expenditure investment for public safety, transit and infrastructure.



General Revenue Fund 2009 Actual Revenues

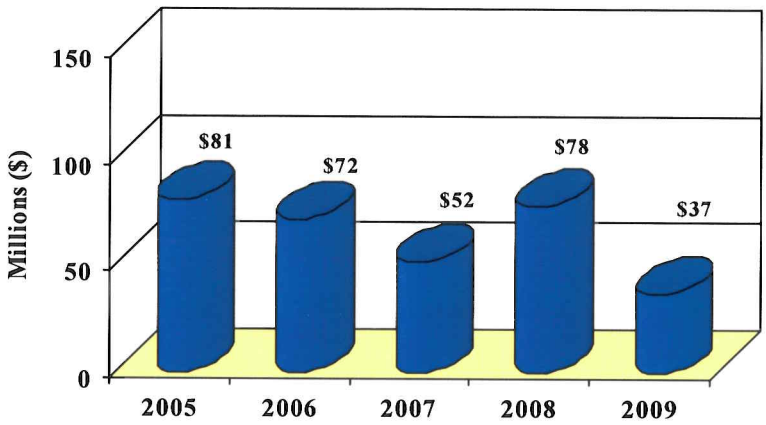
During 2009, the General Revenue Fund incurred revenues and expenses of $794.8 million (2008 - $780.6 million). Several unexpected events occurred that impacted the financial results of tax-supported operations at the City, such as better than expected revenues from investments and government transfers, which were offset by snow removal and spring flood preparation and recovery activities. At the end of the year, the General Revenue Fund reported a net surplus of $9.0 million, which was transferred to the General Purpose Reserve, as directed by City Council.



General Revenue Fund 2009 Actual Expenses

Financial Position

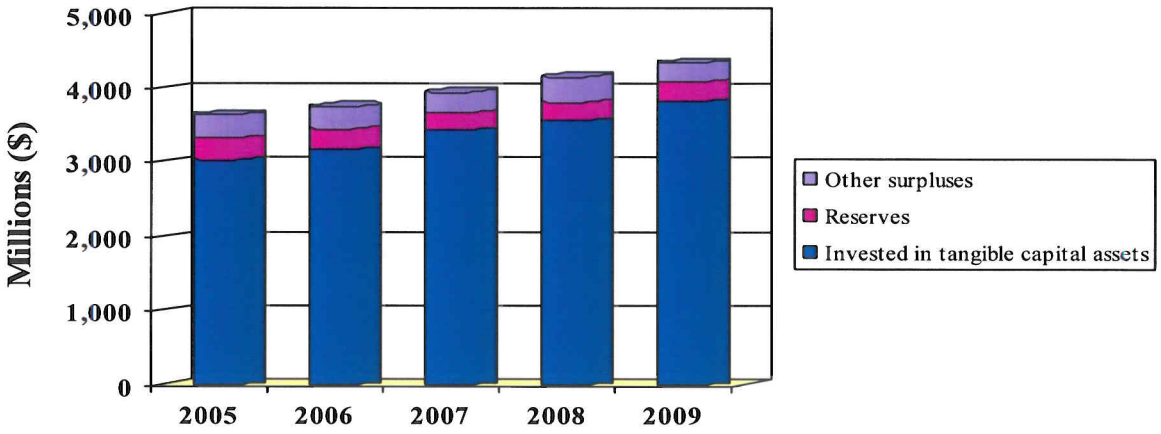
The Consolidated Statement of Financial Position reports the City's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2009, on a comparative basis. This statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments. The City's net financial assets is an important financial indicator on the Consolidated Statement of Financial Position.



Net Financial Assets

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, 2009, the City was in a net financial asset position of $36.9 million (2008 - $77.9 million). The change in net financial assets during the year resulted primarily from the investment in tangible capital assets of $384.1 million, partially offset by the excess of revenues over expenses of $193.2 million and amortization of tangible capital assets of $155.4 million.

Another important financial indicator on the Consolidated Statement of Financial Position is the accumulated surplus position. The accumulated surplus represents the net assets of the City, and the yearly change in the accumulated surplus is equal to the annual excess of revenues over expenses for the year (results of operations). In 2009, the accumulated surplus increased primarily as a result of 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.

Cash and Cash Equivalents

During 2009, the City's cash position declined by $23.4 million. This reduction resulted primarily from cash invested in tangible capital assets exceeding cash generated by operating activities.

Accounts Receivable

The largest component of accounts receivable is trade accounts and other receivables (63%). Approximately half of this amount results from services rendered in the Waterworks System and Sewage Disposal System. Management has determined a low credit risk on the outstanding receivables in these two Funds and has provided an allowance for doubtful accounts of $469 thousand (2008 - $361 thousand).

As at December 31, 2009, property, payments-in-lieu and business tax receivables, net of the estimated allowance for uncollectible amounts, represented 16% (2008 - 17%) of total receivables. Taxation revenue is 40% (2008 - 41%) of total consolidated revenues.

Taxes Receivable
As at December 31

(in thousands of dollars)	2009	2008	2007	2006	2005
Taxes receivable	$ 30,036	$ 29,893	$ 38,038	$ 41,350	$ 37,698
Allowance for tax arrears	(3,784)	(3,657)	(6,228)	(6,326)	(6,364)
	$ 26,252	$ 26,236	$ 31,810	$ 35,024	$ 31,334

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

Investments

As at December 31 (in thousands of dollars)	2009	2008
Marketable securities		
Government of Canada	$ 9,385	$ 11,963
Provincial	18,940	20,343
Municipal	41,159	27,358
	69,484	59,664
Manitoba Hydro long-term receivable	226,640	232,679
Other	2,991	3,251
	$ 299,115	$ 295,594
Market value of marketable securities	$ 71,017	$ 61,143

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 2008 to 2010 and $16 million annually thereafter in perpetuity. The accounting value of the investment is based on the discounted sum of future cash flows that have been guaranteed by the Province.

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. The Investment Policy provides guidance and parameters for developing a portfolio strategy; a performance measurement section, including benchmarks and objectives; an enhanced reporting framework; and additional categories of investments that can be made. Safety of principal remains the overriding consideration for investment decisions. Consideration is also given to risk/return, liquidity and the duration and convexity of the portfolio.

Debt

As at December 31 (in thousands of dollars)	2009	2008
Debt		
Sinking fund debentures	$ 453,000	$ 588,500
Equity in sinking funds	(199,025)	(276,158)
	253,975	312,342
Serial and installment debt	118,935	84,833
Province of Manitoba and bank loans	76,349	47,873
Capital lease obligations	30,233	31,886
	$ 479,492	$ 476,934

The City of Winnipeg has several types of debt obligations. The largest component of debt is sinking fund debentures. Under The City of Winnipeg Charter, the City is required to make annual payments towards the retirement of sinking fund debt for which the City maintains two sinking funds. One of the sinking funds is managed by The Sinking Fund Trustees of the City of Winnipeg. The second fund was created as a result of revisions to The City of Winnipeg Charter and is managed by the City for sinking fund arrangements after December 31, 2002. The City typically finances capital borrowing with 20-year sinking fund debentures. The City pays interest on the principal to the investors and contributes a set percentage of the principal into the sinking funds. The sinking fund contribution percentage is set at the time of debt issuance and is estimated to be sufficient to retire the debentures as they mature.

These annual payments are invested primarily in government and government-guaranteed bonds and debentures. By investing in bonds and debentures of investees that are considered to be high quality, the City reduces its credit risk. Credit risk arises from the potential for an investee to fail or to default on its contractual obligations.

Two sinking fund debentures matured during 2009, $50.0 million that carried an interest rate of 5.4% and 10.0% on $85.5 million. Repayments were made from the sinking funds with the $50.0 million debenture having a sinking fund shortfall of $31.0 million. The shortfall along with a $17.5 million shortfall of serial and installment debt that matured in 2007, was refinanced through the issuance of $48.5 million in serial debt that matures on October 6, 2019 and carries an interest rate of 4.5%.

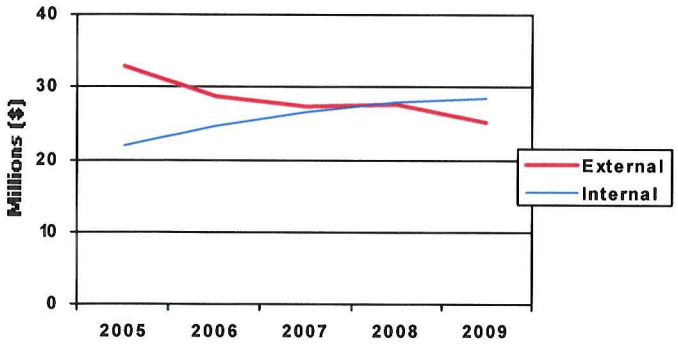
Debt Retired Over The Next Five Years
As at December 31

(in thousands of dollars)	2010	2011	2012	2013	2014	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ 90,000	$ 85,000	$ 278,000
Other debt	43,331	31,777	34,075	31,758	18,339	66,237
	$ 43,331	$ 31,777	$ 34,075	$ 121,758	$ 103,339	$ 344,237

The City has also incurred serial and installment debt having varying maturities up to 2019, and carrying a weighted average interest rate of 4.8% (2008 - 4.6%). Annual interest and principal payments are made on the debt to the investors. In addition, the City has guaranteed the payment of principal and interest on capital loans totalling $4.9 million (2008 - $5.1 million) for several third parties. The City does not anticipate incurring future payments relating to these guarantees.

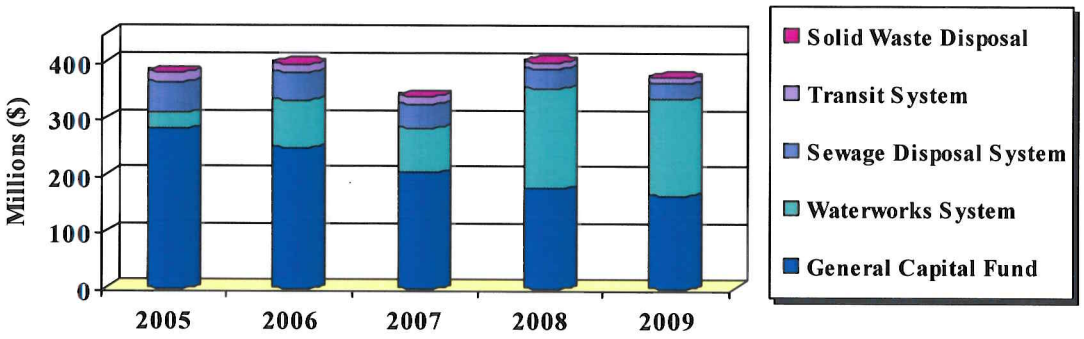
Early in 2010, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating was attributed to "healthy budgetary surpluses, robust liquidity for the ratings, and strong economic performance compared with that of peers." However, S&P noted these strengths are offset to 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 operations. 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 (Tax-Supported) 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 through the Equity in Capital Assets Fund except for design, build, finance and maintain projects and local improvements. As a result, the level of tax-supported debt has decreased by $309.1 million since 1999.



Net Sinking Fund Debentures, Serial and Installment Debt

In addition, the 2005 to 2010 capital budgets for the utilities and their 2011 to 2015 capital forecasts anticipate $988.2 million of future debt to fund projects mandated by the Province of Manitoba. During 2003, the Clean Environment Commission ("CEC") at the request of the Minister of Conservation, conducted public hearings to receive and review comments on the City's wastewater collection and treatment improvement program. The CEC made several recommendations to upgrade and improve the wastewater collection and treatment systems, which was subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licenses to the City for the North End, West End, and South End Water Pollution Control Centers. The Licenses place specific compliance terms and conditions beyond those that were contemplated in the original wastewater improvement plan. With this direction, a wastewater upgrade program has been developed and provides for effluent disinfection, nutrient control, centrate treatment, combined sewer overflow mitigation, biosolids management, and other CEC recommendations. Based on preliminary assessments, the upgrade program is estimated to cost between $1.2 to $1.8 billion depending on market factors and interpretation of compliance requirements.

Other major funding sources for these improvements will be provided by the Environmental Projects Reserve, (which had a balance of $31.5 million at December 31, 2009), the Canada Strategic Infrastructure Fund ("CSIF"), and accumulated surplus.

Tangible Capital Assets

The challenge in creating a capital budget is balancing infrastructure needs, protecting the environment, and ensuring fiscal responsibility. The 2009 capital budget and the 2010 to 2014 five-year forecast was adopted by City Council on December 16, 2008. The capital investment plan detailed $2.1 billion in spending over the next six years with $476.5 million authorized for 2009. Areas of major capital investment included in the six-year plan are $867.8 million for sewage disposal projects; $430.1 million for street projects; $305.4 million for the transit system; $114.1 million for the water system; $77.0 million for land drainage and flood control; and $55.6 million for public safety infrastructure.

Also included in the capital investment plan is $45.8 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 project - $39.0 million and the recreation and leisure facilities - $6.8 million. It is anticipated that $67.2 million will be provided under the Manitoba/Winnipeg Infrastructure Program, $246.2 million under the Federal Gas Tax Agreement, and $150.0 million from Provincial funding for road improvements.

During 2009, the City spent $384.1 million on capital projects (2008 - $330.3 million), which included $189.2 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 $70.9 million (2008 - $40.3 million), and were capitalized at their fair value at the time of receipt, along with $2.6 million (2008 - $1.5 million) of interest.

In 2006, the City early-adopted Public Sector Accounting Handbook 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 and a robust asset management methodology. One definition of asset management is an integrated optimization process of managing infrastructure assets to minimize the total cost of owning them, while continuously delivering the service levels customers desire, at an acceptable level of risk. As with most municipalities, the City faces challenges including funding, growth, capital and operating budgets, potential loss of knowledge through retirements, deteriorating infrastructure and climate change. The City has identified comprehensive asset management as a key initiative to help address these challenges and set the stage for continued high performance and organizational sustainability. 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 semi-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 As at December 31 (in thousands of dollars)	2009	2008
General		
Land	$ 189,507	$ 169,529
Buildings	292,478	256,559
Vehicles	165,860	144,500
Computer	51,975	39,157
Other	83,833	63,830
Infrastructure		
Plants and facilities	599,450	312,481
Roads	821,659	794,274
Underground and other networks	1,733,992	1,660,563
Bridges and other structures	307,643	308,620
	4,246,397	3,749,513
Assets under construction	44,957	308,806
	$4,291,354	$4,058,319

Tangible Capital Assets by Fund As at December 31 (in thousands of dollars)	2009		2008	
General Capital Fund	$2,411,176	56%	$2,312,744	57%
Waterworks System Fund	833,393	20%	788,176	19%
Sewage Disposal System Fund	780,847	18%	754,722	19%
Transit System Fund	161,378	4%	107,273	3%
Other Funds	104,560	2%	95,404	2%
	$4,291,354		$4,058,319	

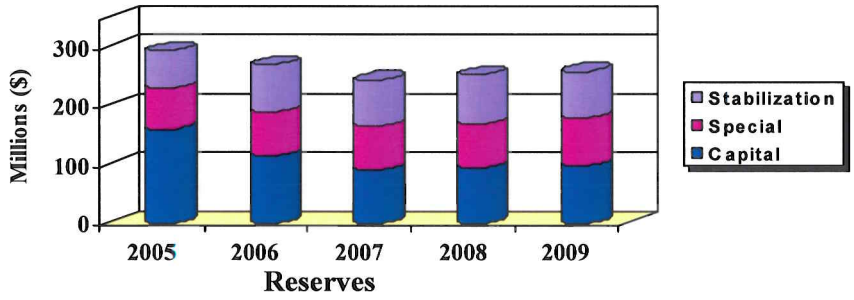
Accumulated Surplus

Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and corporations that are included in the Statements along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and legal liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2009 - 88%; 2008 - 86%). The investment in tangible capital assets basically represents the unamortized cost of the tangible capital asset which will be reported as an expense in future accounting periods, except for land. Land is non-depreciable property due to its infinite life. Investment in tangible capital assets is not readily accessible for use in funding future obligations

Reserves

Reserve balances have increased overall by $6.3 million (2008 - $9.0 million) from the prior year. The City's Capital Reserve balances have increased by $4.2 million, the Special Purpose Reserves rose by $8.4 million, while the Stabilization Reserves declined by $6.3 million.

The Stabilization Reserves' accumulated surpluses are $476 thousand, slightly under their combined targeted level of 10% of the General Revenue Fund's adopted budget expenses. Individually, the Fiscal Stabilization Reserve is at 93% 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 in terms of a City's sustainability, flexibility and vulnerability.

Indicators of Financial Condition As at December 31	**2009**	2008	2007	2006	2005
Sustainability indicators					
Assets-to-liabilities	**6.05**	5.88	5.89	5.61	5.98
Financial assets-to-liabilities	**1.04**	1.09	1.06	1.09	1.11
Flexibility indicators					
Public debt charges-to-revenues	**0.04**	0.04	0.04	0.04	0.05
Own-source revenues-to-taxable assessment	**0.03**	0.03	0.03	0.03	0.04
Vulnerability indicators					
Operating government transfers-to-operating revenues	**0.12**	0.11	0.11	0.10	0.10
Total government transfers-to-total revenues	**0.19**	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 the previous 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. The City is facing challenges, including some of those discussed later on under Business Risks, that need to be addressed in order to provide for a continuing fiscally sustainable future.

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 marginally 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.

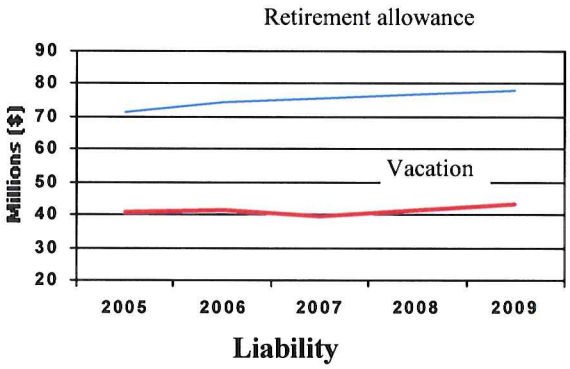
Accounting Policies

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. The Winnipeg Civic Employees' Pension Plan has similar characteristics to a defined contribution pension plan in that 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.



During 2009, the members of The Winnipeg Civic Employees' Benefits Program, of which The Winnipeg Civic Employees' Pension Plan is part, contributed 6 1/2% of their Canada Pension Plan ("CPP") earnings plus 7 1/2% of any pensionable earnings in excess of CPP earnings, or 6.7% of pensionable earnings on average, which rate was matched by the City and other participating employers. Effective for 2010, contribution rates will increase to an average of 8% of pensionable earnings. This resulted from a recent strategic review of the Program, which indicated that the cost of the benefits under the Program was 24.4% of pensionable earnings while combined contributions from the employers and employees were 13.4% of pensionable earnings, resulting in a shortfall of 11% of pensionable earnings. In the short-term, this funding shortfall is addressed through the Plan's special-purpose reserves. Increasing contributions to an average of 8% of pensionable earnings for both employer and employees will have the effect of reducing the shortfall, but not eliminating it. The Board of Trustees of the Program is continuing to review the program with a view to ensuring its long-term financial sustainability.

The Winnipeg Police Pension Plan is a defined benefit plan to which the members and the City each contribute 8% of pensionable earnings, with the City being responsible for any unfunded liabilities. As at December 31, 2009, the market value of this pension fund's assets was $854.7 million (2008 - $760.1 million), which is $1.2 million greater (2008 - $95.1 million less) than the accrued pension obligation.

The cost of benefits accrued under this Plan is 23.2% of pensionable earnings. The excess of this cost over the contributions paid is funded by this Plan's Contribution Stabilization Reserve. As at December 31, 2009, this reserve has a balance of $54.6 million. To mitigate the impact of potential funding deficiencies on the Contribution Stabilization Reserve, future years of strong investment returns will be required to absorb the balance of the effect of the 2008 financial market downturn on the pension fund. In 2009, this Plan experienced a rate of return, net of investment expenses, on Plan assets of 15.05%, a significant improvement from the 2008 level of -15.28%.

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's water distribution and treatment system is governed by a license issued under the Drinking Water Safety Act and the sewage treatment plants are governed by licences issued under the Environment Act. As well, The City of Winnipeg operates one landfill, the Brady Road Landfill Site, and maintains and monitors several former landfill sites. The City estimates costs associated with future landfill closure and post-closure care requirements in the determination of its environmental liability. In estimating future landfill closure costs, management has estimated the total cost to cover, landscape and maintain the site based upon remaining life and capacity. The liability is measured on a discounted basis using the long-term cost of borrowing at year-end.

Labour Negotiations

For the year ended December 31, 2009, 52% (2008 - 53%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 9,827, 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	Average Annual Headcount	Agreement Expiry Date
ATU	1,318	January 15, 2011
CUPE	4,649	December 31, 2010
MGEU	252	February 13, 2010
UFFW	933	December 26, 2011
WAPSO	609	October 11, 2011
WFPSOA	40	February 22, 2010
WPA	1,779	December 23, 2010
WPSOA	25	December 19, 2010

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

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

Infrastructure Deficit

In December 2008, the Public Service established an inter-departmental working group of department heads, managers and specialists to review the condition of the City's infrastructure. This resulted in the creation of an administrative report entitled Infrastructure Deficit and Possible Funding Options that was approved by City Council on July 22, 2009. The report indicated that the City's total infrastructure deficit at the end of 2009 is estimated at $3.9 billion growing to $7.4 billion in ten years.

The future challenge is to reduce the infrastructure deficit through various means, including consideration of other funding options.

Organizational Initiatives

City-Owned Utility

The City's Water and Waste Department provides a broad range of services to residents and businesses in Winnipeg and continues to face a number of key challenges, including:

- Population growth in the south regions of the City causing increasing capacity requirements;
- The Manitoba Environment Act requiring the City to make upgrades to the City's wastewater treatment plants to meet nutrient and bio-solid standards mandated by the Province by December 2012 and December 2014; and
- Demographics of the current workforce and the labour force in general creating a human resource challenge. Based on years of service, 28% of the workforce is eligible to retire within four years.

To address these challenges, on July 22, 2009, City Council approved the creation of a utility corporation that will remain 100% owned by the City and ensure the protection of public health and the environment. City Council also requested that the Province pass a regulation under section 212 of The City of Winnipeg Charter to establish the utility corporation.

Performance Reporting

The City exists to carry out public policy objectives as set out by legislative mandate, budgets or strategic plans. It is in the context of this environment that public sector performance is reported in order to demonstrate accountability as to how these public policy objectives are being met.

One of the first steps towards performance reporting was to undertake a comprehensive review of effectiveness and efficiency measurements for all City services. Departments developed measures that were reliable, valid, relevant, comparable and easily understood to the public. The creation of a system of effectiveness and efficiency indicators will be used to assess a service's progress, to adjust to changing conditions, and to help achieve its planned outcomes.

Performance measures will also be expanded in the future to include benchmarking against other cities. Winnipeg has recently joined the Ontario Municipal Benchmarking Initiative ("OMBI"), a voluntary collaboration of City Managers from many Ontario municipalities working together to achieve service excellence by leading the development and application of municipal performance measurement and benchmarking. OMBI has developed a common performance measurement framework to help cities measure/compare their programs/services on four types of measures – service level, efficiency, customer service and community impact. Winnipeg will work together with partnering municipalities to identify, collect and report comparable service-specific performance measures to build a performance culture that supports the overall objective of municipal excellence.

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. One report having significant implications is the Capital Projects Management audit report. Delivering capital works is an integral part of a government's ability to supply services. Successful capital project management is key to providing value for money and demonstrating sound stewardship. In total, 29 recommendations were made to strengthen and improve upon those stages critical to delivering successfully on capital projects - capital planning, budgeting, monitoring and reporting, and capital project management. A number of other reports were issued, including audits on Winnipeg Police Service Overtime, Fire Paramedic Overtime and Sick Leave, and Building Permits and Inspections Services. 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.

This past year, City Council also introduced the role of Chief Performance Officer to the City Auditor position. Over the next few years, the Audit Department will work with the Public Service to focus on improving performance measurement at the City. The Audit Department will be providing advice and recommendations to the Public Service on the definition and development of performance measures and assistance on the implementation of performance management systems.

During February 2010, PSAB issued an accounting standard concerning tax revenue, Section 3510. The standard provides principles for the recognition, measurement and disclosure of tax revenue in government financial statements for fiscal years beginning on or after April 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. As discussed earlier, the City is reviewing plans to implement an enterprise-wide asset management system. Among other benefits, this will provide the City with additional information to aid its capital maintenance and planning processes.

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 15, 2009, City Council adopted the 2010 annual capital budget and the 2011 to 2015 five-year forecast. The capital budget focuses on investment in priority streets and bridges, sewer systems, and community infrastructure and amenities. The six-year plan authorizes over $2.0 billion in City capital projects, with $439.4 million earmarked in 2010.

Some of the upcoming projects included in the 2010 capital budget are: total street projects of $187.5 million, including $15.8 million - street improvements to Inkster Blvd. (Keewatin Street to Brookside Blvd.); $36.6 million - regional and local streets; and $51.3 million - Waverley West arterial roads project; $8.0 million - redevelopment of Assiniboine Park through the Assiniboine Park Conservancy; $13.1 million - transit buses; and $64.0 million - nutrient removal and plant expansion at the South End Water Pollution Control Center.

The City continues progress on two infrastructure projects for delivery using a design, build, finance and maintain model. Plenary Roads Winnipeg ("PRW") was chosen as the preferred proponent to deliver a replacement facility to the Disraeli Bridges. Under a 30-year agreement, PRW will be responsible to design, build, finance and maintain the new facility. For its part, the City will make a commissioning payment and annual performance-based service payments to PRW.

Key features of the proposal include:

- During construction, traffic will not be interrupted at peak travel times;
- The existing bridges will be replaced by new structures;
- The roadway will be realigned, and exits and entrances redesigned to allow for smoother traffic and pedestrian flow; and
- A separate new active transportation bridge will be built utilizing the existing facility's river bridge piers.

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 23, 2010, City Council approved the 2010 operating budget, which provides for the 13th consecutive year of property tax freezes or reductions. The budget plan also includes the implementation of an enhanced small business tax credit program worth $3.2 million to eliminate business taxes for the smallest businesses (36% of all businesses). It also provides for eight additional police officers on the street, 12 paramedics to provide additional ambulance services and five positions to coordinate inter-facility medical transfers.

Currently, the Public Service is developing processes and policies on creating a consolidated budget, which will be included in future consolidated financial statements.

General Revenue Fund - Budget
For the years ended December 31
(in thousands of dollars)

	2010	2009	2008	2007	2006
Revenues					
Property tax	$ 431,113	$ 428,692	$ 424,422	$ 419,035	$ 404,828
Government transfers	102,768	101,663	90,237	81,172	87,991
Sale of goods and services	76,142	73,772	66,810	63,312	65,720
Business tax	57,584	57,584	57,584	57,584	62,240
Frontage levy and other taxation	63,198	46,107	25,253	22,943	22,158
Regulation fees	35,385	37,272	30,349	26,948	23,573
Transfer from other funds	40,631	32,940	62,361	59,918	45,557
Interest	10,142	9,328	9,326	9,310	7,796
Other	723	1,372	1,280	1,020	1,096
	817,686	788,730	767,622	741,242	720,959
Expenses					
Police service	189,909	178,997	169,936	160,223	153,312
Public works	161,509	166,132	165,502	161,890	153,567
Fire paramedic service	137,648	129,452	123,613	113,899	108,753
Community services	103,479	98,869	97,150	97,228	88,588
Corporate	59,437	60,367	60,492	61,435	71,203
Planning, property and development	38,791	39,104	37,120	37,186	35,146
Water and waste	33,823	30,093	29,373	30,674	32,140
Corporate support services	33,079	30,541	27,053	26,049	-
Assessment and taxation	22,565	17,987	19,229	14,139	-
City clerks	11,913	12,475	12,133	11,847	11,256
Street lighting	10,854	10,520	10,533	10,492	10,128
Corporate finance	7,543	7,288	6,642	6,831	9,832
Other departments	7,136	6,905	8,846	9,349	47,034
	817,686	788,730	767,622	741,242	720,959
	$ -	$ -	$ -	$ -	$ -

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 City Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee - the Mayor, the Deputy Mayor, and the chairpersons of City 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 City 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, 2009 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, 2009 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 23, 2010.

Chartered Accountants

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2009	2008
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	**$ 401,145**	$ 424,593
Accounts receivable (Note 4)	**161,535**	157,985
Land held for resale	**12,467**	12,351
Investments (Note 5)	**299,115**	295,594
Deposits	**-**	16,000
Investment in government businesses (Note 6)	**23,266**	23,525
	897,528	930,048
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**139,020**	159,891
Deferred revenue (Note 8)	**50,943**	42,535
Debt (Note 9)	**479,492**	476,934
Other liabilities (Note 10)	**46,882**	32,104
Retirement allowance, vacation, compensated absences and other (Note 11)	**144,288**	140,734
	860,625	852,198
NET FINANCIAL ASSETS	**36,903**	77,850
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	**4,291,354**	4,058,319
Inventories	**15,333**	14,707
Prepaid expenses and deferred charges	**5,906**	5,405
	4,312,593	4,078,431
ACCUMULATED SURPLUS (Note 14)	**$ 4,349,496**	$ 4,156,281

Commitments and contingencies (Notes 10, 15 and 16)

See accompanying notes and schedules to the consolidated financial statements

Approved on behalf of the Audit Committee:

MAYOR

CHAIRPERSON
STANDING POLICY COMMITTEE
ON FINANCE

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2009	2008
REVENUES		
Taxation (Note 16)	**$ 534,571**	$ 521,684
Sales of services and regulatory fees (Note 17)	**413,243**	412,984
Government transfers (Note 18)	**134,710**	122,722
Investment income	**39,488**	48,139
Land sales and other revenue (Note 6)	**28,573**	34,837
Total Revenues	**1,150,585**	1,140,366
EXPENSES		
Protection and community services	**362,341**	344,158
Utility operations	**278,848**	258,788
Public works	**270,877**	250,534
Property and development	**97,958**	93,738
Finance and administration	**61,575**	67,590
General government	**49,252**	17,283
Civic corporations	**29,582**	29,383
Total Expenses (Note 19)	**1,150,433**	1,061,474
Excess Revenues Over Expenses Before Other	**152**	78,892
OTHER		
Government transfers related to capital (Note 18)	**122,113**	90,588
Developer contributions-in-kind related to capital (Note 13)	**70,950**	40,304
	193,063	130,892
Excess Revenues Over Expenses	**193,215**	209,784
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**4,156,281**	3,946,497
ACCUMULATED SURPLUS, END OF YEAR	**$ 4,349,496**	$ 4,156,281

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)

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess Revenues Over Expenses	**$ 193,215**	$ 209,784
Non-cash charges to operations		
Amortization	**155,382**	141,099
Other	**20,804**	(6,431)
	369,401	344,452
Net change in non-cash working capital balances related to operations	**(29,497)**	(23,768)
Cash provided by operating activities	**339,904**	320,684
CAPITAL		
Acquisition of tangible capital assets	**(384,110)**	(330,344)
Proceeds on disposal of tangible capital assets	**6,018**	4,912
Cash used in capital activities	**(378,092)**	(325,432)
FINANCING		
Increase in sinking fund investments	**(27,386)**	(27,472)
Sinking fund investments applied to debt redemption	**104,519**	-
Debenture and serial debt retired	**(149,878)**	(13,706)
Sinking fund and serial debenture issued	**48,480**	97,411
Other	**26,864**	18,519
Cash provided by financing activities	**2,599**	74,752
INVESTING		
Decrease (increase) of investments	**12,141**	(50,153)
Cash provided by (used in) investing activities	**12,141**	(50,153)
(Decrease) increase in cash and cash equivalents	**(23,448)**	19,851
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**424,593**	404,742
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 401,145**	$ 424,593

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)

	2009	2008
EXCESS REVENUES OVER EXPENSES	**$ 193,215**	$ 209,784
Amortization of tangible capital assets	**155,382**	141,099
Proceeds on disposal of tangible capital assets	**6,018**	4,912
Loss on sale of tangible capital assets	**1,875**	604
Change in inventories, prepaid expenses and deferred charges	**(1,127)**	(3,245)
Acquisition of tangible capital assets	**(384,110)**	(330,344)
Other	**(12,200)**	2,600
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	**(40,947)**	25,410
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**77,850**	52,440
NET FINANCIAL ASSETS, END OF YEAR	**$ 36,903**	$ 77,850

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 6).

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

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 expenses 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

	2009	2008
Cash	**$ 1,411**	$ 7,020
Cash equivalents	**399,734**	417,573
	$ 401,145	$ 424,593

The average effective interest rate for cash equivalents at December 31, 2009 is 0.6% (2008 - 3.0%).

Cash and cash equivalents are net of $86.1 million (2008 - $198.1 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 $42.2 million (2008 - $46.3 million).

4. Accounts Receivable

	2009	2008
Property, payments-in-lieu and business taxes receivable	**$ 30,036**	$ 29,893
Allowance for property, payments-in-lieu and business tax arrears	**(3,784)**	(3,657)
	26,252	26,236
Trade accounts and other receivables	**102,345**	91,833
Province of Manitoba	**33,207**	34,668
Government of Canada	**6,836**	11,751
Allowance for doubtful accounts	**(7,105)**	(6,503)
	135,283	131,749
	$ 161,535	$ 157,985

5. Investments

	2009	2008
Marketable securities		
Government of Canada bonds and treasury bills	**$ 9,385**	$ 11,963
Provincial bonds and coupons	**18,940**	20,343
Municipal bonds	**41,159**	27,358
	69,484	59,664
Manitoba Hydro long-term receivable	**226,640**	232,679
Other investments	**2,991**	3,251
	$ 299,115	$ 295,594

The aggregate market value of marketable securities at December 31, 2009 is $71.0 million (2008 - $61.1 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. 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:

	2009	2008
Financial position		
Capital assets and investment in properties and infrastructure enhancements	**$ 78,154**	$ 78,711
Investments	**16,965**	19,040
Other assets	**2,780**	2,456
	$ 97,899	$ 100,207
Deferred contributions	**$ 21,014**	$ 23,033
Long-term debt	**12,668**	12,940
Current and other liabilities	**6,888**	5,577
	40,570	41,550
Net assets	**57,329**	58,657
	$ 97,899	$ 100,207

	2009	2008
Results of operations		
Revenues	**$ 10,365**	$ 10,110
Expenditures	**9,555**	9,174
	810	936
Amortization	**(1,183)**	(1,393)
Unrealized and realized losses	**(955)**	(129)
Deficiency of revenues over expenditures for the year	**$ (1,328)**	$ (586)

6. Investment in Government Businesses (continued)

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:

	2009	2008
Financial position		
Capital assets	**$ 30,521**	$ 31,779
Current and other assets	**6,037**	5,688
	$ 36,558	$ 37,467
Long-term debt	**$ 28,221**	$ 29,345
Current and other liabilities	**4,181**	4,148
	32,402	33,493
Replacement Reserves	**3,572**	3,487
WHRC Building and Acquisition Reserve	**320**	312
Net assets	**264**	175
	4,156	3,974
	$ 36,558	$ 37,467

	2009	2008
Results of operations		
Revenues	**$ 7,191**	$ 6,991
Expenditures	**7,104**	7,163
Excess (deficiency) of revenues over expenditures for the year	**87**	(172)
Gain on sale of capital assets	**2**	568
Change to Replacement Reserves during the year	**85**	384
Change to WHRC Building and Acquisition Reserve during the year	**8**	312
	$ 182	$ 1,092

During the year, the City paid WHRC an operating grant of $200 thousand (2008 - $200 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2008 - $2.0 million).

Summary of investment in government businesses

	2009	2008
North Portage Development Corporation (1/3 share)	**$ 19,110**	$ 19,551
Winnipeg Housing Rehabilitation Corporation	**4,156**	3,974
	$ 23,266	$ 23,525

6. *Investment in Government Businesses (continued)*

Summary of results of operations

	2009	2008
North Portage Development Corporation (1/3 share)	**$ (441)**	$ (176)
Winnipeg Housing Rehabilitation Corporation	**182**	1,092
	$ (259)	$ 916

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.

7. *Accounts Payable and Accrued Liabilities*

	2009	2008
Accrued liabilities	**$ 68,859**	$ 83,500
Trade accounts payable	**56,871**	61,795
Accrued interest payable	**13,290**	14,596
	$ 139,020	$ 159,891

8. *Deferred Revenue*

	2009	2008
Province of Manitoba	**$ 21,740**	$ 3,350
Federal gas tax transfer	**13,494**	2,158
Federal public transit transfer	**8,457**	29,616
Other	**7,252**	7,411
	$ 50,943	$ 42,535

9. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2009**	Amount of Debt 2008
1999-2009	Feb. 2	5.350	VV	7368/99	**$ -**	$ 50,000
1989-2009	Dec. 14	10.000	VH	5286/89	**-**	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**	100,000
					453,000	588,500
Equity in The Sinking Funds (Note 9b)					**(199,025)**	(276,158)
Net sinking fund debentures outstanding					**253,975**	312,342

9. Debt (continued)

	2009	2008
Other debt outstanding		
Serial and installment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.84% (2008 - 4.56%)	**118,935**	84,833
The Province and bank loans with varying maturities up to 2019 and a weighted average interest rate of 3.75% (2008 - 3.92%)	**76,349**	47,873
Capital lease obligations (Note 9c)	**30,233**	31,886
	$ 479,492	$ 476,934

Debt segregated by fund/organization:

	2009	2008
General Capital Fund	**$ 195,489**	$ 208,806
Waterworks System	**170,047**	175,761
Sewage Disposal System	**31,094**	38,232
Solid Waste Disposal	**388**	591
Special operating agencies and other	**72,845**	42,718
Transit System	**9,629**	10,826
	$ 479,492	$ 476,934

Debt to be retired over the next five years:

	2010	2011	2012	2013	2014	2015+
Sinking fund debentures	$ -	$ -	$ -	$ 90,000	$ 85,000	$ 278,000
Other debt	43,331	31,777	34,075	31,758	18,339	66,237
	$ 43,331	$ 31,777	$ 34,075	$ 121,758	$ 103,339	$ 344,237

a) As at December 31, 2009, sinking fund assets have a market value of $209.2 million (2008 - $289.8 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 $17.0 million (2008 - $40.6 million) and a market value of $17.2 million (2008 - $41.3 million).

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees of The City of Winnipeg, on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed in a separate fund by the City. The City is currently paying 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.

9. Debt (continued)

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
2010	$ 4,117
2011	4,117
2012	3,018
2013	3,095
2014	3,098
Thereafter	41,473
Total future minimum lease payments	58,918
Amount representing interest at a weighted average rate of 8.42%	(28,685)
Capital lease liability	$ 30,233

d) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2009 is $49.6 million (2008 - $51.0 million).

e) Cash paid for interest during the year is $50.9 million (2008 - $48.8 million).

10. Other Liabilities

	2009	2008
Developer deposits	**$ 9,084**	$ 8,861
Other liabilities	**19,298**	7,243
	28,382	16,104
Environmental liabilities	**18,500**	16,000
	$ 46,882	$ 32,104

In 2009, the City has accrued an overall liability for environmental matters in the amount of $18.5 million (2008 - $16.0 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 $17.1 million (2008 - $14.1 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% (2008 - 6.0%).

Landfill closure and post-closure care requirements have been defined in accordance with the Environment Act and include final covering and landscaping of the landfill, pumping of ground, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 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.

10. Other Liabilities (continued)

The estimated capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 95% of its total capacity and its remaining life is approximately 95 years, after which perpetual post-closure maintenance is required.

The Brady Landfill Site Rehabilitation Reserve was established for the purpose of providing funding for the future development of the Brady Road Landfill Site. The reserve is financed through a transfer from the Solid Waste Disposal Fund and is based upon residential and commercial tonnes. As at December 31, 2009, the reserve had a balance of $3.4 million (2008 - $2.9 million).

11. Retirement Allowance, Vacation, Compensated Absences and Other

	2009	2008
Retirement allowance - accrued obligation	**$ 85,198**	$ 83,380
Unamortized net actuarial loss	**(7,252)**	(6,805)
Retirement allowance - accrued liability	**77,946**	76,575
Vacation	**43,170**	41,210
Compensated absences	**7,667**	7,602
Other	**15,505**	15,347
	$ 144,288	$ 140,734

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. The results of this valuation were extrapolated to December 31, 2009.

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

	2009	2008
Retirement allowance - accrued liability		
Balance, beginning of year	**$ 76,575**	$ 75,413
Current service cost	**4,338**	4,120
Interest cost	**3,838**	3,784
Amortization of net actuarial loss	**1,016**	936
Benefit payments	**(7,821)**	(7,678)
Balance, end of year	**$ 77,946**	$ 76,575

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

Retirement allowance expense consists of the following:

	2009	2008
Current service cost	**$ 4,338**	$ 4,120
Interest cost	**3,838**	3,784
Amortization of net actuarial loss	**1,016**	936
	$ 9,192	$ 8,840

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

	2009	2008
Discount rate on liability	**4.40%**	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.

12. 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. During 2009, members contributed 6.5% of their 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, 2008, which indicated an excess of actuarial value of program assets over actuarial liabilities of $358.0 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, 2009 was $85.3 million (2008 - $87.2 million).

Total contributions by the City to the program in 2009 were $12.4 million (2008 - $11.5 million), which were expensed as incurred.

12. Pension Costs and Obligations (continued)

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, 2008 and the results were extrapolated to December 31, 2009. The principal long-term assumptions on which the valuation was based were: discount rate of 6.25% per year (2008 - 6.00%); inflation rate of 2.00% per year (2008 - 2.25%); and general pay increases of 3.50% per year (2008 - 3.75%). The accrued pension obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the Plan's assets, accrued pension obligation and pension expenses are as follows:

	2009	2008
Plan assets:		
Fair value, beginning of year	**$ 760,147**	$ 916,138
Employer contributions	**9,026**	8,602
Employee contributions and transfers	**9,327**	9,442
Benefits and expenses paid	**(36,718)**	(35,408)
Net investment income	**112,953**	(138,627)
Fair value, end of year	**854,735**	760,147
Actuarial adjustment	**53,361**	123,833
Actuarial value, end of year	**$ 908,096**	$ 883,980
Accrued pension obligation:		
Beginning of year	**$ 855,245**	$ 828,910
Current period benefit cost	**28,024**	29,166
Benefits and expenses paid	**(36,718)**	(35,408)
Interest on accrued pension obligation	**51,953**	48,047
Actuarial gain	**(44,942)**	(15,470)
End of year	**$ 853,562**	$ 855,245
Funded status	**$ 54,534**	$ 28,735
Less: contribution stabilization reserve	**(54,534)**	(28,735)
Actuarial surplus	**$ -**	$ -

12. Pension Costs and Obligations (continued)

	2009	2008
Expenses related to pensions		
Current period benefit cost	**$ 28,024**	$ 29,166
Amortization of actuarial gains	**(8,237)**	(7,599)
Less: employee contributions and transfers	**(9,327)**	(9,442)
Pension benefit expense	**10,460**	12,125
Interest on accrued pension obligation	**51,953**	48,047
Expected return on plan assets	**(53,387)**	(51,570)
Pension interest expense	**(1,434)**	(3,523)
Total expenses related to pensions	**$ 9,026**	$ 8,602

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.

Total contributions made by the City to the Plan in 2009 were $9.0 million (2008 - $8.6 million). Total employee contributions to the Plan in 2009 were $9.2 million (2008 - $8.8 million). Benefits paid from the Plan in 2009 were $35.9 million (2008 - $34.7 million).

The expected rate of return on Plan assets in 2009 was 6.00% (2008 - 6.00%). The actual rate of return, net of investment expenses, on Plan assets in 2009 was 15.05% (2008 - (15.28%)).

As the City's contribution to the Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Statement of Financial Position.

c) Councillors' Pension Plan

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

On November 2, 1992, the pension plan provided to members of City Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. In 2009, the City paid out $0.3 million (2008 - $0.3 million).

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

On November 22, 2000, City Council adopted the policy that effective January 1, 2001, a Council Pension Plan be created for all members of City Council for The City of Winnipeg which is consistent with the Civic Employees' Pension Plan.

12. Pension Costs and Obligations (continued)

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, 2007 and the results were extrapolated to December 31, 2009. The principal long-term assumptions on which the valuation was based were: discount rate of 5.15% 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:

	2009	2008
Group life insurance plan assets, at actuarial value	**$ 129,656**	$ 125,231
Accrued post-retirement life insurance obligations	**$ 84,010**	$ 81,573

13. Tangible Capital Assets

	Net Book Value	
	2009	2008
General		
Land	**$ 189,507**	$ 169,529
Buildings	**292,478**	256,559
Vehicles	**165,860**	144,500
Computer	**51,975**	39,157
Other	**83,833**	63,830
Infrastructure		
Plants and facilities	**599,450**	312,481
Roads	**821,659**	794,274
Underground and other networks	**1,733,992**	1,660,563
Bridges and other structures	**307,643**	308,620
	4,246,397	3,749,513
Assets under construction	**44,957**	308,806
	$ 4,291,354	$ 4,058,319

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

During the year, there were no write-downs of assets (2008 - $nil). Interest capitalized during 2009 was $2.6 million (2008 - $1.5 million). In addition, roads and underground networks contributed to the City totalled $71.0 million in 2009 (2008 - $40.3 million) and were capitalized at their fair value at the time of receipt.

14. Accumulated Surplus

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

	2009	2008
Surplus		
Invested in tangible capital assets	**$ 3,834,764**	$ 3,568,485
Unamortized gain on Winnipeg Hydro sale	**226,640**	232,679
Waterworks System	**84,949**	109,947
Sewage Disposal System	**45,769**	71,234
North Portage Development Corporation	**19,110**	19,551
Fleet Management - Special Operating Agency	**13,444**	12,637
Equipment and Material Services	**11,442**	11,403
CentreVenture Development Corporation	**9,481**	11,225
Solid Waste Disposal	**3,864**	5,620
Other	**16,104**	13,965
Winnipeg Parking Authority - Special Operating Agency	**(4,510)**	(7,257)
(Unfunded) funded expenses		
Canadian Museum for Human Rights grant	**(11,100)**	4,900
Environmental liabilities	**(17,858)**	(15,550)
Retirement allowance, vacation, compensated absences and other	**(141,270)**	(134,968)
Total Surplus	**4,090,829**	3,903,871
Reserves (Schedule 4)		
Capital Reserves		
Sewer System Rehabilitation Reserve	**35,998**	36,318
Environmental Projects Reserve	**31,539**	27,224
Transit Bus Replacement Reserve	**11,808**	16,885
Rapid Transit Infrastructure Reserve	**7,046**	2,790
Other	**11,938**	10,939
	98,329	94,156
Special Purpose Reserves		
Land Operating Reserve	**20,668**	16,106
General Purpose Reserve	**14,162**	7,707
Perpetual Maintenance Fund - Brookside Cemetery	**12,123**	11,653
Heritage Investment Reserve	**7,484**	8,654
Contribution in Lieu of Land Dedication Reserve	**5,497**	3,595
Destination Marketing Reserve	**4,760**	-
Workers Compensation Reserve	**3,173**	3,500
Insurance Reserve (Note 20)	**1,639**	1,769
Snow Clearing Reserve	**-**	4,364
Other	**12,435**	16,226
	81,941	73,574
Stabilization Reserves		
Mill Rate Stabilization Reserve	**41,912**	49,932
Fiscal Stabilization Reserve	**36,485**	34,748
	78,397	84,680
Total Reserves	**258,667**	252,410
	$ 4,349,496	$ 4,156,281

15. Commitments and Contingencies

The significant commitments and contingencies that existed at December 31, 2009 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
2010	$ 4,120
2011	3,946
2012	3,312
2013	2,804
2014 and thereafter	12,133
	$ 26,315

b) The City is not a defendant in any significant lawsuits as at December 31, 2009. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements.

c) 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, 2009 is $4.9 million (2008 - $5.1 million).

16. Taxation

	2009	2008
Municipal and school property taxes	**$ 852,364**	$ 833,802
Payments-in-lieu of property (municipal and school) and business taxes	**38,871**	39,210
	891,235	873,012
Payments to Province and school divisions	**(474,445)**	(465,001)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	**416,790**	408,011
Business tax and license-in-lieu of business taxes	**56,539**	56,284
Local improvement and frontage levies	**29,055**	28,745
Electricity and natural gas sales taxes	**17,989**	17,762
Amusement and accommodation taxes and mobile home license	**14,198**	10,882
	$ 534,571	$ 521,684

The property tax roll includes school taxes of $451.4 million (2008 - $442.2 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2009 totalled $23.0 million (2008 - $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.

17. Sales of Services and Regulatory Fees

	2009	2008
Water sales and sewage services	**$ 205,533**	$ 209,249
Other sales of goods and services	**93,001**	92,952
Transit fares	**63,906**	61,493
Regulatory fees	**50,803**	49,290
	$ 413,243	$ 412,984

18. Government Transfers

	2009	2008
Operating		
Province of Manitoba		
Building Manitoba Fund	**$ 55,404**	$ 55,404
Ambulance, libraries and other	**48,058**	35,547
Transit	**24,276**	25,130
Unconditional	**19,888**	19,888
Support	**10,632**	10,226
Support for provincial programs	**(23,650)**	(23,650)
	134,608	122,545
Government of Canada		
Other	**102**	177
Total Operating	**134,710**	122,722
Capital		
Province of Manitoba	**52,983**	63,950
Government of Canada		
Federal gas tax revenue	**29,731**	19,516
Public transit	**21,159**	6,150
Other capital funding	**18,240**	972
	69,130	26,638
Total Capital	**122,113**	90,588
	$ 256,823	$ 213,310

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.

19. Expenses by Object

	2009	2008
Salaries and benefits	**$ 598,576**	$ 565,071
Goods and services	**314,746**	291,061
Amortization	**155,382**	141,099
Interest	**49,588**	50,952
Other expenses	**32,141**	13,291
	$ 1,150,433	$ 1,061,474

20. 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 14) 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, 2009 is $1.6 million (2008 - $1.8 million).

21. 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 Services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement 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.

21. 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, transfers from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

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

22. Funds Held in Trust

Trust funds administered by the City for the benefit of external parties of $0.6 million (2008 - $0.6 million) are not included in the consolidated financial statements.

23. 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	**$ 169,529**	**$ 479,594**	**$ 275,310**	**$ 109,252**	**$ 113,736**
Add:					
Additions during the year	**8,734**	**57,579**	**40,062**	**23,669**	**28,726**
Less:					
Disposals during the year	**956**	**4,853**	**13,006**	**783**	**2,051**
Other	**12,200**	**-**	**-**	**-**	**-**
Balance, end of year	**189,507**	**532,320**	**302,366**	**132,138**	**140,411**
Accumulated amortization					
Balance, beginning of year	**-**	**223,035**	**130,810**	**70,095**	**49,906**
Add:					
Amortization	**-**	**18,296**	**18,704**	**10,851**	**8,691**
Less:					
Accumulated amortization on disposals	**-**	**1,489**	**13,008**	**783**	**2,019**
Balance, end of year	**-**	**239,842**	**136,506**	**80,163**	**56,578**
Net Book Value of Tangible Capital Assets	**$ 189,507**	**$ 292,478**	**$ 165,860**	**$ 51,975**	**$ 83,833**

Schedule 1

Infrastructure					Totals	
Plants and Facilities	**Roads**	**Underground and Other Networks**	**Bridges and Other Structures**	**Assets Under Construction**	**2009**	2008
$ 489,755	**$ 1,576,374**	**$ 2,469,381**	**$ 494,378**	**$ 308,806**	**$ 6,486,115**	$ 6,206,458
300,346	**69,633**	**109,835**	**9,375**	**(263,849)**	**384,110**	330,344
1,607	**23,468**	**4,281**	**-**	**-**	**51,005**	48,087
-	**-**	**-**	**-**	**-**	**12,200**	(2,600)
788,494	**1,622,539**	**2,574,935**	**503,753**	**44,957**	**6,831,420**	6,486,115
177,274	**782,100**	**808,818**	**185,758**	**-**	**2,427,796**	2,329,268
12,307	**42,104**	**34,077**	**10,352**	**-**	**155,382**	141,099
537	**23,324**	**1,952**	**-**	**-**	**43,112**	42,571
189,044	**800,880**	**840,943**	**196,110**	**-**	**2,540,066**	2,427,796
$ 599,450	**$ 821,659**	**$ 1,733,992**	**$ 307,643**	**$ 44,957**	**$ 4,291,354**	$ 4,058,319

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

For the year ended December 31, 2009
(in thousands of dollars)

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Water**
REVENUES				
Taxation	**$ 204,598**	**$ 64,319**	**$ 7,334**	**$ 167,054**
Sales of services and regulatory fees	**42,295**	**17,399**	**15,917**	**3,917**
Government transfers (Note 18)	**53,068**	**12,407**	**4,389**	**20,321**
Transfer from other funds	**3,363**	**1,443**	**8,771**	**20,358**
Other	**7,962**	**2,617**	**1,221**	**5,733**
	311,286	**98,185**	**37,632**	**217,383**
EXPENSES *(Note 19)*				
Salaries and benefits	**265,975**	**44,159**	**19,701**	**59,711**
Goods and services	**30,651**	**11,847**	**3,105**	**100,952**
Interest	**1,494**	**363**	**2,413**	**36,296**
Transfer to other funds	**7,575**	**35,520**	**8,564**	**4,984**
Other	**5,591**	**6,296**	**3,849**	**15,440**
	311,286	**98,185**	**37,632**	**217,383**
NET SURPLUS	**$ -**	**$ -**	**$ -**	**$ -**

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

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Water**
REVENUES				
Taxation	$ 186,687	$ 59,578	$ 10,096	$ 152,151
Sales of services and regulatory fees	40,780	15,115	15,511	3,782
Government transfers (Note 18)	45,226	11,342	3,107	18,228
Transfer from other funds	13,227	6,218	8,510	24,446
Other	7,740	2,650	1,244	5,887
	293,660	94,903	38,468	204,494
EXPENSES *(Note 19)*				
Salaries and benefits	248,798	42,543	19,192	56,057
Goods and services	29,936	11,770	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
	293,660	94,903	38,468	204,494
NET SURPLUS	$ -	$ -	$ -	$ -

Schedule 2

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
$ 89,909	**$ -**	**$ -**	**$ 17,583**	**$ (16,226)**	**$ 534,571**
10,484	**65,910**	**224,473**	**74,963**	**(42,115)**	**413,243**
14,630	**49,340**	**3,787**	**108,826**	**(9,945)**	**256,823**
3,070	**78,879**	**31,839**	**298,683**	**(446,406)**	**-**
12,187	**1,318**	**39,127**	**75,386**	**(6,540)**	**139,011**
130,280	**195,447**	**299,226**	**575,441**	**(521,232)**	**1,343,648**
34,326	**77,583**	**52,783**	**37,336**	**7,002**	**598,576**
12,155	**36,961**	**71,017**	**90,105**	**(42,047)**	**314,746**
4,805	**3,054**	**20,768**	**55,607**	**(75,212)**	**49,588**
59,011	**11,481**	**50,289**	**150,693**	**(328,117)**	**-**
19,983	**10,818**	**34,311**	**144,037**	**(52,802)**	**187,523**
130,280	**139,897**	**229,168**	**477,778**	**(491,176)**	**1,150,433**
$ -	**$ 55,550**	**$ 70,058**	**$ 97,663**	**$ (30,056)**	**$ 193,215**

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
$ 103,467	$ -	$ -	$ 25,885	$ (16,180)	$ 521,684
11,548	63,509	231,360	72,835	(41,456)	412,984
14,306	30,720	8,079	90,992	(8,690)	213,310
6,080	49,081	38,084	262,098	(407,744)	-
9,994	664	18,145	112,881	(35,925)	123,280
145,395	143,974	295,668	564,691	(509,995)	1,271,258
33,876	74,651	48,949	36,175	4,830	565,071
13,252	38,898	64,190	84,068	(40,101)	291,061
6,477	2,920	18,571	58,670	(77,828)	50,952
65,112	10,273	60,139	109,575	(302,584)	-
26,678	8,577	26,666	154,327	(96,412)	154,390
145,395	135,319	218,515	442,815	(512,095)	1,061,474
$ -	$ 8,655	$ 77,153	$ 121,876	$ 2,100	$ 209,784

THE CITY OF WINNIPEG
SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION - GENERAL REVENUE FUND

Schedule 3

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

	2009		2008
PROTECTION	**Budget**	**Actual**	Actual
REVENUES			
Taxation	**$ 200,099**	**$ 204,598**	$ 186,687
Sales of services and regulatory fees	**45,980**	**42,295**	40,780
Government transfers	**53,713**	**53,068**	45,226
Transfer from other funds	**3,297**	**3,363**	13,227
Other	**7,890**	**7,962**	7,740
	310,979	**311,286**	293,660
EXPENSES			
Salaries and benefits	**265,238**	**265,975**	248,798
Goods and services	**31,267**	**30,651**	29,936
Interest	**1,494**	**1,494**	1,774
Transfer to other funds	**8,076**	**7,575**	6,196
Other	**4,904**	**5,591**	6,956
	310,979	**311,286**	293,660
NET SURPLUS	**$ -**	**$ -**	$ -
COMMUNITY SERVICES			
REVENUES			
Taxation	**$ 65,058**	**$ 64,319**	$ 59,578
Sales of services and regulatory fees	**17,710**	**17,399**	15,115
Government transfers	**11,777**	**12,407**	11,342
Transfer from other funds	**1,116**	**1,443**	6,218
Other	**2,567**	**2,617**	2,650
	98,228	**98,185**	94,903
EXPENSES			
Salaries and benefits	**42,822**	**44,159**	42,543
Goods and services	**12,170**	**11,847**	11,770
Interest	**375**	**363**	328
Transfer to other funds	**35,752**	**35,520**	34,498
Other	**7,109**	**6,296**	5,764
	98,228	**98,185**	94,903
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)

	2009		2008
PLANNING	**Budget**	**Actual**	Actual
REVENUES			
Taxation	**$ 7,663**	**$ 7,334**	$ 10,096
Sales of services and regulatory fees	**17,512**	**15,917**	15,511
Government transfers	**4,230**	**4,389**	3,107
Transfer from other funds	**8,411**	**8,771**	8,510
Other	**1,181**	**1,221**	1,244
	38,997	**37,632**	38,468
EXPENSES			
Salaries and benefits	**19,988**	**19,701**	19,192
Goods and services	**3,509**	**3,105**	2,782
Interest	**2,413**	**2,413**	2,405
Transfer to other funds	**8,268**	**8,564**	9,517
Other	**4,819**	**3,849**	4,572
	38,997	**37,632**	38,468
NET SURPLUS	**$ -**	**$ -**	$ -
PUBLIC WORKS AND WATER			
REVENUES			
Taxation	**$ 160,884**	**$ 167,054**	$ 152,151
Sales of services and regulatory fees	**4,458**	**3,917**	3,782
Government transfers	**17,979**	**20,321**	18,228
Transfer from other funds	**16,893**	**20,358**	24,446
Other	**6,216**	**5,733**	5,887
	206,430	**217,383**	204,494
EXPENSES			
Salaries and benefits	**55,388**	**59,711**	56,057
Goods and services	**94,009**	**100,952**	86,266
Interest	**36,296**	**36,296**	37,635
Transfer to other funds	**5,231**	**4,984**	7,274
Other	**15,506**	**15,440**	17,262
	206,430	**217,383**	204,494
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	2009 Budget	2009 Actual	2008 Actual
REVENUES			
Taxation	**$ 99,035**	**$ 89,909**	$ 103,467
Sales of services and regulatory fees	**11,315**	**10,484**	11,548
Government transfers	**13,964**	**14,630**	14,306
Transfer from other funds	**3,003**	**3,070**	6,080
Other	**6,560**	**12,187**	9,994
	133,877	**130,280**	145,395
EXPENSES			
Salaries and benefits	**34,814**	**34,326**	33,876
Goods and services	**18,740**	**12,155**	13,252
Interest	**7,193**	**4,805**	6,477
Transfer to other funds	**47,227**	**59,011**	65,112
Other	**25,903**	**19,983**	26,678
	133,877	**130,280**	145,395
NET SURPLUS	**$ -**	**$ -**	$ -

THE CITY OF WINNIPEG
SCHEDULE OF RESERVES

Schedule 4

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

CAPITAL	2009 Budget	2009 Actual	2008 Actual
REVENUES			
Taxation	**$ 7,500**	**$ 7,500**	$ 27,415
Sales of services and regulatory fees	**-**	**3**	-
Government transfers	**63,331**	**50,890**	25,666
Transfer from other funds	**41,604**	**39,781**	17,455
Other	**2,905**	**785**	4,394
	115,340	**98,959**	74,930
EXPENSES			
Goods and services	**1,221**	**637**	521
Transfer to other funds	**157,344**	**94,139**	70,140
Other	**10**	**10**	-
	158,575	**94,786**	70,661
NET SURPLUS (DEFICIT)	**(43,235)**	**4,173**	4,269
OPENING EQUITY	**94,156**	**94,156**	89,887
ENDING EQUITY	**$ 50,921**	**$ 98,329**	$ 94,156
SPECIAL PURPOSE			
REVENUES			
Taxation	**$ 9,360**	**$ 8,979**	$ 2,336
Sales of services and regulatory fees	**166**	**122**	152
Transfer from other funds	**8,878**	**16,535**	16,989
Other	**59,499**	**17,596**	17,546
	77,903	**43,232**	37,023
EXPENSES			
Salaries and benefits	**1,003**	**450**	78
Goods and services	**29,782**	**6,708**	9,908
Transfer to other funds	**21,393**	**19,220**	11,178
Other	**22,536**	**8,487**	17,205
	74,714	**34,865**	38,369
NET SURPLUS (DEFICIT)	**3,189**	**8,367**	(1,346)
OPENING EQUITY	**73,574**	**73,574**	74,920
ENDING EQUITY	**$ 76,763**	**$ 81,941**	$ 73,574

THE CITY OF WINNIPEG
SCHEDULE OF RESERVES

Schedule 4

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

STABILIZATION	2009 Budget	2009 Actual	2008 Actual
REVENUES			
Taxation	**$ -**	**$ 421**	$ (4,564)
Transfer from other funds	**-**	**870**	14,103
Other	**2,329**	**1,421**	2,376
	2,329	**2,712**	11,915
EXPENSES			
Goods and services	**254**	**-**	-
Transfer to other funds	**7,918**	**8,995**	5,854
	8,172	**8,995**	5,854
NET (DEFICIT) SURPLUS	**(5,843)**	**(6,283)**	6,061
OPENING EQUITY	**84,680**	**84,680**	78,619
ENDING EQUITY	**$ 78,837**	**$ 78,397**	$ 84,680

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW

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

			2009	2008	2007	2006	2005
1.	Population (as restated per Statistics Canada)		**675,100**	665,900	658,900	653,500	650,900
	Unemployment rate (per Statistics Canada)						
	- Winnipeg		**5.4%**	4.3%	4.7%	4.6%	4.8%
	- National average		**8.3%**	6.1%	6.0%	6.3%	6.8%
2.	Average annual headcount (restated)		**9,827**	9,623	9,552	9,536	9,534
3.	Number of taxable properties		**213,574**	211,048	209,127	206,658	206,170
	Payments-in-lieu of taxes						
	Number of properties		**903**	908	945	922	874
4.	Assessment (see note) - Residential	**$**	**24,048,221**	23,666,110	23,223,839	22,800,354	18,460,471
	- Commercial and industrial		**8,242,789**	8,161,490	8,095,206	7,959,866	7,209,121
	- Farm and golf		**128,611**	131,414	156,357	162,390	102,742
		$	**32,419,621**	31,959,014	31,475,402	30,922,610	25,772,334
	Assessment per capita (in dollars)	**$**	**48,022**	47,994	47,770	47,318	39,595
	Commercial and industrial as a percentage of assessment		**25.43%**	25.54%	25.72%	25.74%	27.97%
5.	Tax arrears	**$**	**30,036**	29,893	38,038	41,350	37,698
6.	Tax arrears - per capita (in dollars)	**$**	**44.49**	44.89	57.73	63.27	57.92
7.	Municipal mill rate		**25.448**	25.448	25.448	25.448	29.686
	- Percentage change adjusted for portioning and reassessment		**0.00%**	0.00%	0.00%	0.00%	0.00%
8.	Winnipeg consumer price index (per Statistics Canada) (annual average)						
	- 2002 base year 100		**113.9**	113.3	110.8	108.5	106.5
	- Percentage increase		**0.5%**	2.3%	2.1%	1.9%	2.7%
9.	Consolidated revenues						
	- Taxation	**$**	**534,571**	521,684	515,197	518,661	503,594
	- User charges		**413,243**	412,984	381,273	356,761	339,539
	- Government transfers		**256,823**	213,310	188,563	152,300	120,725
	- Interest and other revenue		**139,011**	123,280	135,781	77,811	75,266
		$	**1,343,648**	1,271,258	1,220,814	1,105,533	1,039,124
10.	Consolidated expenses by function						
	- Municipal operations	**$**	**842,003**	773,303	765,732	729,753	712,630
	- Public utilities		**278,848**	258,788	242,797	231,306	225,133
	- Civic corporations		**29,582**	29,383	25,000	24,174	25,636
		$	**1,150,433**	1,061,474	1,033,529	985,233	963,399
11.	Growth in accumulated surplus	**$**	**193,215**	209,784	187,285	120,300	75,725

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

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW - continued

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

		2009	2008	2007	2006	2005
12. Consolidated expenses by object						
Salaries and benefits	$	**598,576**	565,071	539,405	530,881	510,928
Goods and services		**314,746**	291,061	291,032	271,530	270,707
Amortization		**155,382**	141,099	133,635	125,681	122,718
Interest		**49,588**	50,952	46,950	45,665	50,283
Other expenses		**32,141**	13,291	22,507	11,476	8,763
	$	**1,150,433**	1,061,474	1,033,529	985,233	963,399
13. Payments to school authorities	$	**474,445**	465,001	452,937	437,317	435,205
14. Debt						
Tax-supported	$	**294,449**	378,872	379,836	411,043	429,287
Transit		**22,088**	24,914	25,464	26,813	27,520
City-owned utilities		**288,899**	304,834	206,261	207,581	151,700
Other		**73,081**	44,472	34,587	24,893	5,160
Total gross debt		**678,517**	753,092	646,148	670,330	613,667
Less: Sinking Funds		**199,025**	276,158	248,686	222,723	198,965
Total net long-term debt	$	**479,492**	476,934	397,462	447,607	414,702
Percentage of total assessment		**1.48%**	1.49%	1.26%	1.45%	1.61%
15. Acquisition of tangible capital assets	$	**384,110**	330,344	352,149	263,066	199,313
16. Net financial assets	$	**36,903**	77,850	52,440	71,767	81,020
17. Accumulated surplus						
Surpluses						
Invested in tangible capital assets	$	**3,834,764**	3,568,485	3,434,876	3,181,870	3,038,586
Unamortized gain on Winnipeg Hydro sale		**226,640**	232,679	238,376	243,751	253,539
Other surpluses		**199,653**	253,225	187,543	215,383	192,331
Unfunded liabilities		**(170,228)**	(150,518)	(157,724)	(152,059)	(138,345)
		4,090,829	3,903,871	3,703,071	3,488,945	3,346,111
Reserves						
Capital		**98,329**	94,156	89,887	114,359	159,772
Special Purpose		**81,941**	73,574	74,920	74,679	69,025
Stabilization		**78,397**	84,680	78,619	81,229	64,004
		258,667	252,410	243,426	270,267	292,801
	$	**4,349,496**	4,156,281	3,946,497	3,759,212	3,638,912
18. Government specific indicators						
Assets-to-liabilities		**6.05**	5.88	5.89	5.61	5.98
Financial assets-to-liabilities		**1.04**	1.09	1.06	1.09	1.11
Public debt charges-to-revenues		**0.04**	0.04	0.04	0.04	0.05
Own-source revenues-to-taxable assessment		**0.03**	0.03	0.03	0.03	0.04
Government transfers-to-revenues		**0.19**	0.17	0.15	0.14	0.12



FUNDS 2009 DETAILED FINANCIAL STATEMENTS



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, 2009, the General Revenue Fund reported a net surplus of $9.0 million (2008 - $12.8 million), which was transferred to the General Purpose Reserve Fund. Factors that contributed to the General Revenue Fund's position were as follows:

- Corporate expenses are $5.7 million below budget due primarily to savings associated with debt charges, accounting provisions and employee benefits, offset partially by a City Council approved grant to the Assiniboine Park Conservancy;
- The Bank of Canada did not raise interest rates as anticipated. The City positioned its investment portfolio on the basis of a longer term outlook to enhance portfolio earnings. This provided $4.4 million to the bottom line;
- The Assessment and Taxation department was below their expense budget by $3.3 million, mainly because of better than expected results on assessment appeals;
- The Corporate Support Services department's expenses are under budget by $2.0 million, mainly due to information technology expenses being deferred;
- Natural gas tax revenue is below budget by $1.0 million due to gas prices trending downwards;
- Net revenues were reduced by $1.6 million from the corporate sponsorship program;
- The 2009 results includes $5.7 million of costs associated with the spring flood. The two departments that incurred the majority of the flood costs are the Public Works department - $4.0 million and the Water and Waste department - $1.6 million. The cost of the flood is estimated to be partially offset by $4.1 million from the Province of Manitoba's Disaster Financial Assistance Program;
- The Fire Paramedic Service department's revenue is $2.4 million under budget mainly as a result of the grant from the Winnipeg Regional Health Authority and revenues from environmental cleanups and other services being less than expected. These shortfalls are offset somewhat by increased ambulance service revenues;
- Red light and regular traffic enforcement revenue is under budget by $3.8 million as a result of fewer tickets being issued than budgeted;
- In addition to the flood costs already noted, the Public Works department's expenses are over budget by $4.9 million, primarily due to snow clearing activities;
- The transfer from the Snow Clearing Reserve, which was approved by City Council, resulted in $4.4 million in additional revenue; and
- Other departmental revenues and expenses provided $4.5 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)

	2009	2008	2007	2006	2005
Planning, Property and Development					
Construction					
-Permits issued	**9,480**	9,120	8,742	8,987	8,931
-Value	**$ 1,110,844**	$ 1,053,811	$ 843,591	$ 849,758	$ 656,350
Housing starts (2007 restated)	**1,811**	2,646	3,127	3,289	2,177
Community Services					
Libraries Provincial Grant	**$ 2,010**	$ 2,010	$ 1,910	$ 1,910	$ 1,910
Library circulation	**5,728,077**	5,465,522	5,431,786	5,532,720	5,228,670
Taxes Receivable					
Property, payments-in-lieu and business taxes	**$ 30,036**	$ 29,893	$ 38,038	$ 41,350	$ 37,698
Allowance for tax arrears	**(3,784)**	(3,657)	(6,228)	(6,326)	(6,364)
	$ 26,252	$ 26,236	$ 31,810	$ 35,024	$ 31,334
Tax Revenues					
Municipal realty taxes	**$ 398,730**	$ 395,410	$ 389,913	$ 374,268	$ 373,187
Payments-in-lieu of taxes	**$ 31,058**	$ 30,087	$ 30,421	$ 31,575	$ 32,040
Business and licenses-in-lieu of business taxes	**$ 56,504**	$ 56,508	$ 56,057	$ 61,029	$ 61,243
Statement of Operations					
Revenues	**$ 794,766**	$ 780,628	$ 756,292	$ 724,616	$ 711,529
Expenses	**785,773**	767,808	754,710	723,933	711,529
	8,993	12,820	1,582	683	-
Contribution to:					
General Purpose Reserve	**(8,993)**	-	-	-	-
Mill Rate Stabilization Reserve	**-**	(12,820)	(1,582)	(683)	-
Surplus	**$ -**	$ -	$ -	$ -	$ -
Debt and finance charges	**$ 89,082**	$ 90,840	$ 98,712	$ 103,850	$ 108,887
% of total expenses	**11.21%**	11.64%	13.05%	14.33%	15.30%

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
ASSETS		
Current		
Cash and cash equivalents (Note 3)	**$ 481,223**	$ 613,523
Accounts receivable (Note 4)	**69,928**	61,401
Materials and supplies	**6,857**	7,019
Prepaid expenses	**1,213**	1,143
	559,221	683,086
Investments (Note 5)	**51,792**	43,051
Contributed surplus and other assets (Note 6)	**43,982**	44,533
	$ 654,995	$ 770,670
LIABILITIES		
Current		
Notes payable (Note 7)	**$ 89,037**	$ 201,737
Due to other funds (Note 8)	**434,391**	413,381
Accounts payable and accrued liabilities (Note 9)	**82,765**	109,440
Deferred revenue (Note 10)	**36,410**	37,083
Performance and other deposits	**12,392**	9,029
	$ 654,995	$ 770,670

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)

	2009 Budget (Note 18)	2009 Actual	2008 Actual
REVENUES (Schedule 1)			
Taxation (Note 12)	**$ 501,681**	**$ 502,156**	$ 481,892
Government transfers	**101,663**	**104,815**	92,209
Sale of goods and services (Note 13)	**53,756**	**51,055**	48,514
Regulation fees	**43,219**	**38,957**	38,222
Contributions and transfers	**32,720**	**37,005**	62,189
Payments-in-lieu of taxes (Note 12)	**31,058**	**31,058**	30,087
Sale of Winnipeg Hydro and other	**21,386**	**21,776**	21,141
Interest	**3,028**	**7,944**	6,374
Total Revenues	**788,511**	**794,766**	780,628
EXPENSES (Schedules 2 and 3)			
Protection and community services	**410,208**	**410,464**	395,310
Public works	**206,430**	**217,383**	204,494
Finance and administration	**75,413**	**68,601**	71,008
Contribution to Transit System	**41,989**	**42,069**	38,414
Property and development	**38,997**	**37,632**	38,468
Employee benefits and payroll tax	**12,034**	**12,285**	12,016
Debt and finance charges	**8,320**	**5,823**	7,715
Grants and payments to other authorities	**729**	**1,729**	4,773
Other	**(5,609)**	**(10,213)**	(4,390)
Total Expenses	**788,511**	**785,773**	767,808
Surplus for the year before contributions	**-**	**8,993**	12,820
Contributions:			
General Purpose Reserve	**-**	**(8,993)**	-
Mill Rate Stabilization Reserve	**-**	**-**	(12,820)
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, 2009
(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, crown corporation bonds, provincial government bonds, City of Winnipeg municipal bonds; schedule 1 bank bonds and bankers acceptances, and asset backed commercial paper. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

d) 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

	2009	2008
Bank overdraft, net of other cash items	**$ (3,250)**	$ (838)
Cash equivalents	**484,473**	614,361
	$ 481,223	$ 613,523

Cash equivalents have an effective average interest rate of 0.6% (2008 - 3.0%).

4. Accounts Receivable

	2009	2008
Property, payments-in-lieu and business taxes	**$ 30,036**	$ 29,893
Allowance for tax arrears	**(3,784)**	(3,657)
	26,252	26,236
Trade accounts and other receivables	**20,566**	17,513
Province of Manitoba	**18,923**	7,787
Government of Canada	**5,662**	8,343
Accrued interest receivable	**2,272**	5,011
The Convention Centre Corporation	**80**	125
The Sinking Fund Trustees of The City of Winnipeg	**4**	3
Allowance for doubtful accounts	**(3,831)**	(3,617)
	43,676	35,165
	$ 69,928	$ 61,401

5. *Investments*

	2009	2008
Marketable securities		
Government of Canada bonds	**$ 4,999**	$ 10,086
Provincial bonds	**14,130**	14,168
Municipal bonds	**32,663**	18,797
	$ 51,792	$ 43,051

The aggregate market value of marketable securities at December 31, 2009 is $52.9 (2008 - $44.2 million).

6. *Contributed Surplus and Other Assets*

	2009	2008
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	**3,068**	3,091
Deferred charges, other	**9**	50
Deferred election costs	**-**	487
	$ 43,982	$ 44,533

Interest revenue received on the loan to Golf Services - Special Operating Agency during the year was $185 thousand (2008 - $187 thousand).

Interest revenue received on the loan to Winnipeg Parking Authority - Special Operating Agency during the year was $nil (2008 - $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 0.4% (2008 - 3.0%). These notes are callable by the issuers.

	2009	2008
Winnipeg Civic Employees' Benefits Program (Pension Fund)	**$ 60,975**	$ 103,080
Winnipeg Police Pension Plan	**14,404**	44,822
The Sinking Fund Trustees of The City of Winnipeg	**6,482**	34,612
The Civic Employees' Group Life Insurance Plan	**3,954**	15,542
Perpetual Maintenance Reserve Funds:		
- Brookside Cemetery	**1,334**	(174)
- Transcona Cemetery	**62**	28
- St. Vital Cemetery	**51**	7
Workers Compensation Reserve	**1,183**	3,500
Brady Landfill Site Rehabilitation Reserve	**503**	359
Sinking Fund	**327**	85
Insurance Reserve	**(238)**	(124)
	$ 89,037	$ 201,737

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.

	2009	2008
Capital Reserves	**$ 116,686**	$ 122,619
Stabilization Reserves	**78,397**	84,680
Waterworks System	**70,027**	105,741
Special Purpose Reserves	**60,876**	54,637
Sewage Disposal System	**59,681**	51,085
Equity in Capital Assets	**35,065**	36,808
Equipment and Material Services	**10,294**	10,255
General Revenue Enterprises	**5,292**	3,033
Solid Waste Disposal	**4,045**	5,085
Transit System	**3,797**	(7,579)
Fleet Management - Special Operating Agency	**1,824**	(19,741)
General Capital	**1,313**	(20,165)
Building Services	**777**	627
Trusts	**568**	591
Civic Accommodations	**(556)**	69
Animal Services - Special Operating Agency	**(866)**	(611)
Winnipeg Enterprises Corporation	**(1,168)**	(1,425)
Golf Services - Special Operating Agency	**(3,847)**	(3,042)
` Winnipeg Parking Authority - Special Operating Agency	**(7,814)**	(9,286)
	$ 434,391	$ 413,381

9. Accounts Payable and Accrued Liabilities

	2009	2008
Trade accounts payable	**$ 37,060**	$ 44,494
Provincial education support and school division special levies payable	**19,435**	18,027
Other accrued liabilities	**11,629**	10,183
Wages and employee benefits payable	**6,940**	21,369
Accrued interest on long-term debt	**4,533**	5,697
Provision for assessment appeals	**3,168**	9,670
	$ 82,765	$ 109,440

10. Deferred Revenue

	2009	2008
Deferred gain on sale of assets to:		
Golf Services - Special Operating Agency	**$ 22,201**	$ 22,365
Winnipeg Parking Authority - Special Operating Agency	**9,233**	9,812
Province of Manitoba, Federal Government and other	**3,856**	3,713
Registration fees	**1,049**	1,104
Rentals	**71**	89
	$ 36,410	$ 37,083

11. Commitments and Contingent Liabilities

The following significant commitments and contingencies existed at December 31, 2009:

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:

2010	$ 143
2011	57
	$ 200

b) Loan guarantees

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

	2009	2008
Dakota Community Centre Inc.	**$ 2,030**	$ 2,152
Winnipeg Enterprises Corporation	**1,275**	1,673
Gateway Recreation Centre Inc.	**1,241**	1,369
Garden City Community Centre Inc.	**451**	522
St. Norbert Community Centre	**255**	300
Maples Recreation Association Inc.	**215**	246
CentreVenture Development Corporation	**214**	-
Glenwood Community Centre Inc.	**170**	196
Winnipeg Soccer Federation	**142**	-
Manitoba Opera Association Inc.	**106**	75
Winnipeg Housing Rehabilitation Corporation	**97**	570
Granite Curling Club	**61**	69
Springer's Gymnastics Club Inc.	**32**	53
St. Norbert Children's Centre Inc.	**20**	40
Charleswood Broncos Football Club	**4**	16
Richmond Kings Community Centre Inc.	**-**	19
	$ 6,313	$ 7,300

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, 2009, 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, 2009. 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 $850.2 million (2008 - $837.6 million). This included school taxes of $451.4 million (2008 - $442.2 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Total payments-in-lieu of taxes for the year were $54.1 million (2008 - $52.9 million). Included were payments-in-lieu of school taxes assessed in 2009 of $23.0 million (2008 - $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:

	2009	2008
Sewage Disposal System	**$ 10,586**	$ 9,241
Waterworks System	**3,065**	3,027
Winnipeg Parking Authority - Special Operating Agency	**680**	571
Transit System	**545**	542
Golf Services - Special Operating Agency	**263**	256
Solid Waste Disposal	**33**	33
	$ 15,172	$ 13,670

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:

	2009	2008
Transit System	**$ 777**	$ 777
Waterworks System	**612**	612
Sewage Disposal System	**467**	467
Civic Accommodations	**306**	306
Building Services	**252**	252
Solid Waste Disposal	**79**	79
Animal Services - Special Operating Agency	**70**	70
Winnipeg Parking Authority - Special Operating Agency	**36**	36
Golf Services - Special Operating Agency	**14**	63
Fleet Management - Special Operating Agency	**-**	421
	$ 2,613	$ 3,083

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 $214 thousand (2008 - $nil); Animal Services - Special Operating Agency net transfer $1.0 million (2008 - $924 thousand); Concession Equipment Reserve $12 thousand (2008 - $15 thousand); Insect Control Urgent Expenditures Reserve $nil (2008 - $2 thousand); and Recreation Programming Reserve $447 thousand (2008 - $nil).

Included in Planning, Property and Development department's expenses is a net transfer from the Perpetual Maintenance Reserves in the amount of $123 thousand (2008 - $124 thousand), a transfer to the Permit Reserve of $nil (2008 - $1.4 million) and the Housing Rehabilitation Investment Reserve of $1.2 million (2008 - $1.0 million).

Included in Corporate Finance department's expenses are recoveries from various funds for investment management fees. This includes $256 thousand (2008 - $239 thousand) from the Stabilization Reserves, $172 thousand (2008 - $198 thousand) from the Special Purpose Reserves, $238 thousand (2008 - $320 thousand) from the Capital Reserves, $86 thousand (2008 - $70 thousand) from the Equity in Capital Assets Fund and $9 thousand (2008 - $4 thousand) from the Sinking Fund.

Included in Assessment and Taxation department's expenses is a transfer to the General Purpose Reserve of $nil (2008 - $2.6 million).

Included in Corporate Support Services department's expenses is a transfer to the General Revenue Enterprises Fund of $nil (2008 - $26 thousand).

Included in various department expense categories are a transfer to the Civic Accommodations Fund of $33.0 million (2008 - $31.9 million) for facilities costs, a transfer to the Computer Replacement Reserve of $256 thousand (2008 - $1 thousand), and a transfer to the Building Services Fund of $26.1 million (2008 - $24.9 million).

Included in various expense categories in 2009 are a contribution to the Commitment Reserve of $1.1 million (2008 - $4.2 million), a transfer to the Insurance Reserve of $932 thousand (from 2008 - $678 thousand), a transfer to the General Capital Fund of $57 thousand (2008 - $544 thousand), and a transfer to the Snow Clearing Reserve of $nil (2008 - $4.4 million).

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 $25.3 million (2008 - $24.2 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, 2009 has been estimated to be $3.9 million (2008 - $4.5 million). In 2009, the City paid out $0.3 million (2008 - $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 2009, the City paid out $0.2 million (2008 - $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, 2009 at $70.1 million (2008 - $65.3 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, 2009 is estimated at $5.3 million (2008 - $4.9 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, 2009 is estimated at $33.2 million (2008 - $31.3 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, 2009 is estimated at $8.1 million (2008 - $7.3 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 2009 adopted budget has been amended to reflect the changes to internal service delivery, reorganization and reporting.

19. Comparative Figures

The 2009 figures have not been restated for departmental restructuring and certain comparative figures have been reclassified to conform with the current year's presentation.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2009 Budget	2009 Actual	2008 Actual
Taxation			
Municipal realty tax	**$ 398,715**	**$ 398,730**	$ 395,410
Business and licenses-in-lieu of business taxes	**56,504**	**56,504**	56,508
Frontage levy	**19,762**	**20,089**	-
Electricity and natural gas sales taxes	**18,987**	**17,989**	17,762
Entertainment tax	**5,675**	**6,312**	6,099
Local improvement tax	**1,479**	**1,466**	1,330
Local improvement tax commuted	**75**	**581**	22
Licenses-in-lieu of realty tax	**355**	**356**	354
Billboard tax	**129**	**129**	47
Accommodation tax	**-**	**-**	4,360
	501,681	**502,156**	481,892
Government transfers			
Provincial			
Building Manitoba Fund	**55,404**	**55,404**	55,404
Unconditional	**19,888**	**19,888**	19,888
Video lottery terminal	**9,176**	**8,820**	8,820
Casino	**6,987**	**7,887**	6,986
Support	**7,774**	**7,829**	7,621
Other	**2,592**	**6,815**	729
Ambulance	**13,606**	**6,734**	6,619
Emergency medical services	**661**	**4,500**	500
Assessment	**3,000**	**3,000**	3,000
Libraries	**2,010**	**2,010**	2,010
Policing	**2,000**	**2,000**	2,000
Waste reduction support	**-**	**1,362**	-
Larviciding	**1,200**	**1,200**	1,200
Dutch elm disease control	**1,000**	**1,000**	1,000
Services transferred to the Province	**(23,650)**	**(23,646)**	(23,650)
	101,648	**104,803**	92,127
Federal government	**15**	**12**	82
	101,663	**104,815**	92,209

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2009 Budget	2009 Actual	2008 Actual
Sale of goods and services	**53,756**	**51,055**	48,514
Regulation fees			
Fines	**19,138**	**15,198**	17,531
Permits and fees	**14,671**	**14,230**	11,979
Tax penalties	**6,300**	**5,763**	6,308
Licenses	**3,110**	**3,766**	2,404
	43,219	**38,957**	38,222
Contributions and transfers			
Sewage Disposal System	**13,821**	**13,463**	22,553
Mill Rate Stabilization Reserve	**7,917**	**7,917**	-
Snow Clearing Reserve	**-**	**4,370**	-
Civic Accommodations	**4,233**	**4,226**	4,065
Land Operating Reserve	**3,700**	**3,700**	-
Transit System	**773**	**773**	-
Waterworks System	**612**	**612**	14,663
Permit Reserve	**-**	**391**	2,358
Idea Bank Reserve	**397**	**390**	416
Insect Control Urgent Expenditures Reserve	**-**	**321**	1,200
Solid Waste Disposal	**883**	**301**	2,455
Building Services Fund	**64**	**132**	333
Winnipeg Parking Authority - Special Operating Agency	**167**	**125**	3,706
Golf Services - Special Operating Agency	**78**	**78**	328
Assiniboine Park Enterprises Reserve	**75**	**75**	175
Destination Marketing Reserve	**-**	**60**	-
General Capital Fund	**-**	**49**	27
General Revenue Enterprises Fund	**-**	**22**	241
Fiscal Stabilization Reserve	**-**	**-**	4,495
Fleet Management - Special Operating Agency (Note 13)	**-**	**-**	2,699
Golf Course Reserve	**-**	**-**	1,000
Workers Compensation Reserve	**-**	**-**	1,000
Library Reserve	**-**	**-**	400
Concession Equipment Replacement Reserve	**-**	**-**	75
	32,720	**37,005**	62,189
Payments-in-lieu of taxes	**31,058**	**31,058**	30,087
Sale of Winnipeg Hydro and other			
Manitoba Hydro	**20,000**	**20,000**	20,000
Accounts payable write-offs, commissions, etc.	**1,386**	**1,776**	1,141
	21,386	**21,776**	21,141

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2009 Budget	2009 Actual	2008 Actual
Interest			
Interest earned	**1,687**	**6,098**	5,244
Interest capitalized	**840**	**1,376**	629
Debt charges recovered	**501**	**470**	501
	3,028	**7,944**	6,374
Total Revenues	**$ 788,511**	**$ 794,766**	$ 780,628

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2009 Budget (Note 18)	2009 Actual	2008 Actual
Protection and community services			
Police services	**$ 181,474**	**$ 181,837**	$ 170,865
Fire paramedic service	**129,505**	**129,449**	127,021
Community services	**98,228**	**98,185**	96,485
Museums	**1,001**	**993**	939
	410,208	**410,464**	395,310
Public works			
Public works	**165,817**	**174,724**	164,956
Water and waste	**30,093**	**32,152**	29,123
Street lighting	**10,520**	**10,507**	10,415
	206,430	**217,383**	204,494
Finance and administration			
Corporate support services	**32,647**	**30,649**	25,945
Assessment and taxation	**16,942**	**13,630**	19,701
City clerks	**12,181**	**11,789**	11,828
Corporate finance	**7,789**	**6,944**	6,066
Council	**2,755**	**2,696**	2,629
Chief administrative offices	**1,256**	**1,251**	2,297
Mayor's office	**1,004**	**895**	764
Audit	**839**	**747**	913
EPC secretariat	**-**	**-**	865
	75,413	**68,601**	71,008
Contribution to Transit System	**41,989**	**42,069**	38,414
Property and development			
Planning, property and development	**38,997**	**37,632**	38,468
Employee benefits and payroll tax			
Provincial payroll tax	**7,948**	**8,199**	7,812
Employee benefits	**4,086**	**4,086**	4,204
	12,034	**12,285**	12,016

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2009 Budget (Note 18)	2009 Actual	2008 Actual
Debt and finance charges			
Transfer to General Capital Fund	**90,196**	**87,967**	88,078
Other interest and finance charges	**1,399**	**878**	827
Transfer to Equity in Capital Assets Fund	**-**	**237**	1,935
Transfer to departments	**(83,275)**	**(83,259)**	(83,125)
	8,320	**5,823**	7,715
Grants and payments to other authorities			
Grants	**50**	**1,050**	1,250
The Convention Centre Corporation	**544**	**544**	2,075
Children's Museum and Winnipeg Public Library Board	**135**	**135**	135
Destination Winnipeg	**-**	**-**	1,313
	729	**1,729**	4,773
Other			
Insurance and damage claims	**3,726**	**3,726**	3,630
Government affairs, pension contribution and other	**(9,335)**	**(13,939)**	(8,020)
	(5,609)	**(10,213)**	(4,390)
Contribution to			
General Purpose Reserve	**-**	**8,993**	-
Mill Rate Stabilization Reserve	**-**	**-**	12,820
	-	**8,993**	12,820
Total Expenses	**$ 788,511**	**$ 794,766**	$ 780,628

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 3

EXPENSES BY OBJECT

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

	2009 Budget	2009 Actual	2008 Actual
Salaries and employee benefits	**$ 418,250**	**$ 423,872**	$ 400,466
Services	**114,544**	**121,398**	113,752
Transfers	**104,554**	**115,654**	122,597
Debt and finance charges - departmental and corporate	**91,789**	**89,437**	91,125
Materials, parts and supplies	**33,577**	**31,801**	27,837
Grants and payments to other authorities - departmental and corporate	**19,835**	**21,146**	23,416
Provincial payroll tax	**7,948**	**8,199**	7,812
Assets - purchases and renovations	**7,698**	**5,511**	6,125
Municipal tax, amortization, and other	**11,070**	**1,795**	10,443
Recoveries	**(20,754)**	**(24,047)**	(22,945)
	$ 788,511	**$ 794,766**	$ 780,628

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 2009 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 2009 with 2008 comparative figures are as follows:

	2009	2008
Provincial education support program levy		
Other property	**$ 75,900,709**	$ 75,777,490
Special levies (by school division)		
Winnipeg	**132,032,571**	129,768,694
Pembina Trails	**68,620,044**	67,771,110
Louis Riel	**67,800,324**	66,098,443
River East - Transcona	**55,430,666**	53,503,678
St. James - Assiniboia	**39,921,070**	39,761,965
Seven Oaks	**31,714,963**	29,364,954
Seine River	**3,007,028**	2,937,157
Interlake	**17,255**	17,248
	398,543,921	389,223,249
	$ 474,444,630	$ 465,000,739
Allocated as follows:		
Realty taxes	**$ 451,443,210**	$ 442,190,739
Payments-in-lieu of taxes	**23,001,420**	22,810,000
	$ 474,444,630	$ 465,000,739

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 5

2009 ASSESSMENT PORTIONED BY PROPERTY CLASSIFICATION

As at April 10, 2009
(unaudited)

	Portion	Taxable	Exempt Subject to Payments-in-Lieu	Exempt	Total
Residential 1	45.0%	$ 9,087,583,672	$ 38,047,598	$ 19,686,565	$ 9,145,317,835
Residential 2	45.0%	946,945,276	105,044,370	1,681,015	1,053,670,661
Residential 3	45.0%	644,080,083	-	81,541	644,161,624
Farm	26.0%	14,218,186	1,422,304	8,088,002	23,728,492
Institutional	65.0%	381,970,187	64,806,495	1,204,670,436	1,651,447,118
Pipelines	50.0%	8,385,300	-	-	8,385,300
Railways	25.0%	22,588,514	-	-	22,588,514
Designated recreational facilities	10.0%	6,714,155	131,400	1,053,410	7,898,965
Other	65.0%	4,227,075,411	383,725,365	749,874,491	5,360,675,267
Legislative building	65.0%	-	5,186,199	-	5,186,199
		$ 15,339,560,784	$ 598,363,731	$ 1,985,135,460	$ 17,923,059,975

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

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

	2009	2008	2007	2006	2005
Internal service operations and other programs:					
Revenues	**$ 4,526**	$ 4,061	$ 3,649	$ 3,282	$ 4,228
Expenditures	**4,107**	6,014	4,058	3,322	4,645
Surplus/(Deficit)	**$ 419**	$ (1,953)	$ (409)	$ (40)	$ (417)

THE CITY OF WINNIPEG
GENERAL REVENUE ENTERPRISES FUND

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 5,292**	$ 3,033
Accounts receivable	**6**	59
Inventories	**-**	10
	$ 5,298	$ 3,102
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 1**	$ 26
Deferred revenue	**2,252**	450
	2,253	476
RETAINED EQUITY	**3,045**	2,626
	$ 5,298	$ 3,102

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)

	2009	2008
REVENUES		
Permits and fees	**$ 3,665**	$ 2,823
Transfer from Land Operating Reserve	**804**	817
Sales of goods and services	**57**	375
Transfer from General Revenue Fund	**-**	26
Transfer from Heritage Investment Reserve	**-**	20
Total Revenues	**4,526**	4,061
EXPENDITURES		
Street cuts operations (Note 4)	**3,564**	3,811
Real estate enterprises	**339**	799
Riverbank management operations (Note 4)	**121**	254
Libraries programs	**76**	113
Printing and duplicating operations (Note 4)	**7**	432
Transfer to Heritage Investment Reserve	**-**	605
Total Expenditures (Note 4)	**4,107**	6,014
SURPLUS (DEFICIT) FROM OPERATIONS	**419**	(1,953)
RETAINED EQUITY, BEGINNING OF YEAR	**2,626**	4,579
RETAINED EQUITY, END OF YEAR	**$ 3,045**	$ 2,626

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE ENTERPRISES FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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

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. 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.

c) 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. Expenditures by Object

	2009	2008
Goods and services	**$ 4,026**	$ 4,521
Grants	**59**	524
Transfer to General Revenue Fund	**22**	241
Transfer to Heritage Investment Reserve	**-**	605
Transfer to Idea Bank Reserve	**-**	88
Other	**-**	35
	$ 4,107	$ 6,014

Included in street cuts operations expenditures is a transfer to the General Revenue Fund of $22 thousand (2008 - $22 thousand).

Included in riverbank management operations expenditures is a transfer to the General Revenue Fund of $nil (2008 - $179 thousand).

Included in printing and duplicating operations expenditures is a transfer to the General Revenue Fund of $nil (2008 - $40 thousand) and a transfer to the Idea Bank Reserve of $nil (2008 - $88 thousand).

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 2009 budget for the General Capital Fund of $165.2 million was a 42.60% decrease from the 2008 budget of $287.8 million. Capital expenditures in 2009 relating to 2009 and previous years capital budgets, increased from $150.8 million in 2008 to $189.2 million in 2009.

Of the $189.2 million of total capital expenditures, $79.0 million was for Roads and Bridges, $55.5 million related to Buildings, $40.1 million was for Water and Waste infrastructure, and $13.4 million related to Information Technology.

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

- Developer contributions-in-kind	$	38.9	million
- Regional Streets Renewal program	$	36.4	million
- Police Station Headquarters	$	31.4	million
- Local Streets Renewal program	$	28.4	million
- Fort Garry Bridge	$	9.3	million
- Bronx Park Community Centre	$	6.4	million

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

FIVE-YEAR REVIEW

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

	2009	2008	2007	2006	2005
Tangible Capital Assets	**$ 2,411,176**	$ 2,312,744	$ 2,261,115	$ 2,200,807	$ 2,153,671
% change in tangible capital assets (1)	**4.26%**	2.28%	2.74%	2.19%	224.94%
Debt					
Internal financing	**$ 432,458**	$ 401,750	$ 387,388	$ 366,792	$ 338,188
External financing (net of Sinking Fund)	**165,256**	176,920	205,032	250,178	281,968
Other long-term debt	**48,833**	38,286	29,996	36,428	43,420
Total long-term debt	**$ 646,547**	$ 616,956	$ 622,416	$ 653,398	$ 663,576
% change in total debt	**4.80%**	-0.88%	-4.74%	-1.53%	0.65%
Internal Debt as a % of Total Debt	**66.89%**	65.12%	62.24%	56.14%	50.96%
External Debt as a % of Total Debt	**33.11%**	34.88%	37.76%	43.86%	49.04%
Interest Expense					
Internal	**$ 28,385**	$ 27,937	$ 26,514	$ 24,499	$ 21,843
External	**25,085**	27,600	27,203	28,714	32,684
Interest Expense	**$ 53,470**	$ 55,537	$ 53,717	$ 53,213	$ 54,527
% change in external interest expense	**-9.11%**	1.46%	-5.26%	-12.15%	-11.16%
Summary of Cash Flows					
Operating activities	**$ 188,369**	$ 171,202	$ 146,098	$ 137,402	$ 113,783
Long-term debt (retired) issued, net	**$ 35,022**	$ 2,508	$ (9,129)	$ 11,502	$ (16,715)
Payments to The Sinking Fund Trustees, net	**$ (8,272)**	$ (8,272)	$ (8,272)	$ (8,274)	$ 29,948
Due from to General Revenue Fund	**$ (21,478)**	$ (18,886)	$ 29,288	$ 513	$ (2,103)
Capital acquisitions	**$ (189,153)**	$ (150,758)	$ (149,471)	$ (135,902)	$ (117,083)
Other	**$ (4,488)**	$ 4,206	$ (8,514)	$ (5,241)	$ (7,830)

(1) Balances prior to January 1, 2005 were not 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)

	2009	2008
FINANCIAL ASSETS		
Accounts receivable (Note 3)	**$ 15,453**	$ 27,573
Due from General Revenue Fund (Note 4)	**1,313**	**-**
	16,766	27,573
LIABILITIES		
Due to General Revenue Fund (Note 4)	**-**	20,165
Accounts payable and accrued liabilities (Note 5)	**2,396**	1,920
Deferred revenue	**21,740**	3,350
Debt (Note 6)	**646,547**	616,956
Deferred liabilities	**523**	691
Developer deposits	**9,084**	8,861
	680,290	651,943
NET FINANCIAL LIABILITIES	**(663,524)**	(624,370)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**2,411,176**	2,312,744
ACCUMULATED SURPLUS (Note 8)	**$ 1,747,652**	$ 1,688,374

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)

	2009	2008
REVENUES		
Transfer from General Revenue Fund		
Debt and finance	**$ 87,967**	$ 88,078
Other	**57**	544
Province of Manitoba capital transfer	**44,299**	53,493
Developer contributions-in-kind	**38,938**	32,501
Transfer from Federal Gas Tax Revenue Reserve	**25,355**	17,460
Transfer from Civic Accommodations Fund	**9,860**	9,529
Interest income	**7,706**	7,920
Transfer from Building Services Fund	**6,160**	5,998
Transfer from Sewer System Rehabilitation Reserve	**4,792**	2,364
Developer deposit	**3,760**	3,556
Other	**1,637**	4,175
Transfer From Land Operating Reserve	**464**	-
Government of Canada capital transfer	**388**	175
Transfer from Commitment Reserve	**361**	1,510
Transfer from Sewage Disposal System	**216**	13,948
Transfer from Contributions in Lieu of Land Dedication Reserve	**61**	8
Canadian National Railway - Kenaston Underpass	**-**	3,500
Winnipeg Library Foundation	**-**	1,615
Transfer from General Purpose Reserve	**-**	1,535
Transfer from Waterworks System	**-**	84
	232,021	247,993
EXPENSES		
Amortization	**98,177**	93,494
Interest - Equity in Capital Assets Fund	**28,385**	27,937
Interest - External debt	**25,085**	27,600
Infrastructure maintenance	**11,924**	6,147
Other	**4,149**	995
Transfer to Equity in Capital Assets Fund	**2,000**	-
Grants	**1,920**	7,225
Transfer to Land Operating Reserve	**833**	763
Loss on disposal of assets	**135**	1,733
Transfer to Waterworks System	**74**	-
Transfer to General Revenue Fund	**49**	27
Transfer to General Purpose Reserve	**12**	-
Transfer to Economic Development Investment Reserve	**-**	364
	172,743	166,285
NET SURPLUS FOR THE YEAR	**59,278**	81,708
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**1,688,374**	1,606,666
ACCUMULATED SURPLUS, END OF YEAR	**$ 1,747,652**	$ 1,688,374

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)

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 59,278**	$ 81,708
Non-cash charges to operations		
Amortization	**98,177**	93,494
Net assets transferred from Sewage Disposal System (Schedule 1)	**(262)**	-
Loss on disposal of assets	**135**	1,733
Working capital from operations	**157,328**	176,935
Net change in working capital	**12,596**	(9,970)
Net change in deferred liabilities, deferred revenue and developer deposits	**18,445**	4,237
	188,369	171,202
FINANCING		
Debenture debt issued	**47,730**	-
Debenture debt retired	**(130,500)**	(11,854)
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(7,706)**	(7,986)
Payments from The Sinking Fund Trustees for outstanding long-term debt retired	**87,084**	-
Payments to The Sinking Fund Trustees for outstanding long-term debt	**(8,272)**	(8,272)
Net increase in Equity in Capital Assets Fund debt	**30,708**	14,362
Due from/to General Revenue Fund	**(21,478)**	(18,886)
Other	**10,547**	8,290
	8,113	(24,346)
INVESTING		
Net purchase of capital assets (Schedule 1)	**(189,153)**	(150,758)
Net capital asset settlements and other (Schedule 1)	**(12,200)**	2,600
Net proceeds on disposal of tangible capital assets	**4,871**	1,302
	(196,482)	(146,856)
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, 2009
(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

	2009	2008
Province of Manitoba	**$ 13,174**	$ 20,362
Local improvements - Fairfield Park	**1,865**	2,044
Other	**414**	366
Canadian National Railway - Kenaston Underpass	**-**	3,500
Government of Canada	**-**	1,301
	$ 15,453	$ 27,573

4. Due from (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 from (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

	2009	2008
Contractors' holdbacks	**$ 2,272**	$ 1,618
Trade accounts payable	**124**	302
	$ 2,396	$ 1,920

6. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2009**	Amount of Debt 2008
1999-2009	Feb. 2	5.350	VV	7368/99	**$ -**	$ 50,000
1989-2009	Dec. 14	10.000	VH	5286/89	**-**	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
					155,500	273,565
Equity in Sinking Fund (Note 6b)					**(98,960)**	(170,066)
Net sinking fund debentures outstanding					**56,540**	103,499

Other long-term debt outstanding

Serial and instalment debt issued by the City with varying maturities up to 2017 and a weighted average interest rate of 5.27% (2008 - 4.43%)	**108,716**	73,421
Equity in Capital Assets Fund debt issued by the City with varying maturities up to 2029 and a weighted average interest rate of 7.18% (2008 - 5.95%)	**432,458**	401,750
Capital lease obligations with varying maturities up to 2038 and a weighted average interest rate of 8.42% (2008 - 8.42%) (Note 6c)	**30,233**	31,886
Other long-term debt	**18,600**	6,400
	$ 646,547	$ 616,956

6. Debt (continued)

Debt to be retired over the next five years:

	2010	2011	2012	2013	2014	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ 40,000	$ 30,500	$ 85,000
Serial and instalment debt	17,817	18,457	19,128	19,831	9,619	23,864
Equity in Capital Assets Fund	28,654	28,583	29,300	30,303	29,032	286,586
Capital lease obligations	1,795	1,950	1,019	1,172	1,262	23,035
	$ 48,266	$ 48,990	$ 49,447	$ 91,306	$ 70,413	$ 418,485

a) 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.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City in a separate fund. 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) Future minimum lease payments under the capital leases together with the balance of the obligation due under the capital leases are as follows:

2010	$ 4,117
2011	4,117
2012	3,018
2013	3,095
2014	3,098
thereafter	41,473
Total future minimum lease payments	58,918
Amount representing interest at a weighted average interest rate of 8.42%	(28,685)
Balance of the capital lease obligations	$ 30,233

7. Tangible Capital Assets

	2009	2008
Land	**$ 172,181**	$ 159,687
Buildings	**268,257**	231,842
Vehicles	**2,414**	3,338
Computer	**38,201**	33,598
Other	**38,858**	34,675
Plants and facilities	**14,619**	13,070
Roads	**821,659**	794,274
Underground and other networks	**737,081**	714,502
Bridges and other structures	**307,643**	308,620
Assets under construction	**10,263**	19,138
	$ 2,411,176	$ 2,312,744

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

During the year, there were no write-downs of tangible capital assets (2008 - $nil). Administration fees and interim financing charges capitalized during 2009 were $1.9 million (2008 - $1.1 million). In addition, land, roads and underground networks contributed to the City and recorded in the General Capital Fund totalled $38.9 million in 2009 (2008 - $32.5 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.

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	$ 159,687	$ 417,343	$ 30,486	$ 83,934	$ 57,088
Add: Additions during the year	1,240	55,527	-	13,422	8,703
Add: Transferred from Sewage Disposal System	10	-	-	-	-
Less: Disposals during the year	956	4,389	693	783	1,976
Settlements and other	12,200	-	-	-	-
Balance, end of year	172,181	468,481	29,793	96,573	63,815
Accumulated amortization					
Balance, beginning of year	-	185,501	27,148	50,336	22,413
Add: Amortization	-	16,212	1,666	8,819	4,520
Add: Transferred from Sewage Disposal System	-	-	-	-	-
Less: Accumulated amortization on disposals	-	1,489	1,435	783	1,976
Balance, end of year	-	200,224	27,379	58,372	24,957
Net Book Value of Tangible Capital Assets	$ 172,181	$ 268,257	$ 2,414	$ 38,201	$ 38,858

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	**2009**	2008
$ 18,447	$ 1,576,374	$ 1,035,530	$ 494,378	$ 19,138	**$ 3,892,405**	$ 3,779,344
1,862	69,633	38,266	9,375	(8,875)	**189,153**	150,758
-	-	789	-	-	**799**	-
-	23,468	1,748	-	-	**34,013**	35,097
-	-	-	-	-	**12,200**	(2,600)
20,309	1,622,539	1,072,837	503,753	10,263	**4,060,544**	3,892,405
5,377	782,100	321,028	185,758	-	**1,579,661**	1,518,229
313	42,104	14,191	10,352	-	**98,177**	93,494
-	-	537	-	-	**537**	-
-	23,324	-	-	-	**29,007**	32,062
5,690	800,880	335,756	196,110	-	**1,649,368**	1,579,661
$ 14,619	$ 821,659	$ 737,081	$ 307,643	$ 10,263	**$ 2,411,176**	$ 2,312,744



THE CITY OF WINNIPEG
STABILIZATION RESERVES

The City of Winnipeg has two reserves whose purpose is to stabilize the effect of specific revenues 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 Future Tax Levies Reserve 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)

	2009	2008	2007	2006	2005
General Revenue Fund's adopted budget expense	**$ 788,730**	$ 767,622	$ 741,242	$ 720,959	$ 706,999
Fiscal Stabilization Reserve Fund					
Equity	**$ 36,485**	$ 34,748	$ 41,557	$ 49,259	$ 35,350
Level (1)	**4.6%**	4.5%	5.6%	6.8%	5.0%
(Under)/over target level	**$ (2,952)**	$ (3,633)	$ 4,495	$ 13,211	$ -
Mill Rate Stabilization Reserve Fund					
Equity	**$ 41,912**	$ 49,932	$ 37,062	$ 31,970	$ 28,654
Level (1)	**5.3%**	6.5%	5.0%	4.4%	4.1%
Over/(under) target	**$ 2,476**	$ 11,551	$ -	$ (4,078)	$ (6,696)
Combined Stabilization Reserves					
Equity	**$ 78,397**	$ 84,680	$ 78,619	$ 81,229	$ 64,004
Level (1)	**9.9%**	11.0%	10.6%	11.3%	9.1%
(Under)/over target	**$ (476)**	$ 7,918	$ 4,495	$ 9,133	$ (6,696)

(1) Level represents the Reserve's equity as a percentage of the General Revenue Fund's adopted budget expense.

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 2009	Totals 2008
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$ 36,485**	**$ 41,912**	**$ 78,397**	$ 84,680
EQUITY				
Unallocated	**$ 36,485**	**$ 41,912**	**$ 78,397**	$ 84,680

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 2009**	Totals 2008
Balance, beginning of year	**$ 34,748**	**$ 49,932**	**$ 84,680**	$ 78,619
Add:				
Interest earned	**599**	**822**	**1,421**	2,376
Transfer from Mill Rate Stabilization Reserve	**822**	**-**	**822**	1,120
Net realty taxes added to the assessment roll	**421**	**-**	**421**	-
Transfer from Commitment Reserve	**-**	**48**	**48**	163
Transfer from General Revenue Fund	**-**	**-**	**-**	12,820
	1,842	**870**	**2,712**	16,479
Deduct:				
Transfer to General Revenue Fund	**-**	**7,917**	**7,917**	4,495
Transfer to Fiscal Stabilization Reserve	**-**	**822**	**822**	1,120
Transfer to General Revenue Fund - investment management fee	**105**	**151**	**256**	239
Municipal realty and business tax revenues adjusted in the General Revenue Fund	**-**	**-**	**-**	4,564
	105	**8,890**	**8,995**	10,418
Balance, end of year	**$ 36,485**	**$ 41,912**	**$ 78,397**	$ 84,680

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
STABILIZATION RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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 Future Tax Levies Reserve 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, 2009 effective interest rate was 0.2% (2008 - 1.5%).


PLANTRONICS

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. Since 1974 through to 2008, the City has used a frontage levy to fund water main renewals.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, frontage levy revenue collected on property taxes would be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the sources of funding for the Water Main Renewal Reserve Fund are revenues from water rates, which are transferred from the Waterworks System Fund, and interest.

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 was 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.

On December 15, 2009, City Council authorized, by way of approval of the Capital Budget, that effective 2009, the frontage levy revenue collected on property taxes will be phased out as of 2011. The frontage levy will be reported in the General Revenue Fund to pay for the upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the future sources of funding for the Sewer System Rehabilitation Reserve Fund will include revenues from sewer rates, which are transferred from the Sewage Disposal System Fund, and interest.

The Director of Water and Waste is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES

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.

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.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

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 Reserve was 2003.

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 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.

Federal Gas Tax Revenue Reserve Fund (continued)

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.

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, and the agreement is in effect until March 31, 2010.

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, 2011. 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.

Rapid Transit Infrastructure Reserve Fund

On March 26, 2008, City Council approved that a Rapid Transit Infrastructure Reserve Fund be established, and that the purpose of the Reserve be to accumulate funds and subsequently to expend on future costs incurred on account of public transit infrastructure, including the construction of rapid transit corridors contemplated in the future.

On October 22, 2008, City Council approved that the purpose of the Rapid Transit Infrastructure Reserve be revised to accumulate funds and subsequently expend on costs incurred on account of public transit infrastructure, including 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)

	2009	2008	2007	2006	2005
Water Main Renewal Reserve Fund					
Frontage levy revenue	**$ -**	$ 7,063	$ 7,002	$ 6,912	$ 6,871
Water main renewals funded	**$ 9,437**	$ 7,769	$ 6,470	$ 7,836	$ 7,299
Kilometres of water mains	**2,519**	2,485	2,464	2,447	2,436
Water main repairs	**433**	514	691	727	484
Sewer System Rehabilitation Reserve Fund					
Frontage levy revenue	**$ 7,500**	$ 20,352	$ 19,096 *	$ 423	$ 19,805
Sewer renewals funded	**$ 16,874**	$ 13,765	$ 17,376 *	$ 568	$ 21,986
Kilometres of sewers	**2,511**	2,484	2,473	2,463	2,513
Kilometres of sewers renewed	**9.40**	12.13	15.59	5.90	5.61
Environmental Projects Reserve Fund					
Transfer from Sewage Disposal System	**$ 9,737**	$ 7,367	$ 8,006	$ 8,501	$ 13,533
Transfer to Sewage Disposal System - capital projects	**$ 5,462**	$ 18,646	$ 19,294	$ 15,839	$ 13,755
Brady Landfill Site Rehabilitation Reserve Fund					
Transfer from Solid Waste Disposal	**$ 175**	$ 175	$ 174	$ 175	$ 192
Golf Course Reserve Fund					
Equity	**$ 1,087**	$ 1,037	$ 1,951	$ 1,860	$ 1,773
Library Reserve Fund					
Transfer from General Revenue Fund	**$ 214**	$ -	$ 279	$ 281	$ 230
Transit Bus Replacement Reserve Fund					
Transfer from/(to) Transit System, net	**$ (5,102)**	$ 4,732	$ 4,197	$ 6,530	$ 217
Number of buses financed	**63**	33	12	-	40
Concession Equipment Replacement Reserve Fund					
Transfer from General Revenue Fund	**$ 12**	$ 15	$ 19	$ 13	$ 12
Purchase of equipment	**$ 3**	$ -	$ 11	$ 8	$ 20

* 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)

	2009	2008	2007	2006	2005
Computer Replacement Reserve Fund					
Allocation of equity:					
Corporate Finance	**$ 801**	$ 929	$ 971	$ 878	$ 776
Corporate Support Services **	**289**	191	226	79	-
Community Services	**274**	228	336	365	271
Planning, Property and Development ***	**211**	200	217	140	101
Public Works ***	**114**	226	291	264	249
Audit	**10**	10	9	8	-
Mayor's Office	**6**	5	4	3	6
Chief Administrative Offices	**1**	1	3	9	3
EPC Secretariat	**-**	7	10	10	7
	$ 1,706	$ 1,797	$ 2,067	$ 1,756	$ 1,413
Aqueduct Rehabilitation Reserve Fund					
Transfer to Waterworks System - capital projects	**$ 10**	$ 84	$ 38	$ 68	$ 416
Federal Gas Tax Revenue Reserve Fund					
Government of Canada funding	**$ 36,030**	$ 20,533	$ 16,427	$ 23,308	$ -
Transfer to General Capital Fund	**$ 25,355**	$ 17,460	$ 16,865	$ 16,776	$ -
Transfer to Sewage Disposal System - capital projects	**$ -**	$ -	$ 1,726	$ 1,883	$ -
Transfer to Transit System - capital projects	**$ 4,376**	$ 2,056	$ 1,344	$ -	$ -
Public Transit Reserve Fund					
Government of Canada funding	**$ -**	$ -	$ 24,790	$ 14,328	$ -
Transfer to Transit System - capital projects	**$ 21,159**	$ 6,150	$ 2,682	$ 670	$ -
Rapid Transit Infrastructure Reserve Fund					
Transfer from Transit System	**$ 4,250**	$ 2,750	$ -	$ -	$ -

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

** Prior to 2007, the Building Services Fund was under the auspices of the Public Works department, this subsequently changed to the Planning, Property and Development 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	Sub-total
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$ 1,633**	**$ 35,998**	**$ 31,539**	**$ 69,170**
Call loans - General Revenue Fund (Note 4)	-	-	-	-
Accounts receivable	-	-	-	-
	1,633	**35,998**	**31,539**	**69,170**
Investments (Note 5)	-	-	-	-
Due from Golf Services - Special Operating Agency (Note 6)	-	-	-	-
	$ 1,633	**$ 35,998**	**$ 31,539**	**$ 69,170**
LIABILITIES				
Deferred revenue	**$ -**	**$ -**	**$ -**	**$ -**
EQUITY				
Allocated	**1,134**	**29,793**	**31,539**	**62,466**
Unallocated	**499**	**6,205**	**-**	**6,704**
	1,633	**35,998**	**31,539**	**69,170**
	$ 1,633	**$ 35,998**	**$ 31,539**	**$ 69,170**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Sub-total Brought Forward	Brady Landfill Reserve	Golf Course Reserve	Library Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$ 69,170**	**$ 744**	**$ 153**	**$ 837**
Call loans - General Revenue Fund (Note 4)	**-**	**503**	**-**	**-**
Accounts receivable	**-**	**5**	**-**	**-**
	69,170	**1,252**	**153**	**837**
Investments (Note 5)	**-**	**2,152**	**-**	**-**
Due from Golf Services - Special Operating Agency (Note 6)	**-**	**-**	**934**	**-**
	$ 69,170	**$ 3,404**	**$ 1,087**	**$ 837**
LIABILITIES				
Deferred revenue	**$ -**	**$ -**	**$ -**	**$ -**
EQUITY				
Allocated	**62,466**	**3,404**	**-**	**-**
Unallocated	**6,704**	**-**	**1,087**	**837**
	69,170	**3,404**	**1,087**	**837**
	$ 69,170	**$ 3,404**	**$ 1,087**	**$ 837**

See accompanying notes to the financial statements

Transit Bus Replacement Reserve	Concession Equipment Reserve	Computer Replacement Reserve	Aqueduct Rehabilitation Reserve	Sub-total
$ 11,808	$ 79	$ 1,706	$ 300	$ 84,797
-	-	-	-	503
-	-	-	-	5
11,808	79	1,706	300	85,305
-	-	-	-	2,152
-	-	-	-	934
$ 11,808	$ 79	$ 1,706	$ 300	$ 88,391
$ -	$ -	$ -	$ -	$ -
8,920	-	1,706	300	76,796
2,888	79	-	-	11,595
11,808	79	1,706	300	88,391
$ 11,808	$ 79	$ 1,706	$ 300	$ 88,391

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)	**$ 84,797**	**$ 14,221**	**$ 10,622**	**$ 7,046**
Call loans - General Revenue Fund (Note 4)	**503**	**-**	**-**	**-**
Accounts receivable	**5**	**-**	**-**	**-**
	85,305	**14,221**	**10,622**	**7,046**
Investments (Note 5)	**2,152**	**-**	**-**	**-**
Due from Golf Services - Special Operating Agency (Note 6)	**934**	**-**	**-**	**-**
	$ 88,391	**$ 14,221**	**$ 10,622**	**$ 7,046**
LIABILITIES				
Deferred revenue	**$ -**	**$ 13,494**	**$ 8,457**	**$ -**
EQUITY				
Allocated	**76,796**	**727**	**2,000**	**2,750**
Unallocated	**11,595**	**-**	**165**	**4,296**
	88,391	**727**	**2,165**	**7,046**
	$ 88,391	**$ 14,221**	**$ 10,622**	**$ 7,046**

See accompanying notes to the financial statements

Totals 2009	Totals 2008
$ 116,686	$ 122,619
503	359
5	4
117,194	122,982
2,152	1,992
934	956
$ 120,280	$ 125,930
$ 21,951	$ 31,774
82,273	78,359
16,056	15,797
98,329	94,156
$ 120,280	$ 125,930

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	**$ 1,068**	**$ 36,318**	**$ 27,224**	**$ 2,923**
Add:				
Government of Canada transfers	**-**	**-**	**-**	**-**
Transfer from Sewage Disposal System	**-**	**9,000**	**9,737**	**-**
Transfer from Transit System	**-**	**-**	**-**	**-**
Transfer from Waterworks System	**10,000**	**-**	**-**	**-**
Frontage levy	**-**	**7,500**	**-**	**-**
Interest earned	**14**	**150**	**107**	**84**
Transfer from General Revenue Fund	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**230**
Transfer from Solid Waste Disposal	**-**	**-**	**-**	**175**
Transfer from Building Services	**-**	**-**	**-**	**-**
	10,014	**16,650**	**9,844**	**489**
Deduct:				
Transfer to Transit System	**-**	**-**	**-**	**-**
Transfer to General Capital Fund	**-**	**4,792**	**-**	**-**
Transfer to Sewage Disposal System	**-**	**12,082**	**5,462**	**-**
Transfer to Waterworks System	**9,437**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
Purchase of equipment	**-**	**-**	**-**	**-**
Transfer to General Revenue Fund - investment management fee	**12**	**96**	**67**	**8**
Transfer to General Revenue Fund	**-**	**-**	**-**	**-**
	9,449	**16,970**	**5,529**	**8**
Balance, end of year	**$ 1,633**	**$ 35,998**	**$ 31,539**	**$ 3,404**

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
$ 1,037	$ 887	$ 16,885	$ 70	$ 1,797	$ 310	$ 88,519
-	-	-	-	-	-	-
-	-	-	-	-	-	18,737
-	-	6,126	-	-	-	6,126
-	-	-	-	-	-	10,000
-	-	-	-	-	-	7,500
59	4	64	-	7	1	490
-	214	-	12	256	-	482
-	-	-	-	-	-	230
-	-	-	-	-	-	175
-	-	-	-	11	-	11
59	218	6,190	12	274	1	43,751
-	-	11,228	-	-	-	11,228
-	-	-	-	-	-	4,792
-	-	-	-	-	-	17,544
-	-	-	-	-	10	9,447
-	234	-	-	103	-	337
9	32	-	3	258	-	302
-	2	39	-	4	1	229
-	-	-	-	-	-	-
9	268	11,267	3	365	11	43,879
$ 1,087	$ 837	$ 11,808	$ 79	$ 1,706	$ 300	$ 88,391

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	**$ 88,519**	**$ 729**	**$ 2,118**	**$ 2,790**
Add:				
Government of Canada transfers	**-**	**29,731**	**21,159**	**-**
Transfer from Sewage Disposal System	**18,737**	**-**	**-**	**-**
Transfer from Transit System	**6,126**	**-**	**-**	**4,250**
Transfer from Waterworks System	**10,000**	**-**	**-**	**-**
Frontage levy	**7,500**	**-**	**-**	**-**
Interest earned	**490**	**5**	**47**	**13**
Transfer from General Revenue Fund	**482**	**-**	**-**	**-**
Other	**230**	**-**	**-**	**3**
Transfer from Solid Waste Disposal	**175**	**-**	**-**	**-**
Transfer from Building Services	**11**	**-**	**-**	**-**
	43,751	**29,736**	**21,206**	**4,266**
Deduct:				
Transfer to Transit System	**11,228**	**4,376**	**21,159**	**-**
Transfer to General Capital Fund	**4,792**	**25,355**	**-**	**-**
Transfer to Sewage Disposal System	**17,544**	**-**	**-**	**-**
Transfer to Waterworks System	**9,447**	**-**	**-**	**-**
Other	**337**	**7**	**-**	**1**
Purchase of equipment	**302**	**-**	**-**	**-**
Transfer to General Revenue Fund - investment management fee	**229**	**-**	**-**	**9**
Transfer to General Revenue Fund	**-**	**-**	**-**	**-**
	43,879	**29,738**	**21,159**	**10**
Balance, end of year	**$ 88,391**	**$ 727**	**$ 2,165**	**$ 7,046**

See accompanying notes to the financial statements

Totals 2009	Totals 2008
$ 94,156	$ 89,887
50,890	25,666
18,737	7,367
10,376	9,897
10,000	-
7,500	27,415
555	4,394
482	16
233	-
175	175
11	-
98,959	74,930
36,763	10,621
30,147	19,824
17,544	30,047
9,447	7,853
345	189
302	332
238	320
-	1,475
94,786	70,661
$ 98,329	$ 94,156

THE CITY OF WINNIPEG
CAPITAL RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, frontage levy revenue collected from property taxes would be reported in the General Revenue Fund to pay for the upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the sources of funding for the Water Main Renewal Reserve Fund are revenues from water rates, which are transferred from the Waterworks System Fund, and interest.

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 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 December 15, 2009, City Council authorized, by way of approval of the Capital Budget, that effective 2009, the frontage levy revenue collected on property taxes will be phased out as of 2011. The frontage levy will be reported in the General Revenue Fund to pay for the upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the future sources of funding for the Sewer System Rehabilitation Reserve Fund will include revenues from sewer rates, which are transferred from the Sewage Disposal System Fund, and interest.

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 funded by this Reserve.

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 2009 sewer rate includes a provision of 45.3 cents (2008 - 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 (2008 - 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.

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 a Federal Gas Tax Revenue Reserve Fund. The purpose of this 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, and the agreement is in effect until March 31, 2010.

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, 2011. 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 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 that a Rapid Transit Infrastructure Reserve be established, and that the purpose of the Reserve be to accumulate funds and subsequently to expend on future costs incurred on account of public transit infrastructure, including the construction of rapid transit corridors contemplated in the future.

On October 22, 2008, City Council approved that the purpose of the Rapid Transit Infrastructure Reserve be revised to accumulate funds and subsequently expend on costs incurred on account of public transit infrastructure, including 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.

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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

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

	2009	2008
Marketable securities		
Provincial bonds and bond coupons	**$ 657**	$ 1,016
Government of Canada bonds	**1,495**	976
	$ 2,152	$ 1,992

The aggregate market value of marketable securities at December 31, 2009 was $2,352 thousand (2008 - $2,349 thousand).

6. Due from Golf Services - Special Operating Agency

	2009	2008
Golf course improvements loans, interest at 6%, with principal repayments scheduled over 10 years, commencing in:		
- 2004	**$ 35**	$ 43
- 2005	**43**	50
- 2006	**77**	87
- 2007	**186**	207
- 2008	**257**	282
- 2009	**12**	13
- 2010	**274**	274
- 2011	**50**	-
	$ 934	$ 956

Included in interest earned is $59 thousand (2008 - $53 thousand) that has been received from Golf Services - Special Operating Agency on the golf course improvement loans.


RED RIVER COLLEGE

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

The City of Winnipeg ("the City") operates twenty 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 amongst 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 amongst 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 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.

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 Fund.

Commitment Reserve Fund (continued)

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 from projects financed by the Fund.

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.

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.

Assiniboine Park Enterprise Reserve Fund (continued)

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.

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.

Destination Marketing Reserve Fund

On October 22, 2008, City Council approved the creation of the Destination Marketing Reserve Fund with an effective date of January 1, 2009. The purpose of the Reserve is to support Destination Winnipeg Inc., The Convention Centre Corporation and special events including other organizations, projects and events that will encourage tourists to visit Winnipeg. The source of revenue for the Reserve is the 5% accommodation tax, which was adopted by City Council on April 23, 2008.

The Chief Financial Officer is the Fund Manager.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW

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

	2009	2008	2007	2006	2005
Workers Compensation Reserve Fund					
Call loans - General Revenue Fund	**$ 1,183**	$ 3,500	$ 2,966	$ 4,935	$ 2,072
Investments	**$ 1,990**	$ -	$ 1,999	$ 2,750	$ 4,733
Interest earned	**$ 13**	$ 146	$ 341	$ 291	$ 229
Brookside Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 1,334**	$ (174)	$ 158	$ 2,381	$ 89
Investments	**$ 10,617**	$ 11,649	$ 10,178	$ 8,044	$ 9,787
Interest earned	**$ 533**	$ 396	$ 327	$ 827	$ 584
St. Vital Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 51**	$ 7	$ 41	$ (12)	$ -
Investments	**$ 655**	$ 669	$ 635	$ 649	$ 588
Interest earned	**$ 33**	$ 32	$ 65	$ 61	$ 56
Transcona Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 62**	$ 28	$ 31	$ 197	$ 46
Investments	**$ 436**	$ 445	$ 432	$ 249	$ 365
Interest earned	**$ 23**	$ 21	$ 32	$ 37	$ 35
Insurance Reserve Fund					
Call loans - General Revenue Fund	**$ (238)**	$ (124)	$ 3,364	$ 1,404	$ 811
Investments	**$ 1,842**	$ 1,858	$ 4,574	$ 6,495	$ 6,476
Interest earned	**$ 80**	$ 165	$ 394	$ 383	$ 378
Contributions in Lieu of Land Dedication Reserve Fund					
Cash dedications revenue	**$ 2,564**	$ 776	$ 596	$ 783	$ 1,784
Interest earned	**$ 15**	$ 115	$ 172	$ 173	$ 94
Park improvement expenses	**$ 693**	$ 1,161	$ 712	$ 1,317	$ 955
Land Operating Reserve Fund					
Number of properties sold	**96**	125	143	156	174
Number acquired - tax sale	**-**	7	19	23	32
Number exchanged	**1**	1	2	1	1
Recreation Programming Reserve Fund					
Transfer from General Revenue Fund	**$ 447**	$ -	$ 159	$ 490	$ -
Total approved projects/programs	**$ 452**	$ 41	$ 329	$ 504	$ 28
Number approved	**2**	5	9	4	7

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2009	2008	2007	2006	2005
Snow Clearing Reserve Fund					
Transfer (to)/from					
General Revenue Fund	**$ (4,370)**	$ 4,361	$ -	$ -	$ (3,351)
Idea Bank Reserve Fund					
Approved loans	**$ -**	$ -	$ -	$ -	$ 500
Loan repayments	**$ -**	$ 87	$ 45	$ 64	$ 44
Commitment Reserve Fund					
Allocation of equity:					
Corporate Support Services	**$ 1,208**	$ 1,390	$ 164	$ 358	$ 504
Corporate and other	**837**	455	697	660	1,387
Community Services	**361**	1,068	28	423	100
Fire Paramedic Services	**157**	462	1,817	764	536
Planning, Property and Development	**155**	563	1,670	866	601
Police Service	**94**	441	-	723	-
Assessment and Taxation	**75**	-	109	95	-
Public Works	**-**	365	-	572	1,182
	$ 2,887	$ 4,744	$ 4,485	$ 4,461	$ 4,310
Heritage Investment Reserve Fund					
Municipal realty tax revenue	**$ 1,211**	$ 1,011	$ 971	$ 1,438	$ 1,270
Housing Rehabilitation Investment Reserve Fund					
Grant expense	**$ 825**	$ 1,045	$ 785	$ 1,330	$ 746
Economic Development Investment Reserve Fund					
Municipal realty tax revenue	**$ 7**	$ 133	$ 391	$ 161	$ 165
Assiniboine Park Enterprise Reserve Fund					
Animals sold	**113**	78	59	68	77
Animals purchased	**18**	12	72	284	68
Exhibits	**144**	144	144	144	106
Zoo attendance (persons)	**356,282**	363,865	350,848	351,920	415,533

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2009	2008	2007	2006	2005
General Purpose Reserve Fund					
Transfer from General Revenue Fund	**$ 8,993**	$ 2,560	$ -	$ -	$ -
Net transfer from (to) General Capital Fund	**$ 12**	$ (1,535)	$ (2,289)	$ (629)	$ -
Grants	**$ -**	$ 4,900	$ -	$ -	$ 200
Interest earned	**$ 23**	$ 236	$ 574	$ 534	$ 351
Multiple-Family Dwelling Tax Investment Reserve Fund					
Municipal realty tax revenue	**$ 941**	$ 1,192	$ 178	$ 337	$ 274
Interest earned	**$ 8**	$ 21	$ 29	$ 18	$ 7
Insect Control Urgent Expenditures Reserve Fund					
Net transfer (to) from General Revenue Fund	**$ (321)**	$ (1,198)	$ 1,202	$ 600	$ -
Permit Reserve Fund					
Transfer (to) from General Revenue Fund	**$ (391)**	$ 1,405	$ 2,358	$ -	$ -
Destination Marketing Reserve Fund					
Accommodation tax revenue	**$ 6,820**	$ -	$ -	$ -	$ -
Grants expense:					
Destination Winnipeg Inc.	**$ 3,060**	$ -	$ -	$ -	$ -
The Convention Centre Corporation Inc.	**1,500**	-	-	-	-
	$ 4,560	$ -	$ -	$ -	$ -

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)	**$ -**	**$ -**	**$ -**	**$ -**
Call loans - General Revenue Fund (Note 4)	**1,183**	**1,334**	**51**	**62**
Accounts receivable	**-**	**172**	**6**	**5**
Prepaid expenses	**-**	**-**	**-**	**-**
Land held for resale	**-**	**-**	**-**	**-**
	1,183	**1,506**	**57**	**67**
Investments (Note 5)	**1,990**	**10,617**	**655**	**436**
Deferred charges	**-**	**-**	**-**	**-**
	$ 3,173	**$ 12,123**	**$ 712**	**$ 503**
LIABILITIES				
Current				
Accounts payable	**$ -**	**$ -**	**$ -**	**$ -**
EQUITY				
Contributed surplus (Note 6)	**-**	**-**	**-**	**-**
Allocated	**-**	**-**	**-**	**-**
Unallocated	**3,173**	**12,123**	**712**	**503**
	3,173	**12,123**	**712**	**503**
	$ 3,173	**$ 12,123**	**$ 712**	**$ 503**

See accompanying notes to the financial statements

Insurance Reserve	Land Dedication Reserve	Land Operating Reserve	Recreation Programming Reserve	Snow Clearing Reserve	Sub-Total
$ -	$ 5,497	$ 18,271	$ 59	$ -	$ 23,827
(238)	-	-	-	-	2,392
35	-	5,073	-	-	5,291
-	-	-	-	-	-
-	-	11,110	-	-	11,110
(203)	5,497	34,454	59	-	42,620
1,842	-	2,991	-	-	18,531
-	-	27	-	-	27
$ 1,639	$ 5,497	$ 37,472	$ 59	$ -	$ 61,178
$ -	$ -	$ 8,379	$ -	$ -	$ 8,379
-	-	8,425	-	-	8,425
-	-	-	-	-	-
1,639	5,497	20,668	59	-	44,374
1,639	5,497	20,668	59	-	44,374
$ 1,639	$ 5,497	$ 37,472	$ 59	$ -	$ 61,178

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)	**$ 23,827**	**$ -**	**$ 2,794**	**$ 7,492**
Call loans - General Revenue Fund (Note 4)	**2,392**	**-**	**-**	**-**
Accounts receivable	**5,291**	**-**	**-**	**-**
Prepaid expenses	**-**	**-**	**93**	**-**
Land held for resale	**11,110**	**-**	**-**	**-**
	42,620	**-**	**2,887**	**7,492**
Investments (Note 5)	**18,531**	**-**	**-**	**-**
Deferred charges	**27**	**-**	**-**	**-**
	$ 61,178	**$ -**	**$ 2,887**	**$ 7,492**
LIABILITIES				
Current				
Accounts payable	**$ 8,379**	**$ -**	**$ -**	**$ 8**
EQUITY				
Contributed surplus (Note 6)	**8,425**	**-**	**-**	**-**
Allocated	**-**	**-**	**-**	**-**
Unallocated	**44,374**	**-**	**2,887**	**7,484**
	44,374	**-**	**2,887**	**7,484**
	$ 61,178	**$ -**	**$ 2,887**	**$ 7,492**

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
$ 1,463	$ 2,866	$ 429	$ 14,162	$ 2,034	$ 394	$ 55,461
-	-	-	-	-	-	2,392
-	-	-	-	-	-	5,291
4	-	4	-	-	-	101
-	-	-	-	-	-	11,110
1,467	2,866	433	14,162	2,034	394	74,355
-	-	-	-	-	-	18,531
-	-	-	-	-	-	27
$ 1,467	$ 2,866	$ 433	$ 14,162	$ 2,034	$ 394	$ 92,913
$ -	$ -	$ -	$ -	$ -	$ -	$ 8,387
-	-	-	-	-	-	8,425
-	-	-	-	-	-	-
1,467	2,866	433	14,162	2,034	394	76,101
1,467	2,866	433	14,162	2,034	394	76,101
$ 1,467	$ 2,866	$ 433	$ 14,162	$ 2,034	$ 394	$ 92,913

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	Destination Marketing Reserve
ASSETS			
Current			
Due from General Revenue Fund (Note 3)	**$ 55,461**	**$ 1,080**	**$ 4,335**
Call loans - General Revenue Fund (Note 4)	**2,392**	**-**	**-**
Accounts receivable	**5,291**	**-**	**425**
Prepaid expenses	**101**	**-**	**-**
Land held for resale	**11,110**	**-**	**-**
	74,355	**1,080**	**4,760**
Investments (Note 5)	**18,531**	**-**	**-**
Deferred charges	**27**	**-**	**-**
	$ 92,913	**$ 1,080**	**$ 4,760**
LIABILITIES			
Current			
Accounts payable	**$ 8,387**	**$ -**	**$ -**
EQUITY			
Contributed surplus (Note 6)	**8,425**	**-**	**-**
Allocated	**-**	**-**	**4,760**
Unallocated	**76,101**	**1,080**	**-**
	76,101	**1,080**	**4,760**
	$ 92,913	**$ 1,080**	**$ 4,760**

See accompanying notes to the financial statements

Totals 2009	Totals 2008
$ 60,876	$ 54,637
2,392	3,237
5,716	3,032
101	9
11,110	10,234
80,195	71,149
18,531	17,872
27	16
$ 98,753	$ 89,037
$ 8,387	$ 7,038
8,425	8,425
4,760	27
77,181	73,547
81,941	73,574
$ 98,753	$ 89,037

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	Transcona Cemetery Reserve
Balance, beginning of year	**$ 3,500**	**$ 11,653**	**$ 684**	**$ 478**
Add:				
Land sales	-	-	-	-
Transfer from General Revenue Fund	-	**59**	**11**	**13**
Accommodation tax	-	-	-	-
Cash payments-in-lieu of land dedication	-	-	-	-
Transfer from General Purpose Reserve	-	-	-	-
Municipal realty tax	-	-	-	-
Interest earned	**13**	**533**	**33**	**23**
Other	-	**93**	-	-
Transfer from General Capital Fund	-	-	-	-
Transfer from Waterworks System Fund	-	-	-	-
Transfer from Transit System Fund	-	-	-	-
Transfer from Land Operating Reserve	-	-	-	-
Transfer from Winnipeg Parking - SOA	-	-	-	-
Transfer from General Revenue Enterprises	-	-	-	-
Transfer from Civic Accommodations Fund	-	-	-	-
Transfer from Sewage Disposal System Fund	-	-	-	-
Transfer from Solid Waste Disposal Fund	-	-	-	-
	13	**685**	**44**	**36**
Deduct:				
Transfer to General Revenue Fund	-	**182**	**14**	**10**
Grants	-	-	-	-
Other	**332**	-	-	-
Cost of sales	-	-	-	-
Transfer to Destination Marketing Reserve	-	-	-	-
Transfer to General Revenue Enterprises	-	-	-	-
Transfer to General Capital Fund	-	-	-	-
Transfer to Sewage Disposal System Fund	-	-	-	-
Transfer to Building Services Fund	-	-	-	-
Transfer to General Revenue Fund - investment management fee	**8**	**33**	**2**	**1**
Transfer to Contributions in Lieu of Land Dedication Reserve	-	-	-	-
Transfer to Civic Accommodations Fund	-	-	-	-
Transfer to Mill Rate Stabilization Reserve	-	-	-	-
Transfer to Solid Waste Disposal Fund	-	-	-	-
Transfer to Fleet Management - SOA	-	-	-	-
Transfer to Golf Services - SOA	-	-	-	-
Transfer to Animal Services - SOA	-	-	-	-
Transfer to Winnipeg Parking - SOA	-	-	-	-
Transfer to Waterworks System Fund	-	-	-	-
	340	**215**	**16**	**11**
Balance, end of year	**$ 3,173**	**$ 12,123**	**$ 712**	**$ 503**

See accompanying notes to the financial statements

Insurance Reserve	Land Dedication Reserve	Land Operating Reserve	Recreation Programming Reserve	Snow Clearing Reserve	Sub-Total
$ 1,769	$ 3,595	$ 16,106	$ 27	$ 4,364	$ 42,176
-	-	13,668	-	-	13,668
932	-	-	447	-	1,462
-	-	-	-	-	-
-	2,564	-	-	-	2,564
-	-	-	-	-	-
-	-	-	-	-	-
80	15	159	1	16	873
1	18	178	36	-	326
-	-	369	-	-	369
186	-	-	-	-	186
110	-	-	-	-	110
-	71	-	-	-	71
11	-	-	-	-	11
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,320	2,668	14,374	484	16	19,640
-	-	3,700	-	4,370	8,276
-	3	39	-	-	42
1,034	693	1,132	257	-	3,448
-	-	4,021	-	-	4,021
-	-	-	-	-	-
-	-	804	-	-	804
-	61	-	-	-	61
283	-	-	-	-	283
5	-	-	195	-	200
5	9	45	-	10	113
-	-	71	-	-	71
54	-	-	-	-	54
-	-	-	-	-	-
43	-	-	-	-	43
22	-	-	-	-	22
3	-	-	-	-	3
1	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	-
1,450	766	9,812	452	4,380	17,442
$ 1,639	$ 5,497	$ 20,668	$ 59	$ -	$ 44,374

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	Idea Bank Reserve	Commitment Reserve	Heritage Investment Reserve
Balance, beginning of year	**$ 42,176**	**$ 389**	**$ 4,744**	**$ 8,654**
Add:				
Land sales	**13,668**	**-**	**-**	**-**
Transfer from General Revenue Fund	**1,462**	**-**	**1,076**	**-**
Accommodation tax	**-**	**-**	**-**	**-**
Cash payments-in-lieu of land dedication	**2,564**	**-**	**-**	**-**
Transfer from General Purpose Reserve	**-**	**-**	**-**	**-**
Municipal realty tax	**-**	**-**	**-**	**1,211**
Interest earned	**873**	**2**	**-**	**32**
Other	**326**	**-**	**-**	**-**
Transfer from General Capital Fund	**369**	**-**	**-**	**-**
Transfer from Waterworks System Fund	**186**	**-**	**-**	**-**
Transfer from Transit System Fund	**110**	**-**	**-**	**-**
Transfer from Land Operating Reserve	**71**	**-**	**-**	**-**
Transfer from Winnipeg Parking - SOA	**11**	**-**	**-**	**-**
Transfer from General Revenue Enterprises	**-**	**-**	**-**	**-**
Transfer from Civic Accommodations Fund	**-**	**-**	**-**	**-**
Transfer from Sewage Disposal System Fund	**-**	**-**	**-**	**-**
Transfer from Solid Waste Disposal Fund	**-**	**-**	**-**	**-**
	19,640	**2**	**1,076**	**1,243**
Deduct:				
Transfer to General Revenue Fund	**8,276**	**390**	**-**	**-**
Grants	**42**	**-**	**748**	**750**
Other	**3,448**	**-**	**1,776**	**1,643**
Cost of sales	**4,021**	**-**	**-**	**-**
Transfer to Destination Marketing Reserve	**-**	**-**	**-**	**-**
Transfer to General Revenue Enterprises	**804**	**-**	**-**	**-**
Transfer to General Capital Fund	**61**	**-**	**361**	**-**
Transfer to Sewage Disposal System Fund	**283**	**-**	**-**	**-**
Transfer to Building Services Fund	**200**	**-**	**-**	**-**
Transfer to General Revenue Fund - investment management fee	**113**	**1**	**-**	**20**
Transfer to Contributions in Lieu of Land Dedication Reserve	**71**	**-**	**-**	**-**
Transfer to Civic Accommodations Fund	**54**	**-**	**-**	**-**
Transfer to Mill Rate Stabilization Reserve	**-**	**-**	**48**	**-**
Transfer to Solid Waste Disposal Fund	**43**	**-**	**-**	**-**
Transfer to Fleet Management - SOA	**22**	**-**	**-**	**-**
Transfer to Golf Services - SOA	**3**	**-**	**-**	**-**
Transfer to Animal Services - SOA	**1**	**-**	**-**	**-**
Transfer to Winnipeg Parking - SOA	**-**	**-**	**-**	**-**
Transfer to Waterworks System Fund	**-**	**-**	**-**	**-**
	17,442	**391**	**2,933**	**2,413**
Balance, end of year	**$ 44,374**	**$ -**	**$ 2,887**	**$ 7,484**

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
$ 1,150	$ 4,189	$ 539	$ 7,707	$ 1,843	$ 714	$ 72,105
-	-	-	-	-	-	13,668
1,221	-	-	8,993	-	-	12,752
-	-	-	-	-	-	-
-	-	-	-	-	-	2,564
-	-	-	-	-	-	-
-	7	-	-	941	-	2,159
5	14	2	23	8	3	962
-	-	206	-	-	-	532
-	-	-	12	-	-	381
-	-	-	-	-	-	186
-	-	-	-	-	-	110
-	-	-	-	-	-	71
-	-	-	-	-	-	11
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,226	21	208	9,028	949	3	33,396
-	-	75	-	-	321	9,062
825	1,329	-	-	753	-	4,447
81	8	-	-	-	-	6,956
-	-	238	-	-	-	4,259
-	-	-	2,560	-	-	2,560
-	-	-	-	-	-	804
-	-	-	-	-	-	422
-	-	-	-	-	-	283
-	-	-	-	-	-	200
3	7	1	13	5	2	165
-	-	-	-	-	-	71
-	-	-	-	-	-	54
-	-	-	-	-	-	48
-	-	-	-	-	-	43
-	-	-	-	-	-	22
-	-	-	-	-	-	3
-	-	-	-	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
909	1,344	314	2,573	758	323	29,400
$ 1,467	$ 2,866	$ 433	$ 14,162	$ 2,034	$ 394	$ 76,101

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	Permit Reserve	Destination Marketing Reserve
Balance, beginning of year	**$ 72,105**	**$ 1,469**	**$ -**
Add:			
Land sales	**13,668**	**-**	**-**
Transfer from General Revenue Fund	**12,752**	**-**	**-**
Accommodation tax	**-**	**-**	**6,820**
Cash payments-in-lieu of land dedication	**2,564**	**-**	**-**
Transfer from General Purpose Reserve	**-**	**-**	**2,560**
Municipal realty tax	**2,159**	**-**	**-**
Interest earned	**962**	**5**	**4**
Other	**532**	**-**	**-**
Transfer from General Capital Fund	**381**	**-**	**-**
Transfer from Waterworks System Fund	**186**	**-**	**-**
Transfer from Transit System Fund	**110**	**-**	**-**
Transfer from Land Operating Reserve	**71**	**-**	**-**
Transfer from Winnipeg Parking - SOA	**11**	**-**	**-**
Transfer from General Revenue Enterprises	**-**	**-**	**-**
Transfer from Civic Accommodations Fund	**-**	**-**	**-**
Transfer from Sewage Disposal System Fund	**-**	**-**	**-**
Transfer from Solid Waste Disposal Fund	**-**	**-**	**-**
	33,396	**5**	**9,384**
Deduct:			
Transfer to General Revenue Fund	**9,062**	**391**	**60**
Grants	**4,447**	**-**	**4,560**
Other	**6,956**	**-**	**-**
Cost of sales	**4,259**	**-**	**-**
Transfer to Destination Marketing Reserve	**2,560**	**-**	**-**
Transfer to General Revenue Enterprises	**804**	**-**	**-**
Transfer to General Capital Fund	**422**	**-**	**-**
Transfer to Sewage Disposal System Fund	**283**	**-**	**-**
Transfer to Building Services Fund	**200**	**-**	**-**
Transfer to General Revenue Fund - investment management fee	**165**	**3**	**4**
Transfer to Contributions in Lieu of Land Dedication Reserve	**71**	**-**	**-**
Transfer to Civic Accommodations Fund	**54**	**-**	**-**
Transfer to Mill Rate Stabilization Reserve	**48**	**-**	**-**
Transfer to Solid Waste Disposal Fund	**43**	**-**	**-**
Transfer to Fleet Management - SOA	**22**	**-**	**-**
Transfer to Golf Services - SOA	**3**	**-**	**-**
Transfer to Animal Services - SOA	**1**	**-**	**-**
Transfer to Winnipeg Parking - SOA	**-**	**-**	**-**
Transfer to Waterworks System Fund	**-**	**-**	**-**
	29,400	**394**	**4,624**
Balance, end of year	**$ 76,101**	**$ 1,080**	**$ 4,760**

See accompanying notes to the financial statements

Totals 2009	Totals 2008
$ 73,574	$ 74,920
13,668	13,341
12,752	13,563
6,820	-
2,564	776
2,560	-
2,159	2,336
971	2,240
532	1,341
381	1,127
186	-
110	145
71	101
11	-
-	693
-	525
-	128
-	20
42,785	36,336
9,513	6,022
9,007	6,990
6,956	14,195
4,259	6,006
2,560	-
804	837
422	3,053
283	-
200	79
172	198
71	101
54	-
48	163
43	-
22	3
3	5
1	2
-	7
-	21
34,418	37,682
$ 81,941	$ 73,574

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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
Destination Marketing 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.

1. Significant Accounting Policies (continued)

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.

2. Status of the Special Purpose Reserves (continued)

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

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.

2. Status of the Special Purpose Reserves (continued)

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.

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 from projects financed by the Fund.

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

2. Status of the Special Purpose Reserves (continued)

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. 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.

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.

2. Status of the Special Purpose Reserves (continued)

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 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 (2009 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. 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.

2. Status of the Special Purpose Reserves (continued)

Destination Marketing Reserve Fund

On October 22, 2008, City Council approved the creation of the Destination Marketing Reserve Fund with an effective date of January 1, 2009. The purpose of the Reserve is to support Destination Winnipeg Inc., The Convention Centre Corporation and special events including other organizations, projects and events that will encourage tourists to visit Winnipeg. The source of revenue for the Reserve is the 5% accommodation tax, which was adopted by City Council on April 23, 2008.

Guidelines established for the Reserve include the following:

- A grant to Destination Winnipeg Inc. equal to the greater of $2.0 million or 30% of annual accommodation tax revenue;
- A grant of $1.5 million annually to The Winnipeg Convention Centre Corporation;
- Up to 40% of the annual accommodation tax revenue, to a maximum of the estimated annual payments required to service the amount of future debt that will be allocated to the City's portion of construction costs relating to a planned expansion at the Winnipeg Convention Centre, to be set aside within the Reserve. Dispositions from the Reserve for this purpose require approval of City Council;
- Expenses incurred in the General Revenue Fund to administer the accommodation tax will be transferred to the Reserve; and
- The remainder of the funds, net of the above, paid to Destination Winnipeg Inc. for the Special Event Marketing Fund. If yearly contributions to the Special Event Marketing Fund exceeds $1.0 million, any excess above this amount will be paid to Destination Winnipeg Inc. in the form of an additional grant. Dispositions from the Destination Marketing Reserve fund for this purpose will require the approval of the Fund Manager.

The Chief Financial Officer 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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

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*

	2009	2008
Marketable securities		
Government of Canada bonds and treasury bills	**$ 2,890**	$ 900
Provincial bonds	**4,153**	5,160
Municipal bonds	**8,497**	8,561
	15,540	14,621
Transcona Joint Venture	**2,991**	3,251
	$ 18,531	$ 17,872

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, 2009 was as follows:

	2009	2008
Assets	**$ 4,352**	$ 4,500
Liabilities	**1,361**	1,249
Revenues	**3,110**	4,674
Expenses	**1,402**	2,411
Cash flow (used in):		
Operating activities	**(376)**	(4)
Investing activities	**-**	-
Financing activities	**(1,950)**	(1,300)

The aggregate market value of marketable securities at December 31, 2009 was $15,795 thousand (2008 - $14,602 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.

7. *Comparative Figures*

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



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 $489.5 million as at December 31, 2009 (2008 - $457.6 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 2009, $63.6 million (2008 - $45.6 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)

	2009	2008	2007	2006	2005
Total Assets	**$ 489,469**	$ 457,591	$ 426,000	$ 395,763	$ 365,166
Capital Construction Financed	**$ 63,563**	$ 45,557	$ 45,864	$ 57,914	$ 69,822
Interest Earned	**$ 29,964**	$ 31,661	$ 30,276	$ 30,628	$ 29,962
Principal Retirals	**$ 29,733**	$ 27,388	$ 26,102	$ 24,764	$ 23,563

THE CITY OF WINNIPEG
EQUITY IN CAPITAL ASSETS FUND

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 35,065**	$ 36,808
Current portion of long-term investments (Note 4)	**30,375**	26,614
	65,440	63,422
Long-term investments (Note 4)	**424,029**	394,169
	$ 489,469	$ 457,591
EQUITY		
Allocated	**$ 451,505**	$ 417,674
Unallocated	**37,964**	39,917
	$ 489,469	$ 457,591

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)

	2009	2008
Balance, beginning of year	**$ 457,591**	$ 426,000
Add:		
Interest		
General Capital Fund	**28,385**	27,937
Transit System	**1,016**	818
General Revenue Fund - allocation of debt charges	**237**	1,935
Civic Accommodations Fund	**196**	209
General Revenue Fund (Note 3)	**141**	702
Sewage Disposal System	**4**	5
Other	**(15)**	55
Transfer from General Capital Fund	**2,000**	-
	31,964	31,661
Deduct:		
Transfer to General Revenue Fund - investment management fee	**86**	70
Balance, end of year	**$ 489,469**	$ 457,591

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUITY IN CAPITAL ASSETS FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

4. Long-term Investments

At varying maturities up to the year 2032 and with a weighted average interest rate for the year 2009 of 7.15% (2008 - 7.01%) due from the following:

	2009	2008
General Capital Fund	**$ 432,458**	$ 401,750
Transit System	**18,989**	15,860
Civic Accommodations Fund	**2,899**	3,108
Sewage Disposal System	**58**	65
	454,404	420,783
Current portion of long-term investments:		
General Capital Fund	**(28,654)**	(25,472)
Transit System	**(1,491)**	(926)
Civic Accommodations Fund	**(223)**	(209)
Sewage Disposal System	**(7)**	(7)
	(30,375)	(26,614)
	$ 424,029	$ 394,169


THE FORKS MARKET

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	2009 Totals	2008 Totals
ASSETS						
Current						
Due from General Revenue Fund (Note 3)	**$ 151,538**	**$ 411,500**	**$ 1,609**	**$ 4,331**	**$ 568,978**	$ 591,278
EQUITY						
Unallocated	**$ 151,538**	**$ 411,500**	**$ 1,609**	**$ 4,331**	**$ 568,978**	$ 591,278

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	2009 Totals	2008 Totals
Opening balance	**$ 127,148**	**$ 458,212**	**$ 1,603**	**$ 4,315**	**$ 591,278**	$ 252,616
Add:						
Contributions	**35,477**	**313,727**	**-**	**-**	**349,204**	590,692
Interest earned	**410**	**1,812**	**6**	**16**	**2,244**	10,921
	35,887	**315,539**	**6**	**16**	**351,448**	601,613
Deduct:						
Disbursements	**11,497**	**362,251**	**-**	**-**	**373,748**	262,951
Closing balance	**$ 151,538**	**$ 411,500**	**$ 1,609**	**$ 4,331**	**$ 568,978**	$ 591,278

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
ASSETS		
Current		
Due from General Revenue Fund (Note 2)	**$ 10,294**	$ 10,255
Investment (Note 3)	**1,148**	1,148
	$ 11,442	$ 11,403
RETAINED EARNINGS	**$ 11,442**	$ 11,403

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)

	2009	2008
RETAINED EARNINGS, BEGINNING OF YEAR	**$ 11,403**	$ 11,119
Interest revenue	**39**	284
RETAINED EARNINGS, END OF YEAR	**$ 11,442**	$ 11,403

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

3. Investment

	2009	2008
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 2009 was the thirteenth 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)

	2009	2008	2007	2006	2005
Number of facilities	**125**	130	132	135	138
Total area square footage	**2,409,827**	2,457,460	2,455,140	2,491,466	2,441,923

THE CITY OF WINNIPEG
CIVIC ACCOMMODATIONS FUND

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
ASSETS		
Current		
Cash	**$ 1**	$ 21
Due from General Revenue Fund (Note 3)	**-**	69
Accounts receivable	**572**	42
Prepaid expenses	**624**	603
	1,197	735
Tangible capital assets (Note 4)	**2,899**	3,108
	$ 4,096	$ 3,843
LIABILITIES		
Current		
Due to General Revenue Fund (Note 3)	**$ 556**	$ -
Accounts payable and accrued liabilities (Note 5)	**641**	735
Current portion of long-term debt (Note 6)	**223**	209
	1,420	944
Long-term debt (Note 6)	**2,676**	2,899
	$ 4,096	$ 3,843

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)

	2009 Budget	2009 Actual	2008 Actual
REVENUES			
Contributions from City of Winnipeg departments (Note 9b)	**$ 36,992**	**$ 36,634**	$ 35,529
Other rental	**50**	**198**	550
Investment and other	**20**	**75**	124
Total Revenues	**37,062**	**36,907**	36,203
EXPENSES			
Civic accommodations	**11,019**	**11,856**	11,413
Transfer to Building Services Fund	**10,677**	**10,965**	11,196
Transfer to General Capital Fund	**11,044**	**9,860**	9,529
Transfer to General Revenue Fund	**4,322**	**4,226**	4,065
Total Expenses (Note 10)	**37,062**	**36,907**	36,203
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, 2009
(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 to/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 to/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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

4. Tangible Capital Assets

	2009	2008
Cost	**$ 4,864**	$ 4,864
Accumulated amortization	**(1,965)**	(1,756)
	$ 2,899	$ 3,108

5. Accounts Payable and Accrued Liabilities

	2009	2008
Accrued interest on long-term debt	**$ 576**	$ 585
Accounts payable and accrued liabilities	**57**	134
Holdbacks and other payables	**8**	16
	$ 641	$ 735

6. Long-Term Debt

	2009	2008
Debt issued by the Equity in Capital Assets Fund which matures in the year 2019 with an interest rate of 6.50% (2008 - 6.50%)	**$ 2,899**	$ 3,108
Current portion of long-term debt	**(223)**	(209)
	$ 2,676	$ 2,899

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:

2010	$ 3,244
2011	3,358
2012	3,025
2013	2,617
2014	1,653
Subsequent	10,340
	$ 24,237

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, 2009 at $282 thousand (2008 - $330 thousand).

b) Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2009 at $21 thousand (2008 - $20 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, 2009 is estimated at $192 thousand (2008 - $191 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, 2009 is estimated at $nil (2008 - $4 thousand).

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 (2008 - $114 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, 2008 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 (2008 - $3 thousand) to Fleet Management - Special Operating Agency for the use of its vehicles;
- Recovery from the Insurance Reserve of $54 thousand (2008 - $nil);
- General government charges in the amount of $306 thousand (2008 - $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 $196 thousand (2008 - $209 thousand) to the Equity in Capital Assets Fund on the purchase of the Mandarin Building.

9. Contributions and Appropriations from Related Parties (continued)

b) The following funds were charged for facility costs:

	2009	2008
General Revenue Fund	**$ 33,029**	$ 31,868
Waterworks System	**1,069**	1,065
Sewage Disposal System	**1,069**	1,065
Building Services Fund	**353**	317
Transit System	**225**	213
Animal Services - Special Operating Agency	**210**	209
Fleet Management - Special Operating Agency	**206**	215
Civic Accommodations Fund	**174**	172
Solid Waste Disposal Fund	**156**	161
Winnipeg Parking Authority - Special Operating Agency	**123**	114
Golf Services - Special Operating Agency	**17**	17
General Capital Fund - Capitalized	**3**	27
Waterworks System - Capitalized	**-**	86
	$ 36,634	$ 35,529

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

10. Expenses by Object

	2009 Budget	**2009 Actual**	2008 Actual
Transfer to Building Services Fund	**$ 10,677**	**$ 10,965**	$ 11,196
Transfer to General Capital Fund	**11,044**	**9,860**	9,529
Materials and supplies	**8,919**	**9,725**	8,732
Transfer to General Revenue Fund	**4,322**	**4,226**	4,065
Salaries and employee benefits	**1,957**	**1,963**	1,991
Civic Accommodations Fund - rental costs	**174**	**174**	172
Recoveries	**(31)**	**(6)**	(7)
Transfer to Commitment Reserve	**-**	**-**	525
	$ 37,062	**$ 36,907**	$ 36,203

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.

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)

	2009	2008
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 777**	$ 627
Accounts receivable	**79**	84
Prepaid expenses	**33**	4
	$ 889	$ 715
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 4)	**$ 823**	$ 714
Deferred revenue	**66**	1
	$ 889	$ 715

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)

	2009 Budget	2009 Actual	2008 Actual
REVENUES			
Contributions from City of Winnipeg departments (Note 6b)	**$ 37,020**	**$ 37,244**	$ 36,148
Investment and other	**301**	**706**	331
Total Revenues	**37,321**	**37,950**	36,479
EXPENSES *(Note 7)*			
Building services	**37,321**	**37,950**	36,479
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, 2009
(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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

4. Accounts Payable and Accrued Liabilities

	2009	2008
Wages and employee benefits	**$ 600**	$ 532
Performance deposits	**115**	180
Accounts payable and accrued liabilities	**108**	2
	$ 823	$ 714

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 $755 thousand (2008 - $732 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, 2008 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 $633 thousand (2008 - $637 thousand) to Fleet Management - Special Operating Agency for the use of its vehicles; Non vehicle manufacturing services were also purchased from the Agency in the amount of $175 thousand (2007 - $303 thousand);
- General government charges transferred to the General Revenue Fund in the amount of $252 thousand (2008 - $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 $353 thousand (2008 - $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 $5 thousand (2008 - $79 thousand);
- Transfer to the Computer Replacement Reserve of $11 thousand (2008 - $nil); and
- Transfer to the General Revenue Fund of $132 thousand (2008 - $333 thousand).

b) The following funds transferred revenue to the Building Services Fund.

	2009	2008
General Revenue Fund	**$ 26,079**	$ 24,947
Civic Accommodations Fund	**10,965**	11,196
Recreation Programming Reserve	**195**	-
Fleet Management - Special Operating Agency	**5**	5
	$ 37,244	$ 36,148

The transfers represent a charge for facility costs which include operating costs, maintenance costs and portfolio overheads.

7. Expenses by Object

	2009 Budget	**2009 Actual**	2008 Actual
Services, materials and supplies	**$ 18,704**	**$ 19,682**	$ 18,586
Salaries and employee benefits	**13,656**	**13,858**	13,568
Transfer to General Capital Fund	**6,151**	**6,160**	5,998
Other grants and transfers	**629**	**755**	923
Debt and finance charges	**31**	**31**	26
Recoveries	**(1,850)**	**(2,536)**	(2,622)
	$ 37,321	**$ 37,950**	$ 36,479

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 2009 DETAILED FINANCIAL STATEMENTS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CITY HALL

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 $2.4 million from 2008, a 3.9% increase. Revenue passengers for 2009 numbered over 43.8 million, a 2.9% increase from 2008. This is the seventh 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.

Through the Province's Building Manitoba Fund, an operating transfer of $24.3 million was provided to Winnipeg's transit system. This is $0.8 million less than the previous year. The Province of Manitoba's capital grant commitment was $5.6 million, increasing by $2.1 million from the previous year.

For purposes of funding capital investments, funds transferred to the Transit System included $21.2 million from the Public Transit Reserve plus $4.4 million from the Federal Gas Tax Reserve. In addition $18.1 million was received from the Federal Government.

The appropriation from the General Revenue Fund increased by $3.7 million from the previous year, a large component of the net increase in revenues of $6.0 million. Operating expenses increased by $1.9 million from the previous year. The majority of this increase was due to the impact of contractual agreements on salaries and wages.

Handi-transit demand decreased for the third straight year. The number of passenger trips decreased by 5.0% over 2008, while costs exceeded the previous year by $0.1 million, due to increasing inflationary pressures.

Several achievements were realized during the year, including:

- During 2009 63 air-conditioned buses were delivered, continuing with the 2007 decision to have all future bus purchases include air conditioning.

- Completion of the final phase of the bus stop upgrade program including the installation of 139 new transit shelters (28 of which are heated), new signage and information kiosks, new benches, and sidewalk improvements.

- Completion of the final phase of the On-Street Transit Priority Program. The Program included upgrades on Portage Avenue, Main Street and Goulet/Marion. Improvements included signal timing improvements, road geometry improvements, transit queue jumps, transit signal priority lights, and diamond lanes.

- Completed installation of radio replacement with automatic vehicle location and "on-board" next stop enunciators in transit buses. By the end of 2009, the entire transit fleet had this equipment installed.

- Upon completion of the installation of the automatic vehicle location system on the transit fleet, real time transit information began being provided through winnipegtransit.com and Telebus. In addition, installation of new electronic displays (BUSwatch) at major stops began. Installation at approximately 100 major stops is expected to be completed in 2010. Real-time information is broadcast to the BUSwatch signs.

- Completed installation of on-board security cameras in all transit buses. By the end of 2009 the entire fleet was equipped with security cameras.

- A new 200-stall Park & Ride facility, serviced by the new Route 39 express service, was implemented on Taylor Avenue to provide Manitoba Hydro and other downtown employees with a new convenient transit option for work trips to/from downtown.

- 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 began in 2009 with completion by late 2011 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)

	2009	2008	2007	2006	2005 (restated)
Financial Position					
Tangible capital assets	**$ 161,378**	$ 107,273	$ 97,920	$ 90,559	$ 97,526
Total assets	**$ 174,444**	$ 120,421	$ 109,802	$ 96,249	$ 103,543
Long-term debt	**$ 28,618**	$ 26,686	$ 24,727	$ 28,148	$ 25,448
Total liabilities	**$ 36,333**	$ 37,858	$ 35,894	$ 32,276	$ 35,261
Operations					
Passenger revenue	**$ 63,906**	$ 61,493	$ 58,132	$ 57,319	$ 55,358
- in relation to total revenue	**47.38%**	47.70%	48.59%	48.34%	48.40%
Appropriation from General Revenue Fund	**$ 42,069**	$ 38,414	$ 33,743	$ 34,479	$ 35,217
- in relation to total revenue	**31.19%**	29.80%	28.20%	29.08%	30.79%
Provincial operating transfers	**$ 24,276**	$ 25,130	$ 23,795	$ 22,895	$ 19,355
Operations expenses	**$ 56,580**	$ 53,647	$ 51,681	$ 50,206	$ 48,425
Plant and equipment expenses	**$ 36,484**	$ 38,339	$ 34,793	$ 34,106	$ 33,770
Total expenses	**$ 117,972**	$ 116,051	$ 110,315	$ 108,573	$ 106,730
Cash Flows					
Operating activities	**$ 74,605**	$ 16,705	$ 11,446	$ 5,571	$ 13,708
Long-term debt issued, net	**$ 3,302**	$ 3,271	$ (2,171)	$ 3,890	$ (858)
Payments to The Sinking Fund Trustees, net	**$ (650)**	$ (650)	$ (650)	$ (650)	$ (970)
Capital expenses	**$ (65,066)**	$ (18,135)	$ (15,560)	$ (1,267)	$ (12,833)
Financial Statistics and Selected Ratios					
Regular cash fare, end of year	**$ 2.30**	$ 2.25	$ 2.00	$ 2.00	$ 1.85
Handi-transit -					
Annual ridership (in thousands)	**517.6**	544.9	586.7	590.9	572.8
Total cost per passenger	**$ 17.39**	$ 16.16	$ 14.59	$ 15.33	$ 14.80
Revenue to cost ratio	**12%**	12%	13%	12%	12%
Regular transit -					
Annual ridership (in millions)	**43.9**	42.6	41.2	40.2	40.0
Bus hours operated (in thousands)	**1,396**	1,382	1,375	1,369	1,365
Direct operating cost per passenger	**$ 2.40**	$ 2.43	$ 2.40	$ 2.40	$ 2.37
Direct operating cost per vehicle hour	**$ 75.51**	$ 74.99	$ 71.86	$ 70.63	$ 69.34
Revenue to cost ratio	**63%**	61%	59%	60%	60%
Municipal operating cost per capita	**$ 54.39**	$ 54.65	$ 46.69	$ 47.48	$ 45.90

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
FINANCIAL ASSETS		
Cash	**$ 334**	$ 145
Accounts receivable (Note 3)	**4,173**	8,618
Due from General Revenue Fund (Note 4)	**3,797**	-
	8,304	8,763
LIABILITIES		
Due to General Revenue Fund (Note 4)	**-**	7,579
Accounts payable and accrued liabilities	**7,715**	3,593
Long-term debt (Note 5)	**28,618**	26,686
	36,333	37,858
NET FINANCIAL LIABILITIES	**(28,029)**	(29,095)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**161,378**	107,273
Inventory (Note 7)	**4,479**	4,353
Prepaid expenses	**283**	32
	166,140	111,658
ACCUMULATED SURPLUS (Note 8)	**$ 138,111**	$ 82,563

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)

	2009 Budget	2009 Actual	2008 Actual
REVENUES			
System generated (Note 9)	**$ 64,285**	**$ 65,979**	$ 63,510
Appropriation from General Revenue Fund	**41,988**	**42,069**	38,414
Provincial Government transfers (Note 10)	**29,505**	**25,640**	26,471
Interest and other	**886**	**1,202**	523
Total revenues from operations	**136,664**	**134,890**	128,918
EXPENSES			
Operations (Note 11)	**55,351**	**56,580**	53,647
Plant and equipment (Note 12)	**41,739**	**36,484**	38,339
Handi-transit	**9,031**	**8,656**	8,516
Other departmental (Note 13)	**8,634**	**8,281**	8,078
Finance and administration	**2,851**	**2,832**	2,692
Planning and schedules	**2,170**	**2,021**	1,984
Information systems	**1,448**	**1,431**	1,395
Marketing and customer services	**1,392**	**1,138**	896
Human resources	**503**	**549**	504
Total expenses from operations (Note 14)	**123,119**	**117,972**	116,051
Surplus for the year from operations	**13,545**	**16,918**	12,867
Net surplus (deficit) from capital (Note 15)	**(13,545)**	**38,630**	(4,212)
NET SURPLUS FOR THE YEAR	**-**	**55,548**	8,655
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**-**	**82,563**	73,908
ACCUMULATED SURPLUS, END OF YEAR	**$ -**	**$ 138,111**	$ 82,563

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)

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 55,548**	$ 8,655
Non-cash items related to operations		
Amortization	**10,553**	8,756
Loss (Gain) on disposal of tangible capital assets	**314**	(161)
Working capital from operations	**66,415**	17,250
Net change in other working capital	**8,190**	(545)
	74,605	16,705
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")	**(720)**	(662)
Long-term debt issued	**5,133**	4,693
Payments on other long-term debt	**(1,831)**	(1,422)
Payments to The Sinking Fund Trustees for outstanding long-term debt	**(650)**	(650)
Due to General Revenue Fund	**(11,376)**	(862)
	(9,444)	1,097
INVESTING		
Acquisition and construction of tangible capital assets	**(65,066)**	(18,135)
Proceeds on disposal of tangible capital assets	**94**	187
	(64,972)	(17,948)
Increase (decrease) in cash	**189**	(146)
Cash, beginning of year	**145**	291
Cash, end of year	**$ 334**	$ 145

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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

	2009	2008
Advertising rights, charter and other	**$ 2,108**	$ 2,121
Province of Manitoba	**1,086**	6,497
Government of Canada	**979**	-
	$ 4,173	$ 8,618

4. Due from/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 from/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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

5. Long-term Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2009**	Amount of Debt 2008
1989-2009	Dec. 14	10.000	VH	5286/89	**$ -**	$ 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
					18,500	21,500
Funds on deposit with The Sinking Fund Trustees (Note 5b)					**(12,459)**	(14,089)
Net sinking fund debentures outstanding					**6,041**	7,411

Other long-term debt outstanding

Serial debentures issued by the City with varying maturities up to 2014 and a weighted average interest rate of 4.49% (2008 - 4.78%)	**3,588**	3,415
Equity in Capital Assets Fund debt issued by the City with varying maturities up to 2028 and a weighted average interest rate of 6.68% (2008 - 6.58%)	**18,989**	15,860
	$ 28,618	$ 26,686

Principal retirals on long-term debt over the next five years are as follows:

	2010	2011	2012	2013	2014	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ 5,000	$ 6,500	$ 7,000
Serial debentures	680	709	740	773	311	375
Equity in Capital Assets Fund debt	1,427	1,478	1,154	1,197	1,050	12,683
	$ 2,107	$ 2,187	$ 1,894	$ 6,970	$ 7,861	$ 20,058

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.

5. Long-term Debt (continued)

c) Included in interest and finance charges expense is $1,016 thousand (2008 - $818 thousand) paid to the Equity in Capital Assets Fund.

d) Cash paid for interest during the year was $3,059 thousand (2008 - $2,920 thousand).

6. Tangible Capital Assets

	Net Book Value	
	2009	2008
Buses	**$ 99,477**	$ 82,777
Buildings	**3,569**	3,546
Land improvements	**16,337**	10,268
Land	**8,748**	1,260
Other	**10,055**	3,144
Assets under construction	**23,192**	6,278
	$ 161,378	$ 107,273

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

During the year, there were no write-downs of assets (2008 - $nil).

7. Inventory

	2009	2008
Stores	**$ 4,432**	$ 4,245
Tickets, passes and other	**47**	108
	$ 4,479	$ 4,353

8. Accumulated Surplus

	2009	2008
Retained earnings	**$ 5,351**	$ 1,976
Invested in tangible capital assets	**132,760**	80,587
	$ 138,111	$ 82,563

9. System Generated

	2009 Budget	**2009 Actual**	2008 Actual
Passenger	**$ 62,061**	**$ 63,906**	$ 61,493
Advertising rights	**1,080**	**1,157**	1,205
Charter and other	**1,144**	**916**	812
	$ 64,285	**$ 65,979**	$ 63,510

10. Provincial Government Transfers

The Provincial Government provided transfers of $24.3 million (2008 - $25.1 million) towards the operation of the Transit System, $1.4 million (2008 - $1.3 million) as a Local Government Support Transfer and $5.6 million (2008 - $3.5 million) as a Capital Transfer.

11. *Operations*

	2009 Budget	2009 Actual	2008 Actual
Bus operators	**$ 50,731**	**$ 51,806**	$ 49,208
Operations administration	**1,556**	**1,858**	1,639
Inspectors	**2,113**	**1,800**	1,797
Instruction	**951**	**1,116**	1,003
	$ 55,351	**$ 56,580**	$ 53,647

12. *Plant and Equipment*

	2009 Budget	2009 Actual	2008 Actual
Vehicle maintenance and overhaul	**$ 16,213**	**$ 15,616**	$ 14,452
Bus servicing	**18,716**	**13,926**	17,523
Building services	**3,094**	**3,344**	3,023
Maintenance administration	**2,668**	**2,741**	2,568
Loop and bus stop	**1,048**	**857**	773
	$ 41,739	**$ 36,484**	$ 38,339

13. *Other Departmental*

	2009 Budget	2009 Actual	2008 Actual
Interest and finance charges	**$ 3,254**	**$ 3,059**	$ 2,921
Taxes	**1,946**	**1,972**	1,919
General government charges and other	**1,172**	**1,348**	1,141
Insurance and claims	**1,551**	**1,186**	1,279
Employee benefits	**711**	**716**	818
	$ 8,634	**$ 8,281**	$ 8,078

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, 2009 is estimated at $4.9 million (2008 - $4.8 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, 2009 at $7.0 million (2008 - $7.2 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2009 at $1.2 million (2008 - $1.3 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 $1.3 million (2008 - $0.9 million).

13. Other Departmental (continued)

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, $4.2 million (2008 - $4.0 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, 2008 and has an actuarial surplus.

b) General government charges

Included in general government charges and other is $0.8 million (2008 - $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 $225 thousand (2008 - $213 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 2009, realty and business taxes paid to the General Revenue Fund was $0.5 million (2008 - $0.5 million).

e) Insurance

Included in expenses is $110 thousand (2008 - $143 thousand) that has been charged by the Insurance Reserve.

f) 311 and business technology services

Included in expenses is $773 thousand (2008 - $nil) that has been charged by the General Revenue Fund for services provided by the Corporate Support Services department.

14. Expenses by Object

	2009 Budget	**2009 Actual**	2008 Actual
Salaries and wages	**$ 65,499**	**$ 65,885**	$ 63,399
Materials and supplies	**24,426**	**19,723**	22,273
Services	**13,860**	**13,822**	13,136
Employee benefits	**10,954**	**11,421**	10,907
Interest on long-term debt	**3,240**	**3,054**	2,920
Taxes - municipal and payroll	**1,946**	**1,972**	1,919
Other	**2,082**	**1,527**	621
Insurance and transfer to Insurance Reserve	**1,565**	**1,449**	1,564
Recoveries	**(453)**	**(881)**	(688)
	$ 123,119	**$ 117,972**	$ 116,051

15. Net Surplus (Deficit) from Capital

	2009 Budget	2009 Actual	2008 Actual
Revenues			
Transfer from Public Transit Reserve	**$ -**	**$ 21,159**	$ 6,150
Government of Canada capital transfers	**-**	**18,115**	797
Transfer from Transit Bus Replacement Reserve	**-**	**11,228**	2,415
Province of Manitoba capital transfers (Note 10)	**-**	**5,584**	3,452
Transfer from Federal Gas Tax Reserve	**-**	**4,376**	2,056
Gain on disposal of tangible capital assets	**-**	**-**	161
	-	**60,462**	15,031
Expenses			
Amortization	**3,236**	**10,553**	8,756
Transfer to Transit Bus Replacement Reserve	**6,059**	**6,126**	7,147
Transfer to Rapid Transit Infrastructure Reserve	**4,250**	**4,250**	2,750
Other	**-**	**589**	588
Loss on disposal of tangible capital assets	**-**	**314**	-
Transfer to General Purpose Reserve	**-**	**-**	2
	13,545	**21,832**	19,243
	$ (13,545)	**$ 38,630**	$ (4,212)

16. 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	$ 159,187	$ 11,654	$ 13,798
Add: Additions during the year	25,373	312	7,278
Less: Disposals during the year	(10,352)	-	-
Balance, end of year	174,208	11,966	21,076
Accumulated amortization			
Balance, beginning of year	(76,410)	(8,108)	(3,530)
Add: Amortization	(8,265)	(289)	(1,209)
Less: Accumulated amortization on disposal	9,944	-	-
Balance, end of year	(74,731)	(8,397)	(4,739)
Net Book Value of Tangible Capital Assets	$ 99,477	$ 3,569	$ 16,337

Schedule 1

Land	Other	Assets Under Construction	2009	2008
$ 1,260	$ 7,741	$ 6,278	**$ 199,918**	$ 187,603
7,488	7,701	16,914	**65,066**	18,135
-	(26)	-	**(10,378)**	(5,820)
8,748	15,416	23,192	**254,606**	199,918
-	(4,597)	-	**(92,645)**	(89,683)
-	(790)	-	**(10,553)**	(8,756)
-	26	-	**9,970**	5,794
-	(5,361)	-	**(93,228)**	(92,645)
$ 8,748	$ 10,055	$ 23,192	**$ 161,378**	$ 107,273


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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, one water treatment plant, and the distribution network along with debt charges, employee benefits, taxes, contributions to the General Revenue Fund, and transfers to the Water Main Renewal Reserve.

On July 17, 2002, City Council approved the construction of an ultraviolet light disinfection facility in advance of the full water treatment plant. The facility was constructed at the Deacon Booster Pumping Station and has been in operation since 2007.

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 water treatment plant was commissioned during the fall of 2009 with a total cost of construction of $300 million. The plant has a treatment capacity of 400 million litres per day and was 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)

	2009	2008	2007	2006	2005
Block 1 rate in dollars (per 100 cu. ft.)	**$ 3.55**	$ 3.45	$ 3.15	$ 2.75	$ 2.75
Annual water pumped (million litres)	**78,587**	78,587	79,624	82,831	80,713
Water pumped in litres per capita per day	**326**	326	334	347	339
Average daily water pumped (million litres per day)	**215**	215	218	227	221
Maximum day water pumping rates (million litres per day)	**259**	259	295	340	267
Maximum hour water pumping rates (million litres per day)	**384**	384	447	549	391
Kilometres of aqueduct	**174.5**	174.5	174.5	174.5	174.5
Kilometres of feeder mains	**150.2**	150.1	155.9	151.5	150.3
Kilometres of water mains	**2,519.3**	2,484.9	2,464.0	2,447.0	2,435.5
Number of hydrants	**20,562**	20,293	20,265	20,085	19,930
Number of billed services	**193,107**	191,416	190,318	188,328	187,619

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
ASSETS		
Current		
Cash	**$ 21**	$ (126)
Accounts receivable (Note 3)	**20,539**	17,325
Due from General Revenue Fund (Note 4)	**70,027**	105,741
Inventories	**1,025**	1,006
	91,612	123,946
Tangible capital assets (Note 5)	**833,393**	788,176
Deferred charges (Note 6)	**2,497**	2,589
	$ 927,502	$ 914,711
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 9,133**	$ 16,533
Current portion of long-term debt (Note 8)	**4,136**	4,182
	13,269	20,715
Long-term debt (Note 8)	**165,911**	171,579
	179,180	192,294
ACCUMULATED SURPLUS (Note 9)	**748,322**	722,417
	$ 927,502	$ 914,711

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)

	2009 Budget	2009 Actual	2008 Actual
REVENUES (Schedule 1)			
Sale of goods and services (Note 10)	**$ 89,342**	**$ 84,429**	$ 89,625
Interest	**3,575**	**1,842**	3,997
Government transfers, permits and other	**1,325**	**1,663**	1,790
Total revenues	**94,242**	**87,934**	95,412
EXPENSES (Schedules 2 and 3)			
Water distribution	**34,411**	**32,482**	27,326
Debt and finance	**18,007**	**12,426**	10,626
Taxes, employee benefits and other (Note 11)	**6,927**	**7,197**	6,877
Finance and administration	**4,149**	**3,285**	3,350
Engineering services	**3,059**	**3,101**	2,701
Customer services	**903**	**1,301**	581
Information systems and technology	**1,263**	**1,112**	1,182
Environmental standards	**887**	**841**	746
Human resources	**772**	**787**	725
Total expenses from operations	**70,378**	**62,532**	54,114
Surplus for the year from operations	**23,864**	**25,402**	41,298
Transfers to other funds (Note 12)	**10,000**	**9,926**	14,747
Net surplus from operations after transfers to other funds	**13,864**	**15,476**	26,551
Net surplus (deficit) from capital (Schedule 4)	**-**	**10,429**	(1,529)
NET SURPLUS FOR THE YEAR	**$ 13,864**	**25,905**	25,022
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**722,417**	697,395
ACCUMULATED SURPLUS, END OF YEAR		**$ 748,322**	$ 722,417

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)

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 25,905**	$ 25,022
Non-cash items related to operations		
Amortization	**16,247**	12,616
Loss on disposal of tangible capital assets	**436**	627
Other	**92**	-
Working capital from operations	**42,680**	38,265
Change in net working capital other than cash	**(10,633)**	(5,529)
	32,047	32,736
FINANCING		
Debt retired	**(1,500)**	(7)
Debt issued	**-**	97,411
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(1,532)**	(1,319)
Due from General Revenue Fund	**35,714**	(40,803)
Payments to The Sinking Fund Trustees for outstanding debt	**(2,682)**	(2,330)
	30,000	52,952
INVESTING		
Purchase of tangible capital assets	**(61,900)**	(86,112)
Increase (Decrease) in cash	**147**	(424)
Cash, beginning of year	**(126)**	298
Cash, end of year	**$ 21**	$ (126)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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:

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) Debenture discounts and issue expenses

Issue expenses are charged to operations in the year of the related debenture issue and discounts on debentures issued are amortized over future periods to which they relate.

e) 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.

f) 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.

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. Therefore, the source of funding for the Water Main Renewal Reserve Fund is the revenue from water rates.

g) 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 was completed in 2009.

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

	2009	2008
Water billings and other	**$ 21,008**	$ 17,626
Allowance for doubtful accounts	**(469)**	(301)
	$ 20,539	$ 17,325

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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

5. Tangible Capital Assets

	Net Book Value	
	2009	2008
Land	**$ 1,824**	$ 1,824
Buildings	**3,738**	3,838
Machinery and equipment	**1,200**	1,172
Computer	**12,876**	5,012
Underground networks	**473,944**	457,476
Water pumping stations and reservoirs	**338,795**	64,755
Assets under construction	**1,016**	254,099
	$ 833,393	$ 788,176

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2009, there were no write-downs of tangible capital assets and interim financing charges capitalized during 2009 were $44 thousand (2008 - $15 thousand). In addition, underground networks contributed to the City and recorded in the Waterworks System Fund totalled $13.4 million in 2009 (2008 - $3.7 million) and were capitalized at their fair value at the time of receipt.

6. Deferred Charges

	2009	2008
Deferred debenture discount	**$ 2,497**	$ 2,589

7. Accounts Payable and Accrued Liabilities

	2009	2008
Accrued debenture interest	**$ 4,762**	$ 4,769
Trade accounts payable	**2,436**	10,010
Other accrued liabilities	**1,593**	1,437
Deferred revenue and other	**342**	317
	$ 9,133	$ 16,533

8. Long-Term Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2009**	Amount of Debt 2008
1989-2009	Dec. 14	10.000	VH	5286/89	**$ -**	$ 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		72/2006 B	**100,000**	100,000
					203,000	204,500
Equity in Sinking Funds (Note 8b)					**(32,953)**	(28,739)
Net sinking fund debentures outstanding					**170,047**	175,761
Current portion of long-term debt					**(4,136)**	(4,182)
					$ 165,911	$ 171,579

Principal retirement on long-term debt over the next five years is as follows:

	2010	2011	2012	2013	2014	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ 5,000	$ 13,000	$ 185,000

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 Trustees 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.

c) Cash paid for interest during the year was $12.3 million (2008 - $7.4 million).

9. Accumulated Surplus

	2009	2008
Invested in tangible capital assets	**$ 663,373**	$ 612,470
Retained earnings	**84,949**	109,947
	$ 748,322	$ 722,417

10. Revenue

Effective January 1, 2009 the block 1 water rate was $3.55 per hundred cubic feet (2008 - $3.45).

11. Taxes, Employee Benefits and Other

Property taxes

Property 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 2009, taxes paid to the General Revenue Fund was $3.1 million (2008 - $3.0 million).

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, 2009 is $2.7 million (2008 - $2.7 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, 2009 is estimated at $437 thousand (2008 - $309 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, 2009 at $3.6 million (2008 - $3.6 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2009 at $0.4 million (2008 - $0.3 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 $1.9 million (2008 - $1.7 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, 2008 and has disclosed an actuarial surplus.

11. Taxes, Employee Benefits and Other (continued)

Rent

Included in expenses is $1.1 million (2008 - $1.1 million) that has been charged by the Civic Accommodations Fund for the rental of office space.

General government charges

Included in expenses is $1.2 million (2008 - $0.7 million) in general government and business technology service charges which represents the estimated share of The City of Winnipeg's General Revenue Fund's general expenditure and actual business technology service charges applicable to the Waterworks System.

Insurance and damage claims

Included in expenses is $186 thousand (recovery 2008 - $21 thousand) by the Insurance Reserve.

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 was calculated on 10% of water sales net of the transfers to the Water Treatment Reserve and other transfers to the General Revenue Fund. Beginning in 2009, City Council adopted a further motion that approved the discontinuation of transfers to the General Revenue Fund for general transfers and hydrant rentals. In addition, frontage levy revenue collected on the tax bill, which was reported in the Water Main Renewal Reserve Fund, be reported in the General Revenue Fund to pay for upgrading, repair, replacement, and maintenance of streets and sidewalks. Therefore, in the Reserve, the source of funding from frontage levies was replaced with revenue from water rates.

	2009	2008
Transfer to Water Main Renewal Reserve	**$ 10,000**	$ -
Transfer to General Revenue Fund	**-**	14,663
Transfer (from) to General Capital Fund	**(74)**	84
	$ 9,926	$ 14,747

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)

	2009 Budget	2009 Actual	2008 Actual
Sale of goods and services			
Water sales	**$ 89,292**	**$ 84,234**	$ 85,698
Fire hydrant and other rentals	**20**	**158**	3,861
Sale of scrap material	**30**	**37**	66
	89,342	**84,429**	89,625
Interest			
Sinking Fund earnings	**1,535**	**1,532**	1,319
Interest	**2,000**	**266**	2,663
Interest capitalized	**40**	**44**	15
	3,575	**1,842**	3,997
Government transfers, permits and other			
Permits and fees	**447**	**813**	1,007
Provincial support transfer	**662**	**621**	576
Other	**216**	**229**	207
	1,325	**1,663**	1,790
Total Revenues	**$ 94,242**	**$ 87,934**	$ 95,412

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2009 Budget	2009 Actual	2008 Actual
Water distribution			
Water main maintenance	**$ 7,921**	**$ 8,185**	$ 8,857
Water treatment plant	**9,458**	**6,536**	507
Service pipe maintenance	**3,400**	**4,453**	2,825
General administration	**(48)**	**2,458**	1,844
Pumping stations	**3,093**	**2,368**	4,118
Hydrant maintenance	**2,016**	**2,079**	1,510
Emergency services	**2,049**	**1,627**	1,599
Railway maintenance and operations	**1,741**	**1,161**	1,431
Mechanical/civil/electrical maintenance allocation	**1,117**	**983**	2,213
Water meter maintenance	**751**	**900**	673
Valve maintenance	**934**	**555**	473
Intake operation	**455**	**394**	414
Water supply administration	**1,002**	**339**	306
Stores - 552 Plinguet	**316**	**328**	517
Meter shop	**111**	**69**	29
Staff house	**95**	**46**	7
Backflow prevention	**-**	**1**	3
	34,411	**32,482**	27,326
Debt and finance			
Long-term debt			
Interest	**12,273**	**12,334**	9,935
Amortization	**5,714**	**-**	-
Finance charges	**20**	**92**	691
	18,007	**12,426**	10,626
Taxes, employee benefits and other			
Property taxes	**4,305**	**3,395**	3,354
Employee benefits	**864**	**1,294**	1,008
Rent	**988**	**1,069**	1,065
Provincial payroll tax	**662**	**657**	587
General government charges	**753**	**612**	612
Insurance and damage claims	**520**	**478**	512
Other services	**(765)**	**368**	266
Recoveries	**(400)**	**(676)**	(527)
	6,927	**7,197**	6,877

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2009 Budget	2009 Actual	2008 Actual
Finance and administration division			
Customer billing	**2,706**	**2,412**	2,108
Accounting services	**263**	**295**	236
Financial planning	**250**	**238**	232
Administrative services	**796**	**204**	666
Process improvement	**134**	**134**	108
Knowledge management	**-**	**2**	-
	4,149	**3,285**	3,350
Engineering services division			
Water planning	**1,092**	**788**	670
Design and construction	**665**	**515**	606
Customer technical services	**439**	**486**	351
Administration	**27**	**485**	219
Drafting and graphics	**583**	**458**	464
Asset management	**199**	**185**	193
Services development	**159**	**136**	136
Resource centre	**68**	**48**	63
Project management	**-**	**-**	(1)
Wastewater planning	**(173)**	**-**	-
	3,059	**3,101**	2,701
Customer services division			
Customer relations	**506**	**865**	462
Administration	**326**	**335**	58
Communications	**44**	**66**	40
Public consultation	**27**	**35**	21
	903	**1,301**	581
Information systems and technology division			
Major systems	**859**	**626**	831
Support services	**404**	**486**	351
	1,263	**1,112**	1,182
Environmental standards division			
Analytical services	**562**	**505**	436
Compliance	**323**	**243**	231
Administration	**2**	**93**	78
Research	**-**	**-**	1
	887	**841**	746

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2009 Budget	2009 Actual	2008 Actual
Human resources division			
Human resources	**277**	**329**	300
Timekeeping and payroll	**188**	**181**	193
Human resources training	**164**	**164**	151
Work place health and safety	**143**	**113**	81
	772	**787**	725
Total Expenses from Operations	**70,378**	**62,532**	54,114
Transfers to other funds (Note 12)			
Transfer to Water Main Renewal Reserve	**10,000**	**10,000**	-
Transfer to General Revenue Fund	**-**	**-**	14,663
Transfer (from) to General Capital Fund	**-**	**(74)**	84
Total transfer to other funds	**10,000**	**9,926**	14,747
Total Expenses	**$ 80,378**	**$ 72,458**	$ 68,861

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2009 Budget	2009 Actual	2008 Actual
Salaries	**$ 29,861**	**$ 29,658**	$ 26,845
Goods and services	**28,086**	**24,643**	20,436
Interest on long-term debt	**12,273**	**12,334**	9,935
Transfers	**10,471**	**10,396**	14,747
Other expenses	**4,948**	**6,061**	5,701
Employee benefits	**5,730**	**5,002**	4,244
Grants	**100**	**100**	95
Finance charges	**20**	**92**	691
Amortization	**5,714**	**-**	-
Recoveries	**(16,825)**	**(15,828)**	(13,833)
Total Expenses	**$ 80,378**	**$ 72,458**	$ 68,861

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 4

NET SURPLUS (DEFICIT) FROM CAPITAL

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

	2009 Actual	2008 Actual
Revenues		
Transfers		
Water Main Renewal Reserve	**$ 9,437**	$ 7,769
Sewage Disposal System	**4,849**	185
Aqueduct Rehabilitation Reserve	**10**	84
	14,296	8,038
Developer contributions-in-kind	**13,392**	3,699
Total revenue from capital	**27,688**	11,737
Expenses		
Amortization	**16,247**	12,616
Other expenses	**576**	23
Loss on disposal of assets	**436**	627
Total expenses from capital	**17,259**	13,266
Net surplus (deficit) from capital	**$ 10,429**	$ (1,529)

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	$ 9,559	$ 24,148
Add: Additions during the year		-	175	9,759
Less: Disposals during the year	-	-	-	-
Balance, end of year	1,824	5,399	9,734	33,907
Accumulated amortization				
Balance, beginning of year	-	1,561	8,387	19,136
Add: Amortization	-	100	147	1,895
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	1,661	8,534	21,031
Net Book Value of Tangible Capital Assets	$ 1,824	$ 3,738	$ 1,200	$ 12,876

Schedule 5

Infrastructure			Totals	
Underground Networks	Water Pumping Stations and Reservoirs	Assets Under Construction	**2009**	2008
$ 655,482	$ 111,590	$ 254,099	**$ 1,062,101**	$ 978,330
26,282	278,767	(253,083)	**61,900**	86,112
(947)	-	-	**(947)**	(2,341)
680,817	390,357	1,016	**1,123,054**	1,062,101
198,006	46,835	-	**273,925**	263,023
9,378	4,727	-	**16,247**	12,616
(511)	-	-	**(511)**	(1,714)
206,873	51,562	-	**289,661**	273,925
$ 473,944	$ 338,795	$ 1,016	**$ 833,393**	$ 788,176

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, and the aquatic environment 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 Fund was authorized by City Council on December 17, 1993. It was established to fund environmental projects that would protect 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, nutrient removal, and mitigation of combined sewer overflows.

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. The CEC made several recommendations to upgrade and improve the wastewater collection and treatments systems, which was subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licenses to the City for the North End, West End, and South End 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. With this direction, a wastewater upgrade program was developed and provisioned for effluent disinfection, nutrient control, centrate treatment, combined sewer overflow mitigation, biosolids management, and other CEC recommendations. Based on preliminary assessments, the upgrade program is estimated to cost between $1.2 to $1.8 billion depending on market factors and interpretation on compliance requirements.

Wastewater treatment upgrades to the NEWPCC effluent disinfection, NEWPCC centrate, and WEWPCC plant are complete and fully operational. The NEWPCC ultraviolet (UV) light disinfection system was commissioned in July 2006. The NEWPCC centrate phosphorus removal was commissioned in May 2007, the state-of-the-art centrate nitrogen removal system was commissioned in December 2008. The upgrade of the WEWPCC to full biological nutrient removal using the most current technology and processes was commissioned in December 2008. The implementation of effluent disinfection at the WEWPCC has been deferred indefinitely. Review of the effluent quality from the existing polishing ponds indicates that natural sunlight sufficiently reduces microbiological levels.

The biological nutrient removal ("BNR") upgrades at the NEWPCC and WEWPCC plants are removing more than the required interim reduction targets of 13% nitrogen and 10% phosphorus on a citywide basis. Engineering design efforts on BNR at the SEWPCC was initiated in 2006, with construction to be completed by 2012. Engineering design efforts for the NEWPCC BNR 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 through the assistance of a strategic partner to realize upgrades to comply with the remaining Licence requirements at the NEWPCC, SEWPCC, and biosolids management.

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2009	2008	2007	2006	2005
Rate in dollars (per 100 cu. ft.)	**$ 5.26**	$ 5.12	**$** 4.46	$ 3.87	$ 3.39
Annual sewage received (million litres)*	**112,974**	103,397	107,310	102,609	123,584
Daily sewage received (million litres)*	**309.5**	283.3	294.0	281.1	339.6
Kilometres of interceptor sewers	**116.2**	116.4	114.4	109.1	109.7
Kilometres of combined sewers**	**1,043.5**	1,044.5	1,045.4	1,283.2	1,338.2
Kilometres of wastewater sewers	**1,351.6**	1,323.6	1,313.5	1,456.6	1,427.1
Kilometres of storm sewers***	**1,659.3**	1,803.0	1,775.0	1,668.8	2,260.7
Number of lift stations	**73**	75	76	76	76
Number of billed sewer services	**192,913**	191,736	190,318	188,887	187,398

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)

	2009	2008
ASSETS		
Current		
Cash	**$ 1**	$ 1
Inventory	**317**	244
Accounts receivable (Note 3)	**30,472**	26,575
Due from General Revenue Fund (Note 4)	**59,681**	51,085
	90,471	77,905
Tangible capital assets (Note 5)	**780,847**	754,722
	$ 871,318	$ 832,627
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 6,340**	$ 6,299
Performance and other deposits	**337**	311
Current portion of long-term debt (Note 7)	**3,853**	4,108
	10,530	10,718
Long-term debt (Note 7)	**27,299**	34,189
	37,829	44,907
ACCUMULATED SURPLUS (Note 8)	**833,489**	787,720
	$ 871,318	$ 832,627

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)

	2009 Budget	2009 Actual	2008 Actual
REVENUES (Schedule 1)			
Sewer services (Note 9)	**$ 129,565**	**$ 121,439**	$ 123,961
Government transfers, permits and other	**3,624**	**3,872**	3,619
Interest	**4,037**	**3,389**	4,338
Total revenues	**137,226**	**128,700**	131,918
EXPENSES (Schedules 2 and 3)			
Collection, interception and treatment	**32,275**	**28,808**	26,967
Taxes, employee benefits and other (Note 10)	**14,005**	**14,241**	12,345
Debt and finance	**15,311**	**8,161**	8,352
Engineering services	**4,507**	**4,670**	4,047
Finance and administration	**4,090**	**3,186**	3,167
Environmental standards	**2,269**	**1,859**	1,541
Customer services	**916**	**1,165**	680
Information systems and technology	**1,277**	**1,156**	1,093
Human resources	**736**	**688**	616
Total expenses from operations	**75,386**	**63,934**	58,808
Surplus for the year from operations	**61,840**	**64,766**	73,110
Transfers to other funds (Note 11)	**33,946**	**32,154**	30,160
Net surplus for the year from operations after transfer to other funds	**27,894**	**32,612**	42,950
Net surplus from capital (Schedule 4)	**-**	**13,157**	9,246
Net surplus for the year	**$ 27,894**	**45,769**	52,196
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**787,720**	735,524
ACCUMULATED SURPLUS, END OF YEAR		**$ 833,489**	$ 787,720

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)

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 45,769**	$ 52,196
Non-cash items related to operations		
Amortization	**17,834**	16,347
Net assets transferred to General Capital Fund	**262**	-
Loss on disposal of tangible capital assets	**397**	299
Working capital from operations	**64,262**	68,842
Change in net working capital other than cash	**(3,903)**	586
	60,359	69,428
FINANCING		
Debt retired	**(1,367)**	(1,302)
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(3,037)**	(2,793)
Due from General Revenue Fund	**(8,596)**	(16,763)
Payments to The Sinking Fund Trustees for outstanding long-term debt	**(2,601)**	(2,601)
Other	**(140)**	(131)
	(15,741)	(23,590)
INVESTING		
Purchase of tangible capital assets	**(44,618)**	(45,838)
Increase in cash	**-**	-
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, 2009
(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
Information systems	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 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-lay 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 October 1, 2006.

On December 15, 2009, City Council authorized, by way of approval of the Capital Budget, that effective 2009, the frontage levy revenue collected on property taxes will be phased out as of 2011. The frontage levy will be reported in the General Revenue Fund to pay for the upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the future sources of funding for the Sewer System Rehabilitation Reserve Fund will include revenues from sewer rates, which are transferred from the Sewage Disposal System Fund, and interest.

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 nature of the projects reported in this Reserve.

The 2009 sewer rate includes a provision of 45.3 cents per 100 cubic feet of billed water consumption to be transferred from the Sewage Disposal System Fund to this Reserve. In 2009, $9.7 million (2008 - $7.4 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

	2009	2008
Sewer billings and other	**$ 30,472**	$ 26,635
Allowance for doubtful accounts	**-**	(60)
	$ 30,472	$ 26,575

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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

5. Tangible Capital Assets

	Net Book Value	
	2009	2008
Land	**$ 1,441**	$ 1,451
Buildings	**324**	334
Equipment	**240**	219
Information technology	**181**	190
Underground networks	**522,967**	488,585
Sewage treatment plants and lift stations	**246,036**	234,656
Assets under construction	**9,658**	29,287
	$ 780,847	$ 754,722

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2009 and 2008, there were no write-downs of tangible capital assets and interim financing charges capitalized during 2009 were $206 thousand (2008 - $237 thousand). In addition, underground networks contributed to the City and recorded in the Sewage Disposal System Fund totaled $18.6 million in 2009 (2008 - $4.1 million) and were capitalized at their fair value at the time of receipt.

6. Accounts Payable and Accrued Liabilities

	2009	2008
Trade accounts payable	**$ 2,927**	$ 2,865
Accrued debenture interest	**2,849**	2,926
Other accrued liabilities	**564**	508
	$ 6,340	$ 6,299

7. Long-term Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2009**	Amount of Debt 2008
1989-2009	Dec. 14	10.000	VH	5286/89	**$ -**	$ 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
					75,000	86,000
Equity in Sinking Fund (Note 7b)					**(53,805)**	(59,167)
Net sinking fund debentures outstanding					**21,195**	26,833

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 4.82% (2008 - 4.78%)	**6,631**	7,998
Equity in Capital Assets Fund debt issued by the City with varying maturities up to 2018 and a weighted average interest rate of 6.59% (2008 - 8.25%)	**58**	65
Pointe West Properties debt, maturity in 2012, interest rate of 6.65%	**3,268**	3,401
	31,152	38,297
Current portion of long-term debt	**(3,703)**	(3,967)
Current portion of Equity in Capital Assets Fund debt	**(7)**	(7)
Current portion of Pointe West Properties debt	**(143)**	(134)
Current portion of long-term debt	**(3,853)**	(4,108)
	$ 27,299	$ 34,189

Principal retirement on long-term debt over the next five years is as follows:

	2010	2011	2012	2013	2014	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ 40,000	$ 35,000	$ -
Serial and installment	1,435	1,506	1,580	1,659	451	-
Equity in Capital Assets Fund	7	8	8	9	5	21
Pointe West debt	143	100	3,025	-	-	-
	$ 1,585	$ 1,614	$ 4,613	$ 41,668	$ 35,456	$ 21

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 Trustees on debt outstanding as at December 31, 2002. Sinking Fund arrangements after December 31, 2002 are managed by the City in a separate fund. 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 $8.2 million (2008 - $8.4 million).

e) Interest paid to the Equity in Capital Assets Fund during 2009 was $4 thousand (2008 - $5 thousand).

8. Accumulated Surplus

	2009	2008
Invested in tangible capital assets	**$ 787,720**	$ 716,486
Retained earnings	**45,769**	71,234
	$ 833,489	$ 787,720

9. Revenue

The 2009 sewer rate increased to 5.26 cents per hundred cubic feet (2008 - 5.12 cents). The Environmental Projects Reserve contribution for 2009 was 45.3 cents per hundred cubic feet (2008 - 45.3 cents).

10. Taxes, Employee Benefits and Other

Property taxes

Property 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 2009, realty and business taxes paid and transferred to the General Revenue Fund were $10.6 million (2008 - $9.2 million).

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, 2009 is $1.2 million (2008 - $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, 2009 is estimated at $590 thousand (2008 - $415 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, 2009 is estimated at $0.2 million (2008 - $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, 2009 at $1.8 million (2008 - $1.8 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 (2008 - $853 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, 2008 and has disclosed an actuarial surplus.

General government charges

The Sewage Disposal System is charged with the estimated share of the City's general government expenses. In 2009, this amounted to $0.5 million (2008 - $0.5 million) and was transferred to the General Revenue Fund.

Rent

Included in expenses is $1.1 million (2008 - $1.1 million) that has been charged by the Civic Accommodations Fund for the rental of office space.

Insurance and damage claims

Included in expenses is $283 thousand (2008 - $128 thousand charged) that has been received from the Insurance Reserve Fund.

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 2009, the Utility contributed $13.4 million (2008 - $13.7 million) to the General Revenue Fund to support the land drainage program.

	2009	2008
Transfer to General Revenue Fund	**$ 13,463**	$ 22,553
Transfer to Environmental Projects Reserve	**9,737**	7,367
Transfer to Sewer System Rehabilitation Reserve	**9,000**	-
Transfer (from) to General Capital Fund	**(46)**	240
	$ 32,154	$ 30,160

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)

	2009 Budget	2009 Actual	2008 Actual
Sewer services	**$ 129,565**	**$ 121,439**	$ 123,961
Government transfers, permits and other			
Industrial waste surcharges	**2,900**	**1,766**	1,711
Other	**379**	**1,651**	1,527
Provincial support transfer	**222**	**278**	206
Permits and fees	**123**	**177**	175
	3,624	**3,872**	3,619
Interest			
Sinking Fund earnings	**3,037**	**3,037**	2,793
Capitalized	**200**	**206**	237
Interest	**800**	**146**	1,308
	4,037	**3,389**	4,338
Total Revenues	**$ 137,226**	**$ 128,700**	$ 131,918

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2009 Budget	2009 Actual	2008 Actual
Collection, interception and treatment			
North end water pollution control centre	**$ 11,168**	**$ 9,267**	$ 9,159
Local sewer	**5,365**	**4,989**	4,717
South end water pollution control centre	**2,850**	**3,001**	2,836
Administration	**2,160**	**2,175**	1,280
West end water pollution control centre	**2,435**	**2,037**	1,982
Mechanical maintenance	**2,118**	**1,994**	1,589
Interception system	**1,870**	**1,800**	2,004
Sludge disposal	**1,959**	**1,606**	1,672
Electrical maintenance/instrumentation	**1,428**	**1,112**	1,069
Civil maintenance	**922**	**827**	659
	32,275	**28,808**	26,967
Taxes, employee benefits and other			
Property taxes	**10,774**	**10,598**	9,252
Miscellaneous	**1,530**	**1,943**	1,660
Rent	**988**	**1,069**	1,065
Employee benefits	**521**	**846**	649
General government charges	**608**	**467**	467
Insurance and claims	**362**	**362**	311
Provincial payroll tax	**222**	**286**	282
Recoveries	**(1,000)**	**(1,330)**	(1,341)
	14,005	**14,241**	12,345
Debt and finance			
Long-term debt interest	**8,155**	**8,155**	8,350
Finance charges	**10**	**6**	2
Amortization - debt principal	**7,146**	**-**	-
	15,311	**8,161**	8,352
Engineering services			
Wastewater planning	**1,554**	**1,284**	1,100
Sewer connections	**760**	**1,024**	867
Design and construction	**667**	**515**	606
Customer technical services	**440**	**486**	351
Administrative services	**27**	**463**	219
Drafting and graphic	**583**	**458**	464
Asset management	**200**	**206**	192
Engineering services development	**158**	**136**	136
Land drainage and flood planning	**50**	**50**	50
Resource centre	**68**	**48**	62
	4,507	**4,670**	4,047

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2009 Budget	2009 Actual	2008 Actual
Finance and administration			
Customer accounts	**2,796**	**2,423**	2,107
Financial services	**224**	**258**	201
Financial planning	**213**	**209**	197
Administrative services	**743**	**179**	570
Process improvement	**114**	**117**	92
	4,090	**3,186**	3,167
Environmental standards			
Analysis	**1,440**	**1,094**	945
Industrial waste	**621**	**478**	408
Administration	**180**	**266**	168
Compliance	**28**	**21**	20
	2,269	**1,859**	1,541
Customer services			
Customer relations	**593**	**865**	540
Administration	**240**	**231**	68
Communications	**51**	**45**	48
Public consultation	**32**	**24**	24
	916	**1,165**	680
Information systems and technology			
Major systems	**831**	**731**	706
Support services	**446**	**425**	387
	1,277	**1,156**	1,093
Human resources			
Human resources	**314**	**287**	255
Timekeeping and payroll	**160**	**158**	164
Human resources training	**140**	**144**	128
Work place health and safety	**122**	**99**	69
	736	**688**	616
Total Expenses from Operations	**75,386**	**63,934**	58,808

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2009 Budget	2009 Actual	2008 Actual
Transfers to other funds			
Transfer to General Revenue Fund	**13,463**	**13,463**	22,553
Transfer to Environmental Projects Reserve	**11,483**	**9,737**	7,367
Transfer to Sewer System Rehabilitation Reserve	**9,000**	**9,000**	-
Transfer (from) to General Capital Fund	**-**	**(46)**	240
	33,946	**32,154**	30,160
Total Expenses	**$ 109,332**	**$ 96,088**	$ 88,968

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2009 Budget	2009 Actual	2008 Actual
Transfers to other funds	**$ 33,946**	**$ 32,154**	$ 30,160
Goods and services	**33,608**	**30,072**	27,841
Other expenses	**12,974**	**13,613**	12,896
Salaries	**14,620**	**13,315**	13,327
Interest on long-term debt	**15,301**	**8,155**	8,350
Employee benefits	**2,544**	**2,562**	2,266
Finance charges	**10**	**6**	2
Recoveries	**(3,671)**	**(3,789)**	(5,874)
Total Expenses	**$ 109,332**	**$ 96,088**	$ 88,968

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2009 Actual	2008 Actual
Revenues		
Transfer from Sewer System Rehabilitation Reserve	**$ 12,082**	$ 11,401
Transfer from Environmental Projects Reserve	**5,462**	18,646
Provincial and Federal capital transfers	**2,837**	7,005
	20,381	37,052
Developer contributions-in-kind	**18,620**	4,104
	39,001	41,156
Expenses		
Amortization	**17,834**	16,347
Transfer to Waterworks System	**4,849**	185
Capital maintenance	**2,502**	1,371
Loss on disposal of tangible capital assets	**397**	299
Transfer to General Capital Fund	**262**	13,708
	25,844	31,910
Net surplus from capital	**$ 13,157**	$ 9,246

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	$ 257	$ 200
Add: Additions during the year	-	-	49	12
Less: Disposals during the year	-	-	-	-
Less: Transfer to General Capital Fund	(10)	-	-	-
Balance, end of year	1,441	885	306	212
Accumulated amortization				
Balance, beginning of year	-	551	38	10
Add: Amortization	-	10	28	21
Less: Accumulated amortization on disposals	-	-	-	-
Less: Transfer to General Capital Fund	-	-	-	-
Balance, end of year	-	561	66	31
Net Book Value of Tangible Capital Assets	$ 1,441	$ 324	$ 240	$ 181

Schedule 5

Infrastructure			Totals	
Underground Networks	Sewage Treatment Plants and Lift Stations	Assets Under Construction	**2009**	2008
$ 778,369	$ 359,718	$ 29,287	**$ 1,170,167**	$ 1,125,717
45,287	18,899	(19,629)	**44,618**	45,838
(2,375)	-	-	**(2,375)**	(1,388)
-	(789)	-	**(799)**	-
821,281	377,828	9,658	**1,211,611**	1,170,167
289,784	125,062	-	**415,445**	400,187
10,508	7,267	-	**17,834**	16,347
(1,978)	-	-	**(1,978)**	(1,089)
-	(537)	-	**(537)**	-
298,314	131,792	-	**430,764**	415,445
$ 522,967	$ 246,036	$ 9,658	**$ 780,847**	$ 754,722

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 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. The commercial tipping fee is $33.50 per tonne. Commercial tonnage coming to the Brady Road landfill has increased over 10% from 2008. The amount of commercial tipping at Brady Road is estimated to be about 25% to 30% of market share. The internal tipping fee and other municipalities' tipping fee is $22.50 per tonne. In 2009, waste was accepted from the City of Kenora and Falcon Lake.

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 2009 were 44,375 tonnes, a decrease of 2.6% from 2008.

The revenues from the recycling programs are comprised of support payments received from the Manitoba Product Stewardship Corporation ($108 per tonne until March, 2009, $118 thereafter) and from the sale of the recyclables. In 2009, the City realized $6.2 million in revenue (2008 - $9.5 million).

In 2009 the Province of Manitoba introduced the Provincial Waste Reduction and Recycling Support initiative. Under this new program, a levy is collected based on the volume of waste disposed at landfills within Manitoba. The levy is $10 per tonne on residential and commercial and $5 per tonne on small loads. Based on the total dollar amount of the levy collected throughout the province, grants are awarded to municipalities dependent on their share volumes of total recycling within the province.

In 2009, City Council approved the introduction of an automated system for garbage collection. The advantage of this program is a reduction in the cost of collection and disposal in the long term, and an increase in recycling tonnes through garbage diversion.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL FUND

FIVE-YEAR REVIEW

December 31
(unaudited)

	2009	2008	2007	2006	2005
Solid Waste (tonnes)					
Single family residential	**185,587**	183,245	182,894	185,974	210,378
Multi-family and small commercial	**45,330**	46,600	46,467	46,176	45,308
Large commercial / industrial	**95,359**	86,381	103,459	104,521	97,335
Other (1)	**99,172**	111,025	100,066	54,757	76,910
Charitable organization	**1,907**	2,298	1,618	1,089	1,068
Total landfill tonnage	**427,355**	429,549	434,504	392,517	430,999
Clean fill, concrete, automotive shredder residue and sawdust	**197,718**	191,585	169,055	158,962	157,385
Residential small loads Number of loads	**104,726**	102,975	100,123	93,469	92,244
Recyclables (tonnes)					
Blue box	**34,841**	36,167	35,072	33,520	33,355
Depots/apartments	**9,534**	9,393	8,631	8,665	8,813
Total	**44,375**	45,560	43,703	42,185	42,168

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)

	2009	2008
ASSETS		
Current		
Cash	$ **82**	$ 46
Due from General Revenue Fund (Note 3)	**4,045**	5,085
Accounts receivable (Note 4)	**2,028**	1,384
	6,155	6,515
Tangible capital assets (Note 5)	**4,455**	4,516
	$ **10,610**	$ 11,031
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	$ **2,255**	$ 857
Current portion of long-term debt (Note 7)	**30**	174
	2,285	1,031
Long-term debt (Note 7)	**358**	417
	2,643	1,448
ACCUMULATED SURPLUS (Note 8)	**7,967**	9,583
	$ **10,610**	$ 11,031

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)

	2009 Budget	2009 Actual	2008 Actual
REVENUES (Schedule 1)			
Sales of services and regulatory fees	**$ 17,043**	**$ 15,701**	$ 18,558
Interest	**320**	**152**	369
Government transfers	**71**	**51**	49
Other revenue	**-**	**-**	1
Total revenues	**17,434**	**15,904**	18,977
EXPENSES (Schedules 2 and 3)			
Solid waste disposal	**17,942**	**15,952**	15,505
Debt and finance	**478**	**276**	286
Employee benefits, taxes and other (Note 9)	**352**	**190**	259
Total expenses from operations	**18,772**	**16,418**	16,050
(Deficit) Surplus for the year from operations	**(1,338)**	**(514)**	2,927
Transfers to other funds (Note 10)	**1,037**	**476**	2,630
(Deficit) Surplus from operations after transfers to other funds	**(2,375)**	**(990)**	297
Net deficit from capital (Schedule 4)	**-**	**(626)**	(362)
Net deficit for the year	**$ (2,375)**	**(1,616)**	(65)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**9,583**	9,648
ACCUMULATED SURPLUS, END OF YEAR		**$ 7,967**	$ 9,583

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)

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net deficit for the year	**$ (1,616)**	$ (65)
Non-cash items related to operations		
Amortization	**229**	169
Working capital from operations	**(1,387)**	104
Change in net working capital other than cash	**754**	(386)
	(633)	(282)
FINANCING		
Due from General Revenue Fund	**1,040**	2,561
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(114)**	(108)
Payments to The Sinking Fund Trustees for outstanding debt	**(89)**	(89)
	837	2,364
INVESTING		
Purchase of tangible capital assets	**(168)**	(2,157)
Increase (decrease) in cash	**36**	(75)
Cash position, beginning of year	**46**	121
Cash position, end of year	**$ 82**	$ 46

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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
Information technology	5 to 10 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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

4. Accounts Receivable

	2009	2008
Refuse disposal and recycling	**$ 2,132**	$ 1,428
Allowance for doubtful accounts	**(104)**	(44)
	$ 2,028	$ 1,384

5. Tangible Capital Assets

	Net Book Value	
	2009	2008
Land	**$ 541**	$ 541
Land improvements	**546**	504
Machinery and equipment	**3,175**	3,379
Information technology	**80**	88
	4,342	4,512
Assets under construction	**113**	4
	$ 4,455	$ 4,516

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 (2008 - $nil). Administration fees and interim financing charges capitalized during 2009 were $8 thousand (2008 - $43 thousand).

6. Accounts Payable and Accrued Liabilities

	2009	2008
Waste reduction and recycling support levy	$ **2,151**	$ -
Other accrued liabilities	**82**	57
Accrued debenture interest payable	**12**	21
Trade accounts payable	**10**	779
	$ **2,255**	$ 857

7. Long-Term Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2009**	Amount of Debt 2008
1989-2009	Dec. 14	10.000	VH	5286/89	**$ -**	$ 1,935
1995-2015	May 12	9.125	VR	6620/95	**1,000**	1,000
					1,000	2,935
Equity in Sinking Fund (Note 7b)					**(612)**	(2,344)
Net sinking fund debentures outstanding					**388**	591
Current portion of long-term debt					**(30)**	(174)
					$ 358	$ 417

Principal retirement on long-term debt over the next five years is as follows:

	2010	2011	2012	2013	2014	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 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 Trustees on debt outstanding as at December 31, 2002. Sinking Fund arrangements after December 31, 2002 are managed by the City in a separate fund. 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 (2008 - $0.3 million).

8. Accumulated Surplus

	2009	2008
Invested in tangible capital assets	**$ 4,103**	$ 3,963
Retained earnings	**3,864**	5,620
	$ 7,967	$ 9,583

9. Employee Benefits, Taxes and Other

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, 2009 is $0.15 million (2008 - $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, 2009 is estimated at $68 thousand (2008 - $153 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, 2009 at $0.3 million (2008 - $0.3 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2009 at $35 thousand (2008 - $37 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 2009, $114 thousand (2008 - $121 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, 2008 and has an actuarial surplus.

General Government charges

The Solid Waste Disposal Fund is charged with the estimated share of the City's general government expenses. In 2009 this amounted to $79 thousand (2008 - $79 thousand) and was transferred to the General Revenue Fund.

Property taxes

Property taxes represent full taxes paid to The City of Winnipeg General Revenue Fund. In 2009, the amount incurred was $39 thousand (2008 - $39 thousand).

Insurance and damage claims

The Solid Waste Disposal Fund received $43 thousand (charged 2008 - $20 thousand) from the Insurance Reserve Fund.

10. Transfers to Other Funds

	2009	2008
Transfer to General Revenue Fund	**$ 301**	$ 2,455
Transfer to Brady Landfill Site Rehabilitation Reserve	**175**	175
	$ 476	$ 2,630

Included in various expense categories is an amount of $156 thousand (2008 - $161 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)

	2009 Budget	2009 Actual	2008 Actual
Sales of services and regulatory fees			
Landfill tipping fees	**$ 8,151**	**$ 9,008**	$ 8,544
Recycling	**8,392**	**6,180**	9,538
Small load fees	**500**	**513**	476
	17,043	**15,701**	18,558
Interest			
Sinking Fund earnings	**114**	**114**	108
Late payment charges	**1**	**17**	14
Interest	**200**	**13**	204
Interest capitalized	**5**	**8**	43
	320	**152**	369
Government transfers			
Provincial support	**71**	**51**	49
Other revenue	**-**	**-**	1
Total Revenues	**$ 17,434**	**$ 15,904**	$ 18,977

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL FUND

Schedule 2

EXPENSES

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

	2009 Budget	2009 Actual	2008 Actual
Solid waste disposal			
Recycling	**$ 10,591**	**$ 9,403**	$ 9,909
South West Operations	**5,335**	**5,033**	4,407
Landfill and environmental	**1,129**	**989**	641
Waste minimization	**587**	**320**	278
Take Pride Winnipeg	**218**	**193**	186
Administration	**82**	**14**	84
	17,942	**15,952**	15,505
Debt and finance			
Interest on long-term debt	**478**	**276**	286
Employee benefits, taxes and other			
Employee benefits	**176**	**96**	164
General government charges	**79**	**79**	79
Provincial payroll tax	**127**	**48**	48
Property taxes	**42**	**39**	39
Insurance and damage claims	**33**	**33**	34
Departmental recoveries	**(105)**	**(105)**	(105)
	352	**190**	259
Total Expenses from Operations	**18,772**	**16,418**	16,050
Transfers to other funds			
Transfer to General Revenue Fund	**883**	**301**	2,455
Transfer to Brady Landfill Site Rehabilitation Reserve	**154**	**175**	175
	1,037	**476**	2,630
Total Expenses	**$ 19,809**	**$ 16,894**	$ 18,680

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL FUND

Schedule 3

EXPENSES BY OBJECT

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

	2009 Budget	2009 Actual	2008 Actual
Goods and services	**$ 15,409**	**$ 13,562**	$ 13,225
Salaries	**2,138**	**1,894**	1,861
Transfers	**1,037**	**476**	2,630
Other expenses	**513**	**455**	455
Employee benefits	**541**	**352**	406
Interest on long-term debt	**478**	**276**	286
Finance charges	**4**	**73**	26
Recoveries	**(311)**	**(194)**	(209)
Total Expenses	**$ 19,809**	**$ 16,894**	$ 18,680

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL FUND

Schedule 4

DEFICIT FROM CAPITAL

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

	2009 Actual	2008 Actual
Revenues		
Other capital funding	**$ -**	$ 182
Expenses		
Capital maintenance	**397**	375
Amortization	**229**	169
Total expenses from capital	**626**	544
Net deficit from capital	**$ (626)**	$ (362)

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	$ 3,575	$ 273	$ 4,233
Add: Additions during the year	-	57	-	1
Balance, end of year	541	3,632	273	4,234
Accumulated amortization				
Balance, beginning of year	-	3,071	273	854
Add: Amortization	-	15	-	205
Balance, end of year	-	3,086	273	1,059
Net Book Value of Tangible Capital Assets	$ 541	$ 546	$ -	$ 3,175

Schedule 5

			Totals	
Information Technology	**Assets Under Construction**	**2009**	2008
$ 92	$ 4	**$ 8,718**	$ 6,561
1	109	**168**	2,157
93	113	**8,886**	8,718
4	-	**4,202**	4,033
9	-	**229**	169
13	-	**4,431**	4,202
$ 80	$ 113	**$ 4,455**	$ 4,516





SPECIAL OPERATING AGENCIES 2009 DETAILED FINANCIAL STATEMENTS



THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31

	2009	2008
ASSETS		
Current		
Cash	**$ 8,347**	$ 9,509
Accounts receivable (Note 5)	**52,870**	40,943
Inventory	**6,251**	407
Prepaid expenses	**34,551**	28,738
	102,019	79,597
Equipment		
Computer	**141,377**	78,946
Furniture and other	**113,772**	113,772
	255,149	192,718
Less: accumulated depreciation	**(182,238)**	(164,873)
	72,911	27,845
	$ 174,930	$ 107,442
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 138,372**	$ 62,820
Vacation and overtime payable	**96,968**	121,201
Deferred revenue (Note 2)	**593,905**	527,749
Due to The City of Winnipeg - General Revenue Fund (Note 6)	**866,121**	611,391
	1,695,366	1,323,161
Long-term		
Retirement allowance (Note 7a)	**71,000**	120,000
	1,766,366	1,443,161
Commitments (Note 8)		
CAPITAL DEFICIENCY		
Deficit	**(1,591,436)**	(1,335,719)
	$ 174,930	$ 107,442

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

	2009	2008
REVENUES	**$ 1,028,758**	$ 976,275
EXPENSES		
Salaries and benefits	**1,224,370**	1,226,544
Services (Note 9)	**692,884**	513,136
Rent (Note 9)	**210,684**	208,532
Administrative expenses (Note 9)	**158,569**	155,902
Material, parts and supplies	**73,347**	67,521
Grants, transfers and other	**23,221**	22,188
Depreciation	**17,365**	9,479
Debt and finance charges	**9,674**	2,376
Assets and purchases	**960**	4,392
Interest (Note 6)	**899**	7,826
	2,411,973	2,217,896
Loss from operations	**(1,383,215)**	(1,241,621)
Other		
Grant from the Province of Manitoba	**23,222**	21,964
Grant from The City of Winnipeg (Note 10)	**1,104,276**	1,004,276
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**(255,717)**	(215,381)
DEFICIT, BEGINNING OF YEAR	**(1,335,719)**	(1,120,338)
DEFICIT, END OF YEAR	**$ (1,591,436)**	$ (1,335,719)

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

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net loss for the year	**$ (255,717)**	$ (215,381)
Non-cash items related to operations		
Depreciation	**17,365**	9,479
Decrease in retirement allowance	**(49,000)**	(9,000)
Working capital from operations	**(287,352)**	(214,902)
Net change in working capital other than cash assets	**93,891**	(30,677)
	(193,461)	(245,579)
FINANCING		
Increase in Due to The City of Winnipeg - General Revenue Fund	**254,730**	250,173
INVESTING		
Purchase of equipment	**(62,431)**	(2,419)
(Decrease) increase in cash during the year	**(1,162)**	2,175
CASH, BEGINNING OF YEAR	**9,509**	7,334
CASH, END OF YEAR	**$ 8,347**	$ 9,509

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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 their estimated useful lives using the following annual rates:

Computer equipment	25%
Furniture and other equipment	20%

Deferred revenue

Included in deferred revenue is $16,103 (2008 - $24,098) 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. 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.

3. Financial Instruments (continued)

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 non collectible 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 rate risk. The financial instrument affected the most by interest rate risk is due to 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.

4. Capital Management

The Agency does not have any externally imposed capital requirements requiring compliance.

5. Accounts Receivable

	2009	2008
Trade accounts receivable	**$ 42,996**	$ 28,405
Allowance for doubtful accounts	**(13,674)**	(9,650)
	29,322	18,755
Provincial grant	**23,548**	22,188
	$ 52,870	$ 40,943

6. 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, 2009 interest rate was 0.3% (2008 - 1.5%). The existing City Council approved 2009 budget includes an operating line of credit of $605,675 from The City of Winnipeg. In November 2009, a request was submitted to increase the line of credit to $800,000.

During the year, the Agency paid $899 (2008 - $7,826) in interest costs.

7. Employee Benefits

a) Retirement allowance

Qualifying City of Winnipeg employees are entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). These 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 experienced gains and losses are amortized on a straight-line basis over 10.0 years. This 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, 2008. The results of this valuation were extrapolated to December 31, 2009.

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

	2009	2008
Retirement allowance - accrued obligation:		
Balance, beginning of year	**$ 125,000**	$ 135,000
Current service cost	**5,000**	5,000
Interest cost	**5,000**	6,000
Net actuarial gain	**10,000**	-
Benefit payments	**(61,000)**	(21,000)
Balance, end of year	**84,000**	125,000
Unamortized net actuarial loss	**(13,000)**	(5,000)
Retirement allowance - accrued liability	**$ 71,000**	$ 120,000

Retirement allowance expense consists of the following:

	2009	2008
Current service cost	**$ 5,000**	$ 5,000
Interest cost	**5,000**	6,000
Amortization of net actuarial loss	**2,000**	1,000
	$ 12,000	$ 12,000

7. Employee Benefits (continued)

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

	2009	2008
Valuation interest rate	**4.40%**	4.80%
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 $64,812 (2008 - $65,780) of pension costs were allocated to Animal Services. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2008 and has an actuarial surplus.

8. Commitments

The Agency and the Winnipeg Humane Society have entered into a contract that is in force from January 1, 2009 to December 31, 2010. 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 $275,000 per year, payable in quarterly installments of $68,750. In addition, the Agency agrees to pay $20 for every spay/neuter that the Winnipeg Humane Society performs up to an annual maximum of $75,000.

9. 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 $210,684 (2008 - $208,532) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $80,000 (2008 - $80,396). Also included are lease costs of $80,558 (2008 - $85,116) to The City of Winnipeg Fleet Management - Special Operating Agency and $69,582 (2008 - $69,582) for general government charges that have 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.

10. Grant from The City of Winnipeg

This year, the general grant from The City of Winnipeg increased by 10% or $100,000 to $1,104,276 to fund an increase in the Winnipeg Humane Society service contract. This follows a decrease in 2008 of 1.43%.

2005	895,877
2006	1,020,101
2007	1,018,850
2008	1,004,276
2009	1,104,276

11. 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)

	2009	2008 (Restated Note 12)
ASSETS		
Current		
Accounts receivable	**$ 281**	$ 267
Inventory	**79**	56
Prepaid expenses	**5**	5
	365	328
Capital assets (Note 5)	**23,404**	23,476
	$ 23,769	$ 23,804
LIABILITIES		
Current		
Due to The City of Winnipeg - General Revenue Fund (Note 6)	**$ 3,847**	$ 3,042
Accounts payable and accrued liabilities	**125**	109
Deferred revenue	**88**	57
Vacation payable	**39**	52
Current portion of long-term debt (Note 7)	**121**	94
	4,220	3,354
Retirement allowance (Note 8a)	**88**	169
Environmental liability (Note 9)	**222**	30
Long-term debt - The City of Winnipeg (Note 7)	**3,881**	3,953
	8,411	7,506
SURPLUS		
Contributed surplus	**20,574**	20,574
Deficit	**(5,216)**	(4,276)
	15,358	16,298
	$ 23,769	$ 23,804

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)

	2009	2008 (Restated Note 12)
REVENUES		
Green fees	**$ 1,749**	$ 1,831
Equipment rentals	**249**	258
Net revenue from leasing operations	**115**	120
Merchandise sales	**97**	112
Concessions	**56**	37
Gain on disposal of capital assets	**32**	-
Other	**47**	68
Total Revenues	**2,345**	2,426
EXPENSES		
Salaries and employee benefits (Note 8)	**1,278**	1,295
Services (Note 10)	**782**	636
Material, parts and supplies	**292**	263
Municipal tax equivalency charge (Note 11)	**287**	281
Amortization	**274**	277
Debt, finance charges and interest (Notes 6 and 7)	**274**	320
Rent (Note 10b)	**17**	17
Provision for doubtful accounts	**3**	78
Total Expenses	**3,207**	3,167
Net loss and comprehensive loss for the year from operations	**(862)**	(741)
DEFICIT, BEGINNING OF YEAR	**(4,276)**	(3,207)
Transfer to The City of Winnipeg - General Revenue Fund	**(78)**	(328)
DEFICIT, END OF YEAR	**$ (5,216)**	$ (4,276)

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:

	2009	2008 (Restated Note 12)
OPERATING		
Net loss for the year	**$ (862)**	$ (741)
Non-cash items related to operations		
(Decrease) increase in retirement allowance	**(81)**	8
Increase in environmental liability	**192**	30
Increase in deferred revenue	**31**	13
Amortization	**274**	277
Working capital from operations	**(446)**	(413)
Net change in working capital	**(34)**	(205)
	(480)	(618)
FINANCING		
Increase in due to The City of Winnipeg - General Revenue Fund	**805**	1,034
(Decrease) increase in long-term debt - The City of Winnipeg	**(45)**	186
Transfer to The City of Winnipeg - General Revenue Fund	**(78)**	(328)
	682	892
INVESTING		
Purchase of capital assets	**(170)**	(274)
Disposal of capital assets	**(32)**	-
	(202)	(274)
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, 2009
(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 $69 thousand (2008 - $66 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. 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.

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.

4. Capital Management

The Agency does not have any externally imposed capital requirements requiring compliance.

5. *Capital Assets*

	Cost	Accumulated Amortization	Net Book Value 2009	2008
Land	**$ 20,376**	**$ -**	**$ 20,376**	$ 20,376
Building	**2,544**	**812**	**1,732**	1,830
Equipment	**1,501**	**778**	**723**	733
Golf course improvements	**694**	**121**	**573**	537
	$ 25,115	**$ 1,711**	**$ 23,404**	$ 23,476

6. *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" 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 $3.5 million at a varying overnight rate that is a function of the Bank of Canada rate. As of December 31, 2009, the rate was 0.2% (2008 - 1.5%). The interest paid in 2009 was $15 thousand (2008 - $66 thousand). The Agency will be submitting a request to increase the limit of this line of credit to $5 million in May 2010.

7. *Long-Term Debt - The City of Winnipeg*

	2009	2008
Golf Course Reserve		
Golf course improvement loans, interest at 6%, with principal repayments scheduled over 10 years, commencing in:		
- 2004	**$ 35**	$ 43
- 2005	**43**	50
- 2006	**77**	87
- 2007	**186**	207
- 2008	**257**	282
- 2009	**12**	13
- 2010	**274**	274
- 2011	**50**	-
	934	956
General Revenue Fund		
Start-up loan, interest at 6%, repayable in annual payments of $208 thousand, including interest and principal	**3,068**	3,091
	4,002	4,047
Current portion of long-term debt	**(121)**	(94)
	$ 3,881	$ 3,953

a) Principal repayments due within the next five years and thereafter are as follows:

2010	$ 121
2011	132
2012	140
2013	148
2014	147
Thereafter	3,314
	$ 4,002

7. Long-Term Debt - The City of Winnipeg (continued)

b) Interest on the golf course improvement loans during the year was $59 thousand (2008 - $53 thousand) and has been paid to the Golf Course Reserve.

Interest on the start-up loan was $185 thousand (2008 - $187 thousand) during the year and has been paid to the General Revenue Fund.

c) Cash paid for interest during the year was $244 thousand (2008 - $240 thousand).

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 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.

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, 2008. The results of this valuation were extrapolated to December 31, 2009.

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

	2009	2008
Retirement allowance - accrued obligation:		
Balance, beginning of year	**$ 152**	$ 142
Current service cost	**4**	4
Interest cost	**5**	7
Benefit payments	**(84)**	-
Net actuarial gain	**(31)**	(1)
Balance, end of year	**46**	152
Unamortized net actuarial gain	**42**	17
Retirement allowance - accrued liability	**$ 88**	$ 169

Retirement allowance expense consists of the following:

	2009	2008
Current service cost	**$ 4**	$ 4
Interest cost	**5**	7
Amortization of net actuarial gain	**(6)**	(3)
	$ 3	$ 8

8. Employee Benefits (continued)

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

	2009	2008
Valuation interest rate	**4.40%**	4.80%
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 $49 thousand (2008 - $54 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, 2008 and has an actuarial surplus.

9. 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. Additionally, the Agency has included an estimate of the cost of a Wastewater Treatment plant ($100 thousand) at John Blumberg Golf Course and also asbestos removal at the John Blumberg clubhouse ($92 thousand).

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 to the Agency's revenues/expenses are as follows:

a) In Services, an amount of $14 thousand (2008 - $63 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 (2008 - $17 thousand) has been charged by The City of Winnipeg Civic Accommodations Fund for the rental of office space;

c) An amount of $49 thousand (2008 - $118 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 $135 thousand (2008 - $114 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 $20 thousand (2008 - $19 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.

f) An amount of $14 thousand (2008 - $16 thousand) has been charged by the City of Winnipeg Water and Waste Department for landfill tipping fees.

11. 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 $24 thousand (2008 - $25 thousand).

12. Correction of Prior Period Error

During 2009, it was discovered that $46 thousand of landfill tipping fees were not recorded by the Agency for 2008 and prior years. The correction was accounted for retroactively with restatement of all prior periods reported. The effect of these changes on the 2008 comparative figures is as follows:

Financial Statement Item	Previously Reported	Change	Balance As Restated
Statement of Financial Position			
Accounts payable and accrued liabilities	$ 53	$ 56	$ 109
Deficit	(4,230)	(46)	(4,276)
Statement of Operations and Deficit			
Services	$ 620	$ 16	$ 636
Deficit, beginning of year	(3,176)	(31)	(3,207)
Statement of Cash Flows			
Net loss for the year	$ (726)	$ (15)	$ (741)
Net change in working capital	(207)	2	(205)

13. Comparative Figures

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



THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2009	2008
ASSETS		
Current		
Due from The City of Winnipeg - General Revenue Fund (Note 6)	**$ 1,824**	$ -
Accounts receivable	**216**	282
Inventory (Note 7)	**2,164**	1,736
Prepaid expenses	**415**	245
	4,619	2,263
Capital assets (Note 8)	**69,965**	63,914
	$ 74,584	$ 66,177
LIABILITIES		
Current		
Due to The City of Winnipeg - General Revenue Fund (Note 6)	**$ -**	$ 19,741
Accounts payable and accrued liabilities	**2,375**	2,535
Vacation payable	**564**	542
Current portion of long-term debt (Note 9)	**7,108**	3,403
	10,047	26,221
Long-term debt (Note 9)	**47,519**	23,975
Deferred revenue	**716**	1,292
Retirement allowance (Note 10a)	**596**	572
Environmental liability (Notes 3 and 11)	**420**	420
Asset retirement obligations (Note 12)	**175**	182
	49,426	26,441
	59,473	52,662
Commitments (Note 13)		
SURPLUS		
Contributed surplus	**11,425**	11,425
Retained earnings	**3,686**	2,090
	15,111	13,515
	$ 74,584	$ 66,177

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)

	2009	2008
REVENUES		
Fleet leases	**$ 21,167**	$ 17,954
Services and parts revenue (Schedule 1)	**7,894**	7,371
Fuel sales	**6,413**	8,276
Rental income	**2,861**	2,507
Gain on sale of capital assets	**709**	736
Amortization of deferred revenue	**328**	540
Total Revenues	**39,372**	37,384
EXPENSES		
Services	**10,176**	9,155
Amortization	**8,982**	6,979
Supplies	**8,616**	10,029
Salaries and employee benefits	**7,773**	7,374
Interest (Note 9)		
Short-term	**98**	105
Long-term	**1,402**	1,363
Other	**729**	771
Total Expenses	**37,776**	35,776
Net income and comprehensive income for the year	**1,596**	1,608
RETAINED EARNINGS, BEGINNING OF YEAR	**2,090**	3,602
Transfer to The City of Winnipeg - General Revenue Fund	**-**	(3,120)
RETAINED EARNINGS, END OF YEAR	**$ 3,686**	$ 2,090

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:

	2009	2008
OPERATING		
Net income for the year	**$ 1,596**	$ 1,608
Non-cash items related to operations		
Amortization	**8,982**	6,979
Amortization of deferred revenue	**(328)**	(540)
Gain on sale of capital assets	**(709)**	(736)
Retirement allowance	**24**	(61)
Accretion expense	**8**	6
Working capital from operations	**9,573**	7,256
Net change in working capital	**(933)**	1,341
	8,640	8,597
FINANCING		
Change in Due from/to The City of Winnipeg - General Revenue Fund	**(21,565)**	20,030
Proceeds from term loans	**30,600**	-
Repayment of term loans	**(3,348)**	(2,883)
Repayment of debt - The City of Winnipeg	**(3)**	(110)
Transfer to The City of Winnipeg - General Revenue Fund	**-**	(3,120)
	5,684	13,917
INVESTING		
Purchase of capital assets	**(15,370)**	(23,579)
Proceeds from sale of capital assets	**1,046**	1,065
	(14,324)	(22,514)
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, 2009
(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 at which 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. Measurement Uncertainty

The Agency manages The City of Winnipeg's fuel sites excluding the Transit Department's fuel sites, each containing between one and four underground petroleum storage tanks. Remediation costs incurred during the prior year for certain City fuel sites ranged between $10 thousand and $111 thousand per site. The Agency has estimated an amount for environmental liability for the remediation of its fuel site, containing six underground petroleum storage tanks. The degree of remediation of the Agency's fuel site is uncertain, as it is dependent on the extent of soil contamination found upon remediation.

4. Financial Instruments

The Agency’s financial assets and liabilities are comprised of accounts receivable, due from 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 from 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.

4. Financial Instruments (continued)

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 non-collectible 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 from 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 from 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 from 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

The Agency does not have any externally imposed capital requirements requiring compliance.

6. Due from/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 from/to" 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, 2009 effective interest rate was 0.2% (2008 - 1.5%). 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 $99 thousand (2008 - $106 thousand).

7. Inventory

The amount of inventory expensed during the year was $7,021 thousand (2008 - $8,177 thousand). Inventory totalling $78 thousand (2008 - $63 thousand) was also written off during the year.

8. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2009	2008
Land	**$ 390**	**$ -**	**$ 390**	$ 390
Buildings	**3,511**	**684**	**2,827**	2,872
Fleet assets				
Acquired at start-up	**8,347**	**7,660**	**687**	1,169
Purchased	**89,800**	**26,615**	**63,185**	56,882
Equipment	**4,724**	**1,848**	**2,876**	2,601
	$ 106,772	**$ 36,807**	**$ 69,965**	$ 63,914

The net book value of fleet assets not yet in service is $3,372 thousand (2008 - $3,513 thousand), and equipment not yet in service is $105 thousand (2008 - $1,570 thousand).

9. Long-term Debt

Lender	Maturity Dates	Interest Rate	2009	2008
Royal Bank of Canada (Note 9b)	2011 - 2019	4.53% - 5.20%	**$ 23,975**	$ 27,000
The Toronto-Dominion Bank (Note 9b)	2012 - 2019	2.61% - 4.14%	**30,277**	-
			54,252	27,000
The City of Winnipeg - non-interest bearing, no repayment schedule (Notes 9c and 14e)			**375**	378
			54,627	27,378
Current portion of long-term debt			**(7,108)**	(3,403)
			$ 47,519	$ 23,975

a) Principal repayments due within the next five years and thereafter are as follows:

2010	$ 7,108
2011	7,398
2012	7,208
2013	6,882
2014	6,696
Thereafter	19,335
	$ 54,627

9. Long-term Debt (continued)

b) The Agency has credit facilities by way of series of term loans. The term loans bear a fixed rate of interest quoted by the bank at the time of each borrowing. As at December 31, 2009, $54,252 thousand (2008 - $27,000 thousand) was outstanding under these facilities. The effective interest rate at December 31, 2009 was 3.5% (2008 - 5.0%).

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.

d) Cash paid for interest during the year is $1,414 thousand (2008 - $1,471 thousand).

10. Employee Benefits

a) Retirement allowance

Under the retirement allowance benefit 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 12.2 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.

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, 2008. The results of this valuation were extrapolated to December 31, 2009.

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

	2009	2008
Retirement allowance - accrued obligation:		
Balance, beginning of year	**$ 555**	$ 618
Current service cost	**31**	33
Interest cost	**27**	27
Benefit payments	**(34)**	(120)
Net actuarial loss (gain)	**39**	(3)
Balance, end of year	**618**	555
Unamortized net actuarial (loss) gain	**(22)**	17
Retirement allowance - accrued liability	**$ 596**	$ 572

Retirement allowance expense consists of the following:

	2009	2008
Current service cost	**$ 31**	$ 33
Interest cost	**27**	27
Amortization of net actuarial gain	**-**	(1)
	$ 58	$ 59

10. Employee Benefits (continued)

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

	2009	2008
Valuation interest rate	**4.40%**	4.80%
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, $437 thousand (2008 - $425 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, 2008 and has an actuarial surplus.

11. Environmental Liability

The Agency has included an estimate in the amount of $420 thousand for the cost to remediate its fuel site (2008 - $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, 2010 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.

Asset retirement obligations are as follows:

	2009	2008
Balance, beginning of year	**$ 182**	$ 176
Liability settled	**(15)**	-
Accretion expense	**8**	6
Balance, end of year	**$ 175**	$ 182

13. Commitments

The Agency has entered into lease agreements mainly for the lease of fleet equipment. Future minimum annual lease payments are as follows:

	Operating Leases
2010	$ 520
2011	317
2012	69
2013	-
2014	-
	$ 906

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 related party transactions that occurred are as follows:

a) Revenues include sales of goods and services of $36,374 thousand (2008 - $34,217 thousand) to The City of Winnipeg.

b) An amount of $206 thousand (2008 - $215 thousand) has been transferred to the Civic Accommodations Fund for the rental of office and garage space.

c) An amount of $624 thousand (2008 - $369 thousand) has been transferred to the Public Works Department - General Revenue Fund for operator training services.

d) An amount of $191 thousand (2008 - $147 thousand) has been transferred to the General Revenue Fund for miscellaneous services.

e) An amount of $3 thousand (2008 - $110 thousand) has been transferred to the General Revenue Fund as repayment of The City of Winnipeg debt.

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)

	2009	2008
Consumables and corrective maintenance	**$ 4,448**	$ 3,840
Insurance revenue	**1,478**	1,553
Power tools	**693**	672
Manufacturing sales	**423**	435
Autopac rebate	**406**	381
Other	**304**	353
Provincial support grant	**142**	130
Interest	**-**	7
	$ 7,894	$ 7,371



THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2009	2008
ASSETS		
Current		
Cash	**$ 33**	$ 72
Accounts receivable, net	**2,369**	2,039
Inventory	**481**	133
	2,883	2,244
Property, equipment and leasehold improvements (Note 6)	**19,461**	16,629
	$ 22,344	$ 18,873
LIABILITIES		
Current		
Due to The City of Winnipeg - General Revenue Fund (Note 7)	**$ 7,814**	$ 9,286
Accounts payable and accrued liabilities	**573**	295
Vacation payable	**135**	148
Customer deposits	**28**	7
Current portion of long-term debt (Note 8)	**14,254**	13,012
	22,804	22,748
Retirement allowance (Note 9b)	**79**	87
Long-term debt (Note 8)	**4,475**	3,910
	4,554	3,997
	27,358	26,745
CAPITAL DEFICIENCY		
Contributed surplus	**172**	172
Deficit	**(5,186)**	(8,044)
	(5,014)	(7,872)
	$ 22,344	$ 18,873

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)

	2009	2008
REVENUES		
Enforcement (Note 10)	**$ 6,223**	$ 6,030
Parking fees (Note 12a)		
Winnipeg Square parkade	**2,765**	2,564
Millennium Library parkade	**1,312**	1,317
Surface parking lots	**944**	752
Civic Centre parkade	**803**	746
Meters	**3,999**	2,989
Ground lease	**326**	94
Parking permits	**36**	325
Sundry	**-**	18
Total Revenues	**16,408**	14,835
EXPENSES		
Services (Notes 12c, g and i)		
Enforcement	**2,889**	2,305
Utilities	**1,199**	930
Parkade management	**689**	443
Other	**2,459**	2,095
Material, parts and supplies	**1,607**	1,153
Amortization	**1,312**	1,010
Salaries and employee benefits (Note 9)	**1,274**	1,280
Provision for bad debts	**555**	(82)
Debt and finance charges (Notes 7 and 8b)	**390**	1,222
Recoveries	**(19)**	(2)
Total Expenses	**12,355**	10,354
Income before other item and The City of Winnipeg charges	**4,053**	4,481
OTHER ITEM		
Gain (loss) on disposal of assets	**4**	(118)
Income before The City of Winnipeg charges	**4,057**	4,363
THE CITY OF WINNIPEG CHARGES		
Overhead charge (Note 12d)	**-**	(203)
Income tax equivalency charge (Note 11)	**-**	(500)
Allocated departmental charges (Notes 12b, e, f and k)	**(519)**	(544)
Municipal tax equivalency charge (Note 12h)	**(680)**	(658)
Net income and comprehensive income for the year	**2,858**	2,458
DEFICIT, BEGINNING OF YEAR	**(8,044)**	(8,232)
Transfer to The City of Winnipeg - General Revenue Fund	**-**	(2,270)
DEFICIT, END OF YEAR	**$ (5,186)**	$ (8,044)

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:

	2009	2008
OPERATING		
Net income and comprehensive income for the year	**$ 2,858**	$ 2,458
Non-cash items related to operations		
(Gain) loss on disposal of assets	**(4)**	118
Amortization	**1,312**	1,010
Retirement allowance	**(8)**	(8)
Customer deposits	**21**	-
Working capital from operations	**4,179**	3,578
Net change in working capital	**(413)**	(658)
	3,766	2,920
FINANCING		
(Decrease) increase in due to The City of Winnipeg - General Revenue Fund	**(1,472)**	457
Proceeds from long-term debt	**1,807**	2,054
Transfer to The City of Winnipeg - General Revenue Fund	**-**	(2,270)
	335	241
INVESTING		
Proceeds from the sale of capital assets	**6**	-
Purchase of capital assets	**(4,146)**	(3,096)
	(4,140)	(3,096)
(DECREASE) INCREASE IN CASH POSITION	**(39)**	65
CASH POSITION, BEGINNING OF YEAR	**72**	7
CASH POSITION, END OF YEAR	**$ 33**	$ 72

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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, 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 and expense 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 replacement cost.

2. Significant Accounting Policies (continued)

c) Property, equipment and leasehold improvements

Land and equipment were transferred January 1, 2005 from the City at a fair 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, with the exception of assets transferred from the City. The amortization rates are as follows:

Leasehold improvements	15 Years
Surface parking lots	5%
Parkades	2%
Vehicles	20%
Meters and pay stations	10%
Equipment	10-20%
Computer and advanced license plate recognition	33%
Office furniture and equipment	20%
Parkade betterments	5%

d) Use of estimates

The preparation of financial statement in conformity with Canadian GAAP requires management to make estimates. These estimates and assumptions are based on the City's best information and judgement and may differ significantly from actual results.

e) 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.

3. 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.

3. Financial Instruments (continued)

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 mostly by credit risk is 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 amount of accounts receivable owing from one party. 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, 2009 are as follows:

Current	$ 681
Less than one year past due	1,364
Greater than one year past due	2,655
	4,700
Allowance for doubtful accounts	(2,331)
	$ 2,369

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 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.

4. Capital Management

The Agency does not have any externally imposed capital requirements requiring compliance.

5. Inventory

The inventory expensed during the year was $16 thousand.

6. Property, Equipment and Leasehold Improvements

	Cost	Accumulated Amortization	Net Book Value 2009	2008
Land	**$ 73**	**$ -**	**$ 73**	$ 73
Leasehold improvements	**529**	**123**	**406**	321
Parking surfaces	**408**	**27**	**381**	65
Parkades	**11,067**	**1,080**	**9,987**	9,867
Vehicles	**218**	**121**	**97**	92
Meters and pay stations	**9,419**	**1,919**	**7,500**	5,471
Equipment	**1,336**	**431**	**905**	671
Computer equipment	**377**	**351**	**26**	13
Office furniture and equipment	**232**	**146**	**86**	56
	$ 23,659	**$ 4,198**	**$ 19,461**	$ **16,629**

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" 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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

Interest paid to The City of Winnipeg General Revenue Fund on the line of credit was $39 thousand for the year (2008 - $220 thousand).

8. Long-Term Debt

	2009	2008
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	**1,113**	1,907
Capital lease loans repayable in annual installments of $181 thousand to $780 thousand, including an imputed interest rate of 4.5% with maturity dates between January 2013 and October 2013	**5,398**	2,797
	18,729	16,922
Current portion of long-term debt	**(14,254)**	(13,012)
	$ 4,475	$ 3,910

8. Long-Term Debt (continued)

a) Principal repayments on the equipment financing loans due within the next four years are as follows:

2010	$	2,036
2011		1,657
2012		1,378
2013		1,440
	$	6,511

b) Interest paid to The City of Winnipeg General Revenue Fund on the start-up loan was $nil during 2009 (2008 - $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, $72 thousand (2008 - $68 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, 2008 and has an actuarial surplus.

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, 2008. The results of this valuation were extrapolated to December 31, 2009.

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

	2009	2008
Retirement allowance - accrued obligation:		
Balance, beginning of year	**$ 85**	$ 93
Current service cost	**5**	6
Interest cost	**4**	4
Benefit payments	**(19)**	(18)
Net actuarial gain	**23**	-
Balance, end of year	**98**	85
Unamortized net actuarial gain	**(19)**	2
Retirement allowance - accrued liability	**$ 79**	$ 87

9. Employee Benefits (continued)

Retirement allowance expense consists of the following:

	2009	2008
Current service cost	**$ 5**	$ 6
Interest cost	**4**	4
Amortization of net actuarial gain	**2**	-
	$ 11	$ 10

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

	2009	2008
Valuation interest rate	**4.40%**	4.80%
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 during the year amounted to $344 thousand (2008 - $712 thousand).

11. Income Tax Equivalency

Commencing 2009, tax equivalency charges are no longer transferred to the City of Winnipeg General Revenue Fund (2008 - $500 thousand).

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 $664 thousand (2008 - $533 thousand) to the City.

b) An amount of $36 thousand (2008 - $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 $123 thousand (2008 - $114 thousand) has been charged by The City of Winnipeg Civic Accommodations Fund for the rental of office space.

d) Commencing 2009, overhead charges are no longer transferred to the City of Winnipeg General Revenue Fund (2008 - $203 thousand).

e) An amount of $234 thousand (2008 - $241 thousand) has been transferred to The City of Winnipeg General Revenue Fund for the cost of information technology, finance and human resources support services.

f) An amount of $126 thousand (2008 - $267 thousand) has been charged by The City of Winnipeg Building Services Fund for services provided at the various locations.

12. Related Party Transactions (continued)

g) In Services, an amount of $48 thousand (2008 - $48 thousand) has been charged by The City of Winnipeg Transit System Department for coin counting and deposit services.

h) An amount of $680 thousand (2008 - $658 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 $367 thousand (2008 - $315 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 $10 thousand (2008 - $27 thousand) is included for parking charges owing from the City.

k) An amount of $123 thousand (2008 - $nil) has been charged by The City of Winnipeg General Revenue Fund for the cost for 311 services.

13. Comparative Figures

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



WHOLLY-OWNED CORPORATIONS 2009 DETAILED FINANCIAL STATEMENTS


Winnipeg
Convention
Centre

THE CONVENTION CENTRE CORPORATION

BALANCE SHEET

December 31, 2009

	2009	2008
ASSETS		
Current:		
Cash	**$ 2,125,846**	$ 2,480,159
Accounts receivable	**968,226**	1,662,198
Inventory	**160,570**	149,967
Prepaid expenses	**50,270**	33,085
	3,304,912	4,325,409
Capital assets (note 3)	**8,834,303**	9,287,825
Feasibility studies - future expansion (note 4)	**-**	464,082
	$ 12,139,215	$ 14,077,316
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	**$ 1,841,269**	$ 1,873,969
Customer deposits	**437,878**	463,397
Current portion of City of Winnipeg debentures (note 6)	**232,001**	258,031
Current portion of City of Winnipeg term loan (note 7)	**44,348**	44,348
Current portion of capital lease obligation (note 8)	**-**	66,309
	2,555,496	2,706,054
City of Winnipeg debentures (note 6)	**1,136,846**	1,368,745
City of Winnipeg term loan (note 7)	**36,129**	80,477
Deferred contributions related to capital assets (note 9)	**1,510,543**	1,720,829
Deferred funding - wall cladding replacement and stabilization (note 10)	**4,266,918**	4,596,877
	9,505,932	10,472,982
FUND BALANCES		
Operating fund (note 11)	**-**	-
Restricted fund (note 12)	**950,913**	2,302,925
Invested in capital assets (note 13)	**1,682,370**	1,301,409
	2,633,283	3,604,334
	$ 12,139,215	$ 14,077,316

The accompanying notes are an integral part of this Balance Sheet.

THE CONVENTION CENTRE CORPORATION

STATEMENT OF FUND BALANCES

Year ended December 31, 2009

	2009	2008
BALANCE, beginning of year	**$ 3,604,334**	$ 3,373,775
Excess (deficiency) of revenue over expenditures	**(971,051)**	230,559
BALANCE, end of year	**$ 2,633,283**	$ 3,604,334

The accompanying notes are an integral part of this Statement.

THE CONVENTION CENTRE CORPORATION

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31, 2009

	2009	2008
Operating revenue	**$ 11,111,332**	$ 12,564,106
Operating costs	**5,023,510**	5,680,090
Net operating revenue	**6,087,822**	6,884,016
General operating grant (note 14):		
City of Winnipeg	**1,379,997**	1,340,742
Province of Manitoba	**1,255,193**	1,215,811
	2,635,190	2,556,553
	8,723,012	9,440,569
Expenditures:		
Accounting and financial services and human resources	**737,079**	719,210
Administration	**1,485,110**	1,131,991
Building maintenance	**4,003,458**	4,062,331
Client services	**1,104,837**	1,238,342
Interest on capital lease	**7,376**	15,974
Sales and promotion	**698,113**	782,408
Security	**503,034**	490,507
	8,539,007	8,440,763
Net operating revenue less expenditures before unusual item and the under-noted	**184,005**	999,806
Write-down of feasibility studies (note 4)	**(479,202)**	-
Excess (deficiency) of revenues over expenditures before the under-noted	**(295,197)**	999,806
City of Winnipeg debt servicing grants:		
Debentures (note 14)	**499,497**	499,370
Term loan (note 14)	**44,348**	44,348
Recognition of deferred contributions related to capital assets (notes 9 and 10)	**841,860**	863,344
Amortization to expense of capital assets (note 3)	**(1,822,788)**	(1,925,066)
Interest on City of Winnipeg debentures	**(238,771)**	(251,243)
Excess (deficiency) of revenue over expenditures for the year	**$ (971,051)**	$ 230,559

The accompanying notes are an integral part of this Statement.

THE CONVENTION CENTRE CORPORATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	**$ (971,051)**	$ 230,559
Adjustments for:		
- amortization of capital assets	**1,822,788**	1,925,066
- recognition of deferred contributions related to capital assets	**(841,860)**	(863,344)
	9,877	1,292,281
Net changes in working capital balances		
Accounts receivable	**693,972**	(351,535)
Inventory	**(10,603)**	(18,457)
Prepaid expenses	**(17,185)**	27,663
Accounts payable and accrued liabilities	**(32,700)**	(46,074)
Customer deposits	**(25,519)**	(5,349)
	617,842	898,529
FINANCING ACTIVITIES		
Capital lease obligation	**(66,309)**	(47,184)
City of Winnipeg term loan repayments	**(44,348)**	(44,351)
City of Winnipeg debenture repayments	**(257,929)**	(246,800)
City of Winnipeg/Province of Manitoba major repair and replacement grant received	**301,615**	380,377
	(66,971)	42,042
INVESTING ACTIVITIES		
Feasibility studies - future expansion	**464,082**	(163,428)
Major repair and replacement expenditures	**(1,369,266)**	(1,101,866)
	(905,184)	(1,265,294)
DECREASE IN CASH DURING THE YEAR	**(354,313)**	(324,723)
CASH, beginning of year	**2,480,159**	2,804,882
CASH, end of year	**$ 2,125,846**	$ 2,480,159

The accompanying notes are an integral part of this Statement.

THE CONVENTION CENTRE CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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:

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

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 amount 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 $456,435 (2008 - $501,715).

Union agreements after February 1996 exclude any cash payment entitlements for employees hired thereafter.

2. Significant Accounting Policies (continued)

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.

Capital Disclosures:

In managing capital, the corporation focuses on liquid resources available to fund operations. The corporation's objective is to have sufficient liquid resources available to fund operations as well as capital expenditures. The need for liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at December 31, 2009, the corporation has met its objective of having sufficient liquid resources to meet its current obligations.

3. Capital Assets

	Cost	**Accumulated Amortization**	**Net Carrying Value 2009**	2008
Major capital expenditures	$ **2,000,000**	$ **1,791,539**	**$ 208,461**	$ 289,949
Revitalization program:				
-City of Winnipeg portion	**3,000,000**	**1,839,613**	**1,160,387**	1,336,829
-Province of Manitoba portion	**2,000,000**	**1,219,293**	**780,707**	898,330
Major repair and replacement	**12,073,595**	**9,655,765**	**2,417,830**	2,123,907
Wall cladding replacement	**6,599,175**	**2,332,257**	**4,266,918**	4,596,877
Equipment under capital lease	**-**	**-**	**-**	41,933
	$ 25,672,770	**$ 16,838,467**	**$ 8,834,303**	$ 9,287,825

3. Capital Assets (continued)

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.

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 at 20% per year.

3. Capital Assets (continued)

Amortization Expense:

The amortization of the capital assets is as follows:

	2009	2008
Major capital expenditures	**$ 81,490**	$ 78,665
Revitalization program:		
- City of Winnipeg portion	**176,541**	168,135
- Province of Manitoba portion	**117,700**	112,085
Major repair and replacement	**1,080,791**	1,199,915
Wall cladding replacement	**329,959**	329,959
Equipment under capital lease	**36,307**	36,307
	$ 1,822,788	$ 1,925,066

4. Feasibility Studies - Future Expansion

The corporation has incurred certain costs to evaluate the feasibility of expanding its existing facility. These costs had been deferred previously and were to be capitalized at the time the expansion occurred.

The corporation has revised its policy to expense costs at the time incurred and to expense in the current year all the deferred costs related to the feasibility studies.

As at December 31, 2009, the corporation has incurred cumulative costs related to the feasibility of future expansion of $479,202 (2008 - $464,082).

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, 2009 and 2008 is nil.

6. City of Winnipeg Debentures

	2009			2008
	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 $15,121 earning interest at 5%	**$ -**	**$ -**	**$ -**	$ 37,135
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	**107,905**	**-**	**107,905**	131,603
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**	**168,102**	**56,898**	71,670
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**	**61,163**	**38,837**	44,721
	432,905	**229,265**	**203,640**	285,129
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**	**1,834,793**	**1,165,207**	1,341,647
	$ 3,432,905	**$ 2,064,058**	**1,368,847**	1,626,776
Current portion			**232,001**	258,031
			$ 1,136,846	$ 1,368,745

6. City of Winnipeg Debentures (continued)

Principal due within each of the next five years is as follows:

2010	$	232,001
2011	$	243,663
2012	$	255,911
2013	$	258,821
2014	$	232,827

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

	2009	2008
Term loan	**$ 80,477**	$ 124,825
Less: current portion	**(44,348)**	(44,348)
	$ 36,129	$ 80,477

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

	2009	2008
Parkade equipment lease - payable to the Royal Bank of Canada, bearing interest at approximately 8%, 42 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
Less: imputed interest	**-**	(7,375)
	-	66,309
Less: current portion	**-**	(66,309)
	$ -	$ -

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.

	2009	2008
Beginning balance	**$ 1,720,829**	$ 1,873,837
Deferred contributions for major repair and replacement expended on major repair and replacement assets during the year (note 14)	**301,615**	380,377
Deduct amounts recognized as revenue:		
- Major repair and replacement expenditures	**(394,278)**	(421,300)
- Provincial portion of revitalization program expenditures	**(117,623)**	(112,085)
	$ 1,510,543	$ 1,720,829

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.

	2009	2008
Beginning balance	**$ 4,596,877**	$ 4,926,836
Deduct amount amortized to revenue	**(329,959)**	(329,959)
	$ 4,266,918	$ 4,596,877

11. Operating Fund

Transactions in the operating fund during the year are as follows:

	2009	2008
Opening balance	**$ -**	$ -
Excess (deficiency) of revenues over expenditures	**(971,051)**	230,559
Amortization of invested in capital assets	**686,690**	778,615
Amounts transferred (to) from the restricted fund by board resolution	**284,361**	(1,009,174)
	$ -	$ -

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.

	2009	2008
Opening balance	**$ 2,302,925**	$ 2,015,240
Capital assets purchased in the year, net of externally restricted amounts ($301,615-2009; $380,377-2008)	**(1,067,651)**	(721,489)
Amounts internally restricted (transferred) by board resolution (note 11)	**(284,361)**	1,009,174
	$ 950,913	$ 2,302,925

13. Invested in Capital Assets

Invested in capital assets represents total capital assets less amounts amortized less specific deferred contributions.

	2009	2008
Opening balance	**$ 1,301,409**	$ 1,358,535
Capital assets purchased in the year, net of disposals	**1,369,266**	1,101,866
Externally restricted amounts (note 9)	**(301,615)**	(380,377)
	1,067,651	721,489
Amortization of invested in capital assets	**(686,690)**	(778,615)
	$ 1,682,370	$ 1,301,409

14. Grants

The corporation operates with the assistance of grants from the City of Winnipeg and the Province of Manitoba.

	2009	2008
City of Winnipeg	**$ 2,074,650**	$ 2,074,648
Province of Manitoba	**1,406,000**	1,406,000
	$ 3,480,650	$ 3,480,648
The grants are allocated as follows:		
General operating grant	**$ 2,635,190**	$ 2,556,553
Debt service		
- City of Winnipeg debenture	**499,497**	499,370
- City of Winnipeg term loan	**44,348**	44,348
Major repairs and replacement expenditures	**301,615**	380,377
	$ 3,480,650	$ 3,480,648

15. Comparison to Budgeted Results

	Actual 2009	Budget 2009 (Unaudited)	Variance
Operating revenue	**$ 11,111,332**	$ 11,634,593	$ (523,261)
Operating costs	**5,023,510**	5,089,881	(66,371)
Net operating revenue	**6,087,822**	6,544,712	(456,890)
General Operating Grant	**2,635,190**	2,635,190	-
	8,723,012	9,179,902	(456,890)
Expenditures	**8,539,007**	9,179,902	(640,895)
Net operating revenue less expenditures	**$ 184,005**	$ -	$ 184,005

16. 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:

2010	$ 1,211,569
2011	$ 921,121

17. 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 2009, consisting of cash contributed by the Centre to the Plan was $585,949 (2008 - $489,749).

18. 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.



DESTINATION WINNIPEG INC.

BALANCE SHEET

December 31, 2009, with comparative figures for 2008

	2009	2008
ASSETS		
Current assets:		
Cash	**$ 149,476**	$ 212,801
Investments (note 3)	**789,364**	763,219
Accounts receivable	**81,060**	76,508
Prepaid expenses	**159,682**	131,985
	1,179,582	1,184,513
Capital assets (note 4)	**208,074**	190,531
	$ 1,387,656	$ 1,375,044
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 97,752**	$ 77,768
Deferred rent	**39,318**	47,220
Deferred contributions:		
Future expenses (note 5)	**34,057**	37,513
Capital assets (note 6)	**121,126**	152,724
	155,183	190,237
Net assets:		
Invested in capital assets (note 7)	**86,948**	37,807
Unrestricted	**278,912**	468,788
	365,860	506,595
Internally restricted:		
Appropriated for contingency reserve (note 8)	**424,469**	400,531
Appropriated for homecoming initiative reserve (note 9)	**105,074**	152,693
Appropriated for Canadian Museum Marketing Partnership Fund (note 10)	**200,000**	-
	1,095,403	1,059,819
Commitments (note 11)		
	$ 1,387,656	$ 1,375,044

See accompanying notes to financial statements

DESTINATION WINNIPEG INC.

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
REVENUE:		
Funding:		
City of Winnipeg	**$ 2,160,000**	$ 1,313,000
Province of Manitoba	**1,248,000**	1,277,000
Partners on projects	**561,067**	610,120
Other	**44,564**	32,116
Interest	**9,043**	32,917
Amortization of deferred contributions - capital assets (note 6)	**31,598**	31,598
	4,054,272	3,296,751
EXPENDITURES:		
Initiatives and marketing	**1,832,746**	1,307,536
Homecoming 2010 initiative	**47,619**	20,729
Personnel	**1,707,142**	1,563,706
Administrative	**214,821**	178,456
Occupancy and facilities	**216,360**	218,620
	4,018,688	3,289,047
EXCESS OF REVENUE OVER EXPENDITURES	**$ 35,584**	$ 7,704

See accompanying notes to financial statements

DESTINATION WINNIPEG INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2009, with comparative figures for 2008

	Invested in Capital Assets	Unrestricted	Contingency Reserve	Homecoming Initiative Reserve	Canadian Museum Marketing Partnership Fund	2009 Total	2008 Total
Balances, beginning of year	**$ 37,807**	**$ 468,788**	**$ 400,531**	**$ 152,693**	**$ -**	**$ 1,059,819**	$ 1,052,115
Excess of revenues over expenditures	**(31,303)**	**66,887**	**-**	**-**	**-**	**35,584**	7,704
Transfer of funds for internally restricted purposes (notes 8, 9, and 10)	**-**	**(176,319)**	**23,938**	**(47,619)**	**200,000**	**-**	-
Transfer for acquisition of capital assets	**80,444**	**(80,444)**	**-**	**-**	**-**	**-**	-
Balances, end of year	**$ 86,948**	**$ 278,912**	**$ 424,469**	**$ 105,074**	**$ 200,000**	**$ 1,095,403**	$ 1,059,819

See accompanying notes to financial statements

DESTINATION WINNIPEG INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2009, with comparative figures for 2008

Cash provided by (used in):	**2009**	2008
OPERATING ACTIVITIES:		
Excess of revenue over expenditures	**$ 35,584**	$ 7,704
Adjustments for:		
Amortization of capital assets	**62,901**	61,120
Amortization of deferred contributions - capital assets	**(31,598)**	(31,598)
Amortization of deferred rent	**(7,902)**	(4,139)
Change in the following:		
Accounts receivable	**(4,552)**	43,649
Prepaid expenses	**(27,697)**	(3,476)
Accounts payable and accrued liabilities	**19,984**	(6,329)
Increase (decrease) in deferred contributions - future expenses	**(3,456)**	27,723
	43,264	94,654
INVESTING ACTIVITIES:		
Acquisition of capital assets	**(80,444)**	(13,392)
Investments, net	**(26,145)**	(13,739)
	(106,589)	(27,131)
INCREASE (DECREASE) IN CASH	**(63,325)**	67,523
CASH, beginning of year	**212,801**	145,278
CASH, end of year	**$ 149,476**	$ 212,801
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest received	**$ 13,930**	$ 37,398

See accompanying notes to financial statements

DESTINATION WINNIPEG INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2009

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:

Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial assets and liabilities classified as held-for-trading are measured at fair value at each reporting period with changes in fair value recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. The organization will recognize changes in the fair value of loans and receivables only if realized, or impairment in the value of an asset occurs. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in net asset balances.

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. The organization has neither held-to-maturity nor available-for-sale instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of revenue and expenditures as incurred.

The organization has adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, *Financial Instruments - Disclosure and Presentation* . In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, *Financial Instruments - Disclosures* , and Section 3863, *Financial Instruments - Presentation* , the organization has elected not to adopt these standards in its financial statements.

2. Significant accounting policies (continued):

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.

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) Change in accounting policies:

Effective January 1, 2009, the organization adopted the CICA's amendments to the 4400 Sections of the CICA Handbook. These amendments affect the financial statement presentation and disclosure requirements for not-for-profit organizations. Adoption of these recommendations had no significant impact on the financial statements of the organization for the year ended December 31, 2009.

Effective January 1, 2009, the organization also adopted the CICA's amendments to Section 1000 of the CICA Handbook. These amendments clarified the definitions and recognition criteria of asset, liabilities and expenses. Adoption of these recommendations had no effect on the financial statements of the organization for the year ended December 31, 2009.

3. Investments:

Investments consist of investments in money market instruments aggregating $363,698 (2008 - $356,604) and a guaranteed investment certificate of $425,666 (2008 - $406,515) to fund the contingency reserve (note 8), homecoming initiative reserve (note 9), Canadian Museum Marketing Partnership Fund (note 10) and other expenses.

4. Capital assets:

	2009			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Computer hardware and software	**$ 116,404**	**$ 94,474**	**$ 21,930**	$ 20,928
Office furniture and fixtures	**102,754**	**81,284**	**21,470**	32,425
Leasehold improvements	**345,366**	**180,692**	**164,674**	137,178
	$ 564,524	**$ 356,450**	**$ 208,074**	$ 190,531

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.

	2009	2008
Balance, beginning of year	**$ 37,513**	$ 9,790
Amounts received during the year	**140,890**	181,930
	178,403	191,720
Less: amounts recognized into revenue in the year	**(144,346)**	(154,207)
Balance, end of year	**$ 34,057**	$ 37,513

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.

	2009	2008
Balance, beginning of year	**$ 152,724**	$ 184,322
Amount amortized to revenue	**(31,598)**	(31,598)
Balance, end of year	**$ 121,126**	$ 152,724

7. Invested in capital assets:

	2009	2008
Capital assets	**$ 208,074**	$ 190,531
Deferred contributions - capital assets	**(121,126)**	(152,724)
Invested in capital assets	**$ 86,948**	$ 37,807

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, 2009, $23,938 (2008 - $629) was added to the contingency reserve and deducted from unrestricted net assets, based on the calculation of the contingency reserve requirement as at December 31, 2009.

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. Canadian Museum Marketing Partnership Fund:

A Canadian Museum Marketing Partnership Fund was established during the year to fund partnership activities with the Canadian Museum for Human Rights.

11. Commitments:

The organization is committed under leases for office premises and equipment for a total of $692,769. The minimum lease payments until maturity are as follows:

2010	$ 178,367
2011	179,120
2012	182,881
2013	152,401

12. Segregated funds:

The organization holds funds that are segregated for partners (including the organization) in separate accounts; a convention development fund and a special event marketing fund. These funds are held in interest-bearing accounts for the benefit of convention development and special event marketing activities, respectively. Payments to the special event marketing fund are based on recommendations approved by the City of Winnipeg's council on October 22, 2008.

The balances of these funds and the income and expenditures associated therewith are not included in these financial statements.

	2009	2008
Convention development fund:		
Balance, beginning of year	**$ 132,053**	$ 125,524
Additional funds received during the year	**-**	13,768
Funds used during the year	**(15,000)**	(10,000)
Interest earned	**108**	2,761
Balance, end of year, and amount of funds held	**$ 117,161**	$ 132,053

	2009	2008
Special event marketing fund:		
Balance, beginning of year	**$ -**	$ -
Funds received during the year	**926,347**	-
Funds used during the year	**(186,986)**	-
Interest earned	**2,309**	-
Balance, end of year, and amount of funds held	**$ 741,670**	$ -

At December 31, 2009, funds of $372,500 have been committed from the special event marketing fund towards several marketing activities over the next four years as follows:

2010	$ 292,500
2011	60,000
2013	20,000

13. 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, 2009

	2009	2008
ASSETS		
Current Assets		
Cash (Note 7)	**$ 1,400,896**	$ 1,470,275
Rents receivable	**19,468**	22,690
Other receivables	**82,121**	54,816
Grants receivable	**93,415**	56,490
GST receivable	**38,045**	25,018
Subsidy due from CMHC (Note 3)	**3,184**	3,184
Subsidy due from MHRC (Note 3)	**262,189**	268,389
Operating deficiency recoverable from MHRC (Note 4)	**55,102**	119,657
Prepaid expenses	**90,856**	98,665
Housing inventory (Note 2(a))	**419,656**	81,763
	2,464,932	2,200,947
Restricted Cash and Deposits		
Replacement Reserve Fund (Notes 2(b) and 5)		
CMHC funded	**107,920**	140,650
MHRC funded	**3,253,440**	3,134,957
WHRC funded	**210,743**	211,007
	3,572,103	3,486,614
Capital Assets (Notes 2(c) and 6)	**30,521,111**	31,778,968
	$ 36,558,146	$ 37,466,529

WINNIPEG HOUSING REHABILITATION CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

March 31, 2009

	2009	2008
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 562,303**	$ 461,064
Accrued interest payable	**221,335**	228,661
Security deposits and prepaid rent	**210,631**	188,819
Current portion of forgivable loans (Notes 2(d) and 8)	**180,986**	185,786
Current portion of long-term debt (Note 9)	**944,711**	861,893
	2,119,966	1,926,223
Deferred Revenue	**61,800**	1,673
Forgivable Loans (Notes 2(d) and 8)	**1,999,760**	2,220,347
Long-term Debt (Note 9)	**28,220,570**	29,345,196
Replacement Reserves		
Replacement Reserves - CMHC	**107,920**	140,650
Replacement Reserves - MHRC	**3,253,440**	3,134,957
Replacement Reserves - WHRC	**210,743**	211,007
	3,572,103	3,486,614
WHRC Building and Acquisition Reserve (Note 10)	**319,914**	312,047
NET ASSETS		
Internally Restricted Net Assets (Note 11)	**615,013**	562,200
Unrestricted Net Assets	**(350,980)**	(387,771)
	264,033	174,429
	$ 36,558,146	$ 37,466,529

WINNIPEG HOUSING REHABILITATION CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended March 31, 2009

	2009	2008
REVENUE		
City of Winnipeg operating grant	**$ 200,000**	$ 200,000
CMHC subsidy (Note 3)	**38,207**	38,207
Development fees	**64,300**	31,500
Home Ownership Training Initiative grant	**38,707**	54,446
Interest and other income	**25,297**	41,810
Loan forgiveness	**1,200**	11,000
MHRC subsidy (Note 3)	**3,715,101**	3,737,227
Other grants	**33,017**	23,327
Parking and laundry	**75,807**	67,835
Property management fees	**255,649**	250,431
Rental revenue		
Residential	**2,690,636**	2,484,866
Commercial	**53,605**	50,351
Gain on sale of rental properties	**1,967**	567,587
	7,193,493	7,558,587
EXPENDITURES	**7,136,218**	7,065,643
Excess of revenue over expenditures	**57,275**	492,944
Unrestricted net assets, beginning of year	**(387,771)**	(466,260)
Operating deficiency recoverable from MHRC (Note 4)	**14,318**	40,785
Transfer to internally restricted net assets (Note 11)	**(34,802)**	(455,240)
Unrestricted net assets, end of year	**$ (350,980)**	$ (387,771)

WINNIPEG HOUSING REHABILITATION CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (continued)

Year ended March 31, 2009

	2009	2008
EXPENDITURES		
Administration	**$ 283,956**	$ 294,902
Advertising	**91**	2,638
Allocation to Replacement Reserve (Note 5)	**283,632**	275,349
Amortization (Note 2(c))	**923,802**	855,884
Bad debts	**18,122**	13,963
Bank charges and other interest	**3,052**	2,627
Cable T.V.	**748**	949
Collection fees	**2,314**	2,580
Disallowed GST	**78**	1,385
Garbage removal	**9,328**	15,056
Heat	**299,264**	295,079
Home Ownership Training Initiative	**38,707**	54,446
Hydro	**327,473**	322,471
Insurance	**116,291**	116,066
Janitorial services	**269,776**	259,086
Licenses and permits	**-**	340
Maintenance and repairs (Note 5)	**639,675**	596,652
Mortgage interest (Note 9)	**2,649,607**	2,733,635
Office operations	**55,507**	55,601
Office salaries and benefits	**439,599**	412,186
Other grants	**33,017**	23,327
Pest control	**180**	-
Professional fees	**28,009**	27,252
Property taxes	**299,418**	320,617
Security	**322**	3,545
Snow removal	**9,777**	5,572
Tenant charge backs (recovery)	**392**	(2,639)
Utilities	**(1,050)**	9,010
Water	**405,131**	368,064
Total Expenditures	**$ 7,136,218**	$ 7,065,643

WINNIPEG HOUSING REHABILITATION CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended March 31, 2009

	2009	2008
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 57,275**	$ 492,944
Add non cash item(s):		
Amortization	**923,802**	855,884
Loan forgiveness	**(1,200)**	(11,000)
Transfer to WHRC replacement reserve	**-**	80,799
Transfer to WHRC building and acquisition reserve	**-**	312,047
Gain on sale of rental properties	**(1,967)**	(567,587)
	977,910	1,163,087
Change in non-cash working capital:		
Rents receivable	**3,222**	(4,395)
Other receivables	**(27,305)**	2,314
Grants receivable	**(36,925)**	134,867
GST receivable	**(13,027)**	59,953
Subsidy due from CMHC	**-**	8,558
Subsidy due from MHRC	**6,200**	(7,901)
Prepaid expenses	**7,809**	3,921
Housing inventory	**(337,893)**	1,902,000
Accounts payable and accrued liabilities	**101,238**	166,904
Accrued interest payable	**(7,327)**	(4,867)
Security deposits and prepaid rent	**21,812**	538
Deferred revenue	**60,127**	(191,189)
	755,841	3,233,790
INVESTING ACTIVITIES		
Purchase of capital assets	**-**	(3,001,962)
Proceeds on sale of capital assets	**128,248**	980,034
Increase in MHRC replacement reserve	**118,483**	172,627
Decrease in CMHC replacement reserve	**(32,730)**	(815)
Decrease in WHRC replacement reserve	**(264)**	-
Increase in WHRC building and acquisition reserve	**7,867**	-
	221,604	(1,850,116)
FINANCING ACTIVITIES		
Decrease in restricted surplus (deficit)	**-**	(16,775)
Increase (decrease) in forgivable loans	**(12,724)**	225,149
Advance of long-term debt	**-**	844,200
Repayment of long-term debt	**(1,041,808)**	(1,272,811)
Interest on internally restricted net assets	**14,324**	9,345
MHRC recoveries	**78,873**	49,360
	(961,335)	(161,532)
Increase in cash	**16,110**	1,222,142
Cash, beginning of year	**4,956,889**	3,734,747
Cash, end of year (Note 12)	**$ 4,972,999**	$ 4,956,889

WINNIPEG HOUSING REHABILITATION CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2009

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)

Amortization is provided for as follows:

Computer equipment	- straight-line over three years
Furniture and equipment	- straight-line over five years
Office building	- straight-line over twenty 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.

3. Subsidy Due from CMHC and MHRC

The CMHC properties are subsidized for mortgage interest on a monthly basis through the reduction of the interest rates from market to 2%, in order to provide housing to low income individuals. The MHRC properties are subsidized for mortgage interest and property taxes on a monthly basis.

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.

	2009	2008
Operating deficiency recoverable from MHRC	**$ 55,102**	$ 119,657

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.

	2009	2008
Allocation		
Annual charge	**$ 283,632**	$ 275,349
Security and safety - maintenance and repairs charge	**110,000**	100,000
	$ 393,632	$ 375,349
Year end balance		
Cash	**$ (436,379)**	$ 27,244
Canadian Treasury Bills, Bonds and Guaranteed Investment Certificates	**4,008,482**	3,459,370
	$ 3,572,103	$ 3,486,614

6. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Rental properties	**$ 39,806,583**	**$ 9,290,551**	$ 40,154,245	$ 8,383,742
Furniture and equipment	**201,742**	**196,663**	201,742	193,277
	$ 40,008,325	**$ 9,487,214**	$ 40,355,987	$ 8,577,019
Net book value	**$ 30,521,111**		$ 31,778,968	

7. Cash and Line of Credit

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. Included in cash, the corporation has utilized $299,382 of this line of credit as at March 31, 2009 (2008 - $22,696).

8. Forgivable Loans

	2009	2008
Forgivable loans	**$ 2,180,746**	$ 2,406,133
Less: current portion	**180,986**	185,786
	$ 1,999,760	$ 2,220,347

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.

8. Forgivable Loans (continued)

These loans will be forgiven for the years ended as follows:

March 31, 2010	$ 180,986
2011	174,986
2012	166,986
2013	166,986
2014	166,986
Thereafter	1,323,816
	$ 2,180,746

9. Long-Term Debt

Lender	Interest Rate	Maturity Dates	**2009**	2008
Royal Bank of Canada	4.64%	2010	**$ 11,666**	$ 15,104
Assiniboine Credit Union	3.00% - 6.50%	2009-2013	**311,919**	443,914
TD Canada Trust	5.10%	2017	**822,307**	839,814
Canada Mortgage and Housing Corporation	4.52% - 5.50%	2017-2021	**4,699,541**	4,940,800
Manitoba Housing and Renewal Corporation	6.63% - 12.50%	-	**23,319,848**	23,967,457
			29,165,281	30,207,089
Less: current portion			**944,711**	861,893
			$ 28,220,570	$ 29,345,196

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.

The principal portion of long-term debt is repayable for the years ended as follows:

March 31, 2010	$ 944,711
2011	1,030,315
2012	1,124,544
2013	1,224,616
2014	1,338,335
Thereafter	22,406,889
CMHC second mortgages	1,095,871
	$ 29,165,281

10. 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.

11. 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.

12. Additional Information to Cash Flow Statement

	2009	2008
Cash is represented by:		
Cash	**$ 1,400,896**	$ 1,470,275
Restricted cash and deposits	**3,572,103**	3,486,614
	$ 4,972,999	$ 4,956,889
Additional information:		
Interest received	**$ 195,484**	$ 178,125
Interest paid	**2,657,079**	2,698,219

13. 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.

14. 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.

WINNIPEG ENTERPRISES CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31
(unaudited)

	2009	2008
ASSETS		
Cash	**$ 180,394**	$ 243,091
Due from City of Winnipeg (Note 3)	**3,972,525**	4,705,915
	$ 4,152,919	$ 4,949,006
LIABILITIES		
Due to City of Winnipeg - General Revenue Fund (Note 4)	**$ 1,167,841**	$ 1,424,774
Accounts payable and accrued liabilities	**4,600**	4,600
Debt (Note 5)	**1,273,674**	1,664,671
	2,446,115	3,094,045
NET ASSETS	**1,706,804**	1,854,961
	$ 4,152,919	$ 4,949,006

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)

	2009	2008
REVENUES		
Entertainment funding tax - Winnipeg Football Club (Note 6)	**$ 683,093**	$ 698,043
Other	**118**	19,265
	683,211	717,308
EXPENSES		
Write-off of long-term receivable (Note 3)	**733,390**	733,389
Interest on debt and other finance charges	**97,683**	169,022
Professional fees	**295**	4,484
	831,368	906,895
NET LOSS FOR THE YEAR	**(148,157)**	(189,587)
NET ASSETS - BEGINNING OF YEAR	**1,854,961**	2,044,548
NET ASSETS - END OF YEAR	**$ 1,706,804**	$ 1,854,961

See accompanying notes to the financial statements

WINNIPEG ENTERPRISES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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, 2009 effective interest rate was 0.2% (2008 - 1.5%).

5. Debt

	2009	2008
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 $70,833 plus interest	**$ 1,273,674**	$ 1,549,950
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
	$ 1,273,674	$ 1,664,671

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, 2009 is $2,281,299 (2008 - $2,820,110). 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31

	2009	2008
ASSETS		
Current Assets		
Cash and bank (Note 2)	**$ -**	$ 3,982,287
Restricted cash (Note 3)	**223,065**	22,488
Accounts receivable (Note 4)	**1,392,007**	3,070,059
Prepaid expenses	**14,812**	12,271
Property held for resale (Note 5)	**1,356,744**	2,117,788
Current portion of mortgages receivable (Note 6)	**509,087**	1,307,460
Current portion of loans receivable (Note 7)	**2,231,513**	277,079
	5,727,228	10,789,432
Mortgages receivable (Note 6)	**986,447**	730,654
Loans receivable (Note 7)	**3,528,664**	2,249,275
Capital assets (Note 8)	**2,452,384**	986,107
	$ 12,694,723	$ 14,755,468
LIABILITIES AND NET ASSETS		
Current Liabilities		
Bank indebtedness (Note 2)	**$ 76,692**	$ -
Accounts payable and accrued liabilities	**742,768**	1,206,946
Holdbacks payable (Note 3)	**223,065**	22,488
Deferred grant revenue (Note 9)	**432,661**	1,313,381
	1,475,186	2,542,815
Commitments and contingencies (Note 10)		
NET ASSETS (Note 12)		
Invested in capital assets	**1,738,035**	986,107
General	**97,000**	1,915,660
Urban Development Bank	**9,384,502**	9,310,886
	11,219,537	12,212,653
	$ 12,694,723	$ 14,755,468

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31

	Invested in Capital Assets	**General**	**Urban Development Bank**	**Total 2009**	Total 2008
Balance, beginning of year	**$ 986,107**	**$ 1,915,660**	**$ 9,310,886**	**$ 12,212,653**	$ 11,805,075
Excess (deficiency) of revenue over expenditures for the year	**(62,324)**	**30,074**	**(960,866)**	**(993,116)**	407,578
Fund transfers	**-**	**(1,645,511)**	**1,645,511**	**-**	-
Net change in invested in capital assets	**814,252**	**(203,223)**	**(611,029)**	**-**	-
Balance, end of year	**$ 1,738,035**	**$ 97,000**	**$ 9,384,502**	**$ 11,219,537**	$ 12,212,653

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31

	2009			2008
	General	**Urban Development Bank**	**Total**	Total
Revenue				
Grant				
City of Winnipeg	**$ 100,000**	**$ -**	**$ 100,000**	$ 100,000
Designated grants	**-**	**880,721**	**880,721**	76,423
Interest	**466,554**	**-**	**466,554**	460,999
Commissions and development fees	**188,492**	**-**	**188,492**	228,033
Rental	**29,527**	**-**	**29,527**	164,421
Sale of properties	**-**	**543,318**	**543,318**	1,870,001
	784,573	**1,424,039**	**2,208,612**	2,899,877
Expenditures				
Administration	**611,206**	**-**	**611,206**	532,590
Amortization	**62,324**	**-**	**62,324**	115,408
Bank charges and interest	**839**	**-**	**839**	5,256
Cost of properties	**-**	**1,260,411**	**1,260,411**	1,655,455
Grants paid out				
Designated revenues	**-**	**865,834**	**865,834**	76,423
General	**-**	**4,000**	**4,000**	4,000
Insurance	**11,075**	**-**	**11,075**	9,852
Office	**64,404**	**-**	**64,404**	66,526
Professional fees				
Contract management	**3,928**	**104,590**	**108,518**	70,896
IT and other	**15,527**	**-**	**15,527**	14,413
Accounting, legal and transaction costs	**17,596**	**96,902**	**114,498**	102,471
Marketing	**23,994**	**11,594**	**35,588**	74,256
Project development	**-**	**26,952**	**26,952**	18,939
Property rental	**-**	**9,622**	**9,622**	8,281
Public destinations	**5,930**	**-**	**5,930**	13,383
Community investment	**-**	**5,000**	**5,000**	1,000,000
	816,823	**2,384,905**	**3,201,728**	3,768,149
Deficiency of revenue over expenditures before other items	**(32,250)**	**(960,866)**	**(993,116)**	(868,272)
Other Items				
Gain on sale of building	**-**	**-**	**-**	1,275,850
Excess (deficiency) of revenue over expenditures for the year	**$ (32,250)**	**$ (960,866)**	**$ (993,116)**	$ 407,578
Allocated to:				
General	**$ 30,074**	**$ -**	**$ 30,074**	$ 210,145
Urban Development Bank	**-**	**(960,866)**	**(960,866)**	(963,009)
Invested in capital assets	**(62,324)**	**-**	**(62,324)**	1,160,442
Excess (deficiency) of revenue over expenditures for the year	**$ (32,250)**	**$ (960,866)**	**$ (993,116)**	$ 407,578

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	**$ (993,116)**	$ 407,578
Adjustments for:		
Amortization of capital assets	**62,324**	115,408
Gain on disposal of assets	**-**	(1,275,850)
Accrued interest on mortgages	**4,846**	6,395
Accrued interest on loans receivable	**(18,595)**	(2,569)
	(944,541)	(749,038)
Changes in non-cash working capital balances		
Accounts receivable	**1,678,052**	(2,943,849)
Prepaid expenses	**(2,541)**	717
Property held for resale	**761,044**	32,624
Accounts payable and accrued liabilities	**(464,178)**	1,131,369
Holdbacks payable	**200,577**	22,488
Deferred grant revenue	**(880,720)**	422,555
	1,292,234	(1,334,096)
	347,693	(2,083,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	**(1,528,601)**	(16,611)
Proceeds on sale of capital assets	**-**	2,350,000
Advances of mortgages receivable	**(149,991)**	(214,780)
Receipts from mortgages receivable	**687,725**	1,445,113
Advances of loans receivable	**(3,885,116)**	(615,132)
Receipts from loans receivable	**669,888**	345,057
	(4,206,095)	3,293,647
Increase (decrease) in cash and cash equivalents during the year	**(3,858,402)**	1,210,513
Cash and cash equivalents, beginning of year	**4,004,775**	2,794,262
Cash and cash equivalents, end of year	**$ 146,373**	$ 4,004,775
Comprised of		
Cash and bank	**$ -**	$ 3,982,287
Bank indebtedness	**(76,692)**	-
Restricted cash	**223,065**	22,488
	$ 146,373	$ 4,004,775

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

For the year ended December 31, 2009

Principles of Consolidation

These consolidated financial statements include the accounts of CentreVenture Development Corporation ("Corporation") and its wholly-owned subsidiary Centre Village Housing Inc., which operate under common management. Intra-company and inter-company transactions and balances have been eliminated upon consolidation.

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:

Special Projects - Restricted Funding Arrangements (continued)

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.

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 estimated useful life of the assets:

Buildings	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.

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:

Future for Not-for-Profit Organizations (NPO)

In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting standards (PSAB) with NPO standards added on to PSAB. The Public Sector Accounting Board agreed that there was sufficient support to develop an NPO series to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB. The two boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

CENTREVENTURE DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2009

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. 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.

2. Cash and Bank/Bank Indebtedness

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 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, 2009, the line of credit had a balance owing of $214,432.

3. Restricted Cash/Holdbacks Payable

The corporation has a holdback account that is jointly controlled with one of its contractors for a specific project.

4. Accounts Receivable

	2009	2008
Sale proceeds receivable	**$ -**	$ 2,344,105
Grants receivable	**-**	500,000
GST receivable	**123,382**	82,520
Other	**350,487**	143,434
Central Park Project	**918,138**	-
	$ 1,392,007	$ 3,070,059

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:

	2009	2008
Property for sale	**$ 1,352,891**	$ 1,936,245
Property development costs	**3,853**	181,543
	$ 1,356,744	$ 2,117,788

6. *Mortgages Receivable*

	2009	2008
Mortgages receivable	**$ 1,507,560**	$ 2,075,294
Accrued interest receivable	**7,974**	12,820
Allowance for doubtful loans	**(20,000)**	(50,000)
	1,495,534	2,038,114
Current portion of mortgages receivable	**509,087**	1,307,460
	$ 986,447	$ 730,654

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 4.25% 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:

2010	**$ 509,087**
2011	**22,538**
2012	**469,107**
2013	**4,800**
2014	**169,416**
Thereafter	**332,612**
Accrued interest	**7,974**
	1,515,534
Allowance	**(20,000)**
	$ 1,495,534

The above schedule lists the expected receipts based on mortgages maturing during the year. Negotiations to renew mortgages may occur as terms expire throughout 2010.

7. *Loans Receivable*

	2009	2008
Loans receivable	**$ 5,857,127**	$ 2,611,899
Accrued interest receivable	**33,050**	14,455
Allowance for doubtful loans	**(130,000)**	(100,000)
	5,760,177	2,526,354
Current portion of loans receivable	**2,231,513**	277,079
	$ 3,528,664	$ 2,249,275

7. Loans Receivable (continued)

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 8.5%, are both fixed and variable in reference to the bank of Canada's prime rate of lending at the time of loan disbursement.

Loan principal receipts are expected as follows:

2010	**$ 2,231,513**
2011	**980,414**
2012	**583,103**
2013	**533,452**
2014	**521,201**
Thereafter	**1,007,444**
Accrued interest	**33,050**
	5,890,177
Allowance	**(130,000)**
	$ 5,760,177

The above schedule lists the expected receipts based on loans maturing during the year. Negotiations to renew loans may occur as terms expire throughout 2010.

8. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 870,374**	**$ -**	$ 864,774	$ -
Building	**611,029**	**-**	-	-
Computer equipment	**70,704**	**66,265**	67,879	59,056
Furniture and fixtures	**26,037**	**18,836**	25,352	15,173
Leasehold improvements	**347,610**	**102,618**	153,496	51,165
Construction in progress	**714,349**	**-**	-	-
	$ 2,640,103	**$ 187,719**	$ 1,111,501	$ 125,394
Net book value	**$ 2,452,384**		$ 986,107	

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.

9. Deferred Grant Revenue (continued)

Deferred grant revenue for externally restricted projects during the year is as follows:

	2009	2008
Downtown Housing Strategy	**$ -**	$ 14,887
Gail Parvin Hammerquist 2003	**-**	18,836
Gail Parvin Hammerquist 2004	**136,869**	142,225
Gail Parvin Hammerquist 2005	**35,544**	35,544
Gail Parvin Hammerquist 2006/2007	**184,750**	599,289
Gail Parvin Hammerquist 2008	**72,898**	500,000
North Main Economic Development Program Grant	**2,600**	2,600
	$ 432,661	$ 1,313,381

10. Commitments and Contingencies

The Corporation has made commitments for grants that had not been disbursed by the December 31, 2009 year end in the approximate amount of $1,003,166 (2008 - $939,635). These grants will be funded by use of deferred grant revenue (Note 9).

The Corporation has made commitments for loans that had not been disbursed by the December 31, 2009 year end in the approximate amount of $134,221 (2008 - $882,000).

The Corporation has made commitments for property development and property purchases with the maximum amount committed to be $2,686,001 (2008 - $1,081,262) pending the recipient's ability to meet the requirements of the agreement. Related to these transactions the Corporation has secured a commitment for a co-investment of $1 million (2008 - $Nil).

The Corporation has made commitments for leases for the next five years as follows:

2010	**$ 17,150**
2011	**21,050**
2012	**21,050**
2013	**11,542**
2014	**1**

The Corporation (through its wholly owned subsidiary) has made commitments for construction of a housing project in the amount of $2,560,000. Related to this construction, the Corporation's subsidiary has secured commitments for grant funding of $1.5 million and mortgage financing of $1,811,500.

11. Related Party Transactions

The following table summarizes the Corporation's related party transactions for the year:

		2009		2008
REVENUE				
City of Winnipeg (parent) - operating grant	**$**	**100,000**	$	100,000
City of Winnipeg (parent) - miscellaneous		**21,320**		-
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES				
City of Winnipeg (parent) - Property taxes		**68,166**		50,349
City of Winnipeg (parent) - Property purchases		**1**		4
City of Winnipeg (parent) - Cost of Land		**50,000**		-
OTHER				
City of Winnipeg (parent) - Assigned Heritage Tax Credits applied against loans receivable		**222,598**		227,072

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. 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 deficit of $32,250 was offset by a surplus of $94,737 from the 2008 fiscal year that was notionally carried forward to the current year to offset an expected deficit caused by the timing of a 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 $11.1 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.

13. Invested in Capital Assets

		2009		2008
a) Invested in capital assets is calculated as follows:				
Capital assets	**$**	**2,452,384**	$	986,107
Amounts to be financed by				
Approved grants and mortgage advances		**(714,349)**		-
	$	**1,738,035**	$	986,107
b) Change in net assets invested in capital assets is calculated as follows:				
Excess (deficiency) of revenue over expenditures				
Gain on sale of building	**$**	**-**	$	1,275,850
Amortization of capital assets		**(62,324)**		(115,408)
	$	**(62,324)**	$	1,160,442

13. Invested in Capital Assets (continued)

	2009	2008
Net changes in investment in capital assets		
Purchase of capital assets	**$ 1,528,601**	$ 16,611
Amounts to be funded		
Approved grants and mortgage advances	**(714,349)**	-
	$ 814,252	$ 16,611

14. 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.

15. Project Funding

The Corporation supports the revitalization of public destinations. In a number of projects the Corporation has taken on the role of custodian of funding. The corporation's role is an administrator and becomes party to funding agreements with certain partners, then acts as conduit in the receipt and disbursement of funds.

a) Central Park Redevelopment Project

In 2008, the Corporation 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, Government of Canada, The Winnipeg Foundation the Gray Family. In addition to its cash contribution CentreVenture has and will continue to play a key role in administering the project over the construction period in 2009 and 2010.

It is currently expected that the aggregate community investment to revitalize Central Park including the Corporation's contribution will be approximately $5.5 million. In addition to the $1 million contribution from CentreVenture, which is charged to the Urban Development Bank in 2008, $1.9 million has been received to December 31, 2009 from the other funders. Aggregate disbursements of $3.8 million have been made to the end of 2009. As a consequence, accounts receivable at December 31, 2009 includes $0.9 million from other committed funders. This amount is scheduled to be received in 2010.

b) Waddell Fountain and Old Market Square

In 2009, the Corporation became party to funding agreements with funders of these initiatives. The agreements identify the Corporation as the recipient of the contributions and require it to oversee the projects according to various terms and conditions.

WINNIPEG ARTS COUNCIL INC.
(Incorporated under the Laws of Manitoba)
BALANCE SHEET

As at December 31, 2009 (With comparative figures as at December 31, 2008)

	2009	2008
ASSETS		
Current Assets:		
Cash	**$ 46,331**	$ 8,514
Term Deposits	**1,402,993**	1,353,253
Accounts Receivable	**3,610**	-
Goods and Services Tax Rebate	**12,075**	7,241
Accrued Interest	**262**	14,622
Prepaid Expenses	**4,636**	19,908
	1,469,907	1,403,538
Administrative Capital Assets, at cost		
Leasehold Improvements	**104,258**	104,258
Furnishings and Equipment	**27,013**	27,013
Computer Hardware	**20,516**	20,516
Telephone Hardware	**6,574**	6,574
	158,361	158,361
Less: Accumulated Amortization (Note 3)	**(58,334)**	(39,660)
	100,027	118,701
	$ 1,569,934	$ 1,522,239
LIABILITIES		
Current Liabilities:		
Overdraft	**$ 9,102**	$ 52,220
Accounts Payable and Accrued Expenses	**37,128**	17,644
Grant Holdbacks (Note 5)	**194,717**	128,778
	240,947	198,642
UNRESTRICTED NET ASSETS		
Invested in Administrative Capital Assets (Note 3)	**100,027**	118,701
Public Art Fund (Note 6)	**957,490**	945,188
	1,057,517	1,063,889
RESTRICTED NET ASSETS		
Internally Restricted for Cash Flow Assistance (Note 7)	**100,000**	100,000
Internally Restricted for Municipal Arts and Culture Development (Note 8)	**58,978**	87,041
Internally Restricted for Future Programs	**72,667**	72,667
Internally Restricted for Cultural Capital Program (Note 9)	**39,825**	-
	271,470	259,708
	$ 1,569,934	$ 1,522,239

WINNIPEG ARTS COUNCIL INC.
(Incorporated under the Laws of Manitoba)
STATEMENT OF NET RESULT

For the year ended December 31, 2009 (With comparative figures for the year ended December 31, 2008)

	2009	2008
REVENUES:		
Grants from the City of Winnipeg	**$ 4,032,552**	$ 4,032,552
Other Grants (Note 4)	**17,500**	-
Interest Income	**4,721**	39,883
Other Income	**-**	12,492
	4,054,773	4,084,927
GRANTS AWARDED AND DIRECT EXPENSES THEREOF:		
Operating Grants (Note 5)	**2,918,650**	2,918,650
Individual Artists Grants	**153,300**	150,000
Project Grants (Note 5)	**193,294**	183,100
New Creations Grants (Note 5)	**170,025**	239,000
Professional Development Grants	**69,945**	75,589
Youth Arts Initiative Grants (Note 5)	**45,000**	29,500
Audience Development Grants (Note 5)	**94,637**	-
Downtown Festivals Grants (Note 5)	**-**	101,000
Carol Shields Winnipeg Book Award	**6,250**	3,750
Jury Honoraria and Expenses	**11,800**	17,093
Translation Services	**10,606**	7,293
	3,673,507	3,724,975
ADMINISTRATIVE EXPENSES:		
Salaries and Benefits	**235,213**	217,808
Supplies and Other Office Expenses	**27,349**	26,687
Office Rent and Amortization of Leaseholds	**46,051**	45,822
Hospitality and Promotion	**15,486**	14,810
Professional and Consultants Fees	**18,017**	17,236
Professional Development, Memberships, and Conferences	**12,554**	7,154
Telecommunications	**5,169**	4,439
Board and Committee Meetings	**4,243**	4,117
	364,082	338,073
	4,037,589	4,063,048
EXCESS OF REVENUES OVER AWARDS AND EXPENSES FOR THE YEAR	**$ 17,184**	$ 21,879

WINNIPEG ARTS COUNCIL INC.
(Incorporated under the Laws of Manitoba)
STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2009 (With comparative figures for the year ended December 31, 2008)

	2009	2008
UNRESTRICTED NET ASSETS, BEGINNING OF THE YEAR	**$ 1,063,889**	$ 1,266,374
Excess of Revenues over Expenses for the Year	**17,184**	21,879
Add Back: Amortization of Administrative Capital Assets	**18,674**	20,976
Invested in Administrative Capital Assets:		
Equipment Purchases	**-**	(3,774)
	35,858	39,081
Public Art Fund Grants and Interest Income	**465,001**	110,167
Less: Public Art Project Expenditures and Administration	**(432,699)**	(295,450)
	68,160	(146,202)
Allocated for Municipal Arts and Cultural Development	**(54,532)**	(74,683)
Public Art Fund Support of Municipal Arts and Culture Development	**(20,000)**	-
Allocated from Future Youth Arts Initiatives	**-**	18,400
	(6,372)	(202,485)
UNRESTRICTED NET ASSETS, END OF THE YEAR	**$ 1,057,517**	$ 1,063,889

WINNIPEG ARTS COUNCIL INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2009

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.

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 $18,674 (2008 - $20,976) of these write-offs was included in administrative expenses.

4. Other Grants:

During the year, the Council received grants of $17,500 from The Winnipeg Foundation in support of the Carol Shields Book Award and the Youth Arts Initiative Program.

5. 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	$ 108,425
Project Grants	55,579
Audience Development	9,963
Operating Grant	8,500
Youth Arts Initiative	7,700
Downtown Festivals	4,550
	$ 194,717

6. 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.

6. Public Art Fund (continued):

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.

	Unexpended Commitment
Artwork for a Major Street	$ 197,000
Central Park	138,700
Redwood Bridge	122,237
Millennium Library Park	92,200
With Art: Community Arts Projects	90,801
Private - Public Collaboration	64,246
Community Gardens	58,000
BIZ Collaboration	44,059
Playground Project	42,000
Transit Project	18,411
Public Education Program	10,494
Bishop Grandin Greenway	2,508
St. Boniface Museum	1,616
Maison des Artistes	753
Public Art Projects in Progress	883,025
Public Art Contingency	74,465
Total Fund Balance	$ 957,490

7. 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.

8. 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 2009 $46,790 was earned from ticket sales and $130,711 was expended on the Mayor's Luncheon for the Arts, the 25th Anniversary Lecture, and Economic Impact Study, and on cultural mapping.

9. Reserve for Cultural Capital Program

In 2009 Winnipeg was designated Cultural Capital of Canada 2010 by the Department of Canadian Heritage. Various governments will be committing funds in excess of two million dollars to the City for use by the Council for community arts projects as designated and approved by Canadian Heritage. In the present year, $75,000 was received into this fund from The Winnipeg Foundation and was used to acquire employees, equipment, and supplies for the program administration.

10. 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.

11. 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.

12. 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.

SCHEDULE OF CONTINUITY OF THE PUBLIC ART FUND

For the year ended December 31, 2009 (With comparative figures for the year ended December 31, 2008)

	2009	2008
UNEXPENDED FUND BALANCE, BEGINNING of the YEAR	**$ 945,188**	$ 1,130,471
INCREASE IN FUND BALANCE:		
Grants from the City of Winnipeg	**462,396**	97,087
Interest Income	**2,605**	13,080
	465,001	110,167
DECREASE IN FUND BALANCE:		
Artists' Fees	**332,584**	150,203
Jury Honoraria and Expenses	**7,308**	16,996
Artists' Proposal Honoraria	**-**	16,620
Artists' Legal Agreements	**3,079**	5,583
Project Publicity	**11,046**	10,857
Public Art Workshop for Artists	**-**	4,599
Research, Planning, and Marketing	**4,460**	17,057
Administration	**74,222**	73,535
Contribution to Municipal Arts and Culture Development Reserve	**20,000**	-
	452,699	295,450
NET INCREASE (DECREASE) for the YEAR	**12,302**	(185,283)
UNEXPENDED FUND BALANCE, END of the YEAR	**$ 957,490**	$ 945,188


WEST END LIBRARY
WELCOME
WEST END LIBRARY

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

As at December 31, 2009

	2009	2008
ASSETS		
Current		
Cash (Note 3)	**$ 749**	$ 19,430
Guaranteed investment certificates (Note 4)	**10,160**	10,000
Accounts receivable, Aboriginal Youth Strategy Grant	**15,000**	-
Prepaid expenses	**225**	223
	$ 26,134	$ 29,653
LIABILITIES		
Current		
Accounts payable		
Regular	**$ 902**	$ 5,205
Library Advisory Committees (Note 5)	**215**	57
	1,117	5,262
NET ASSETS	**25,017**	24,391
	$ 26,134	$ 29,653

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, 2009

	2009	2008
REVENUE		
City of Winnipeg operating grant	**$ 68,128**	$ 68,128
Sponsorship, parking rebate	**-**	1,116
Aboriginal Youth Strategy	**15,000**	-
Interest	**320**	278
	83,448	69,522
EXPENSES		
Administrative	**34,314**	31,545
Development and research	**3,065**	5,189
Sponsorship	**6,250**	8,131
Promotion, advertising and community outreach	**9,193**	8,037
Foundation donation	**15,000**	10,000
Aboriginal Youth Strategy	**15,000**	-
	82,822	62,902
Excess (deficiency) of revenues over expenditures	**626**	6,620
Net assets, beginning of year	**24,391**	17,771
Net assets, end of year	**$ 25,017**	$ 24,391

The accompanying notes form an integral part of these financial statements

WINNIPEG PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

1. Purpose and organization

The Winnipeg Public 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

	2009	2008
Bank	**$ 749**	$ 19,280
Petty Cash		
Executive Assistant	**-**	150
	$ 749	$ 19,430

4. Investments

	2009	2008
RBC GIC #0006 variable interest rate paid semi-annually maturing November 1, 2010.	**$ 10,160**	$ 10,000

5. Library Advisory Committees

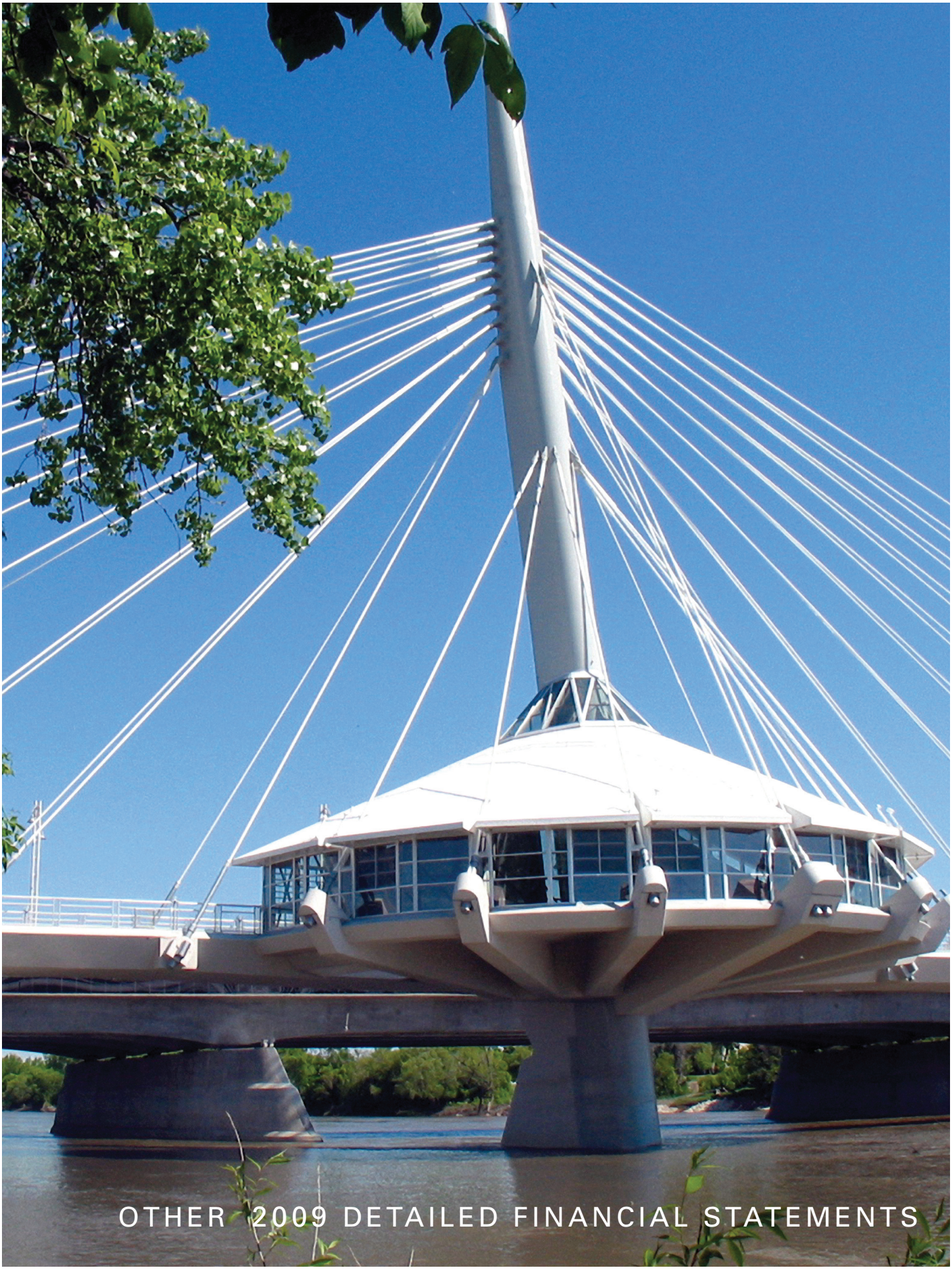
	2009	2008
Trust Funds		
Assiniboia	**$ (25)**	$ (20)
City Centre	**120**	-
EK/Transcona	**-**	(1)
LS/WC	**120**	69
Riel	**-**	9
	$ 215	$ 57

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.

7. Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.



OTHER 2009 DETAILED FINANCIAL STATEMENTS


NAME ON A GRAIN OF RICE
DANGER
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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 2009 audited financial statements of the Sinking Fund.

You will note in the financial statements that the Sinking Fund reported a net loss of $1,515,000 for the year ended December 31, 2009 and a balance of surplus in the amount of $302,000 as at December 31, 2009.

The rates of interest earned by the Fund for the years 2000 to 2009 are shown below:

2000.....7.43%	2005.....5.55%
2001.....6.91%	2006.....5.41%
2002.....6.61%	2007.....5.46%
2003.....6.02%	2008.....5.15%
2004.....6.27%	2009.....4.36%

Changes in the sinking fund reserve during 2009 are summarized as follows. The total reserve for retirement of debenture debt decreased to $310,683,000 as at December 31, 2009 (2008 - $403,786,000) of which $117,000,000 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

R. PROVENCHER 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)

	2009	2008
ASSETS		
Investment in bonds and debentures (Schedule 1)	**$ 303,293**	$ 369,536
Call loans - City of Winnipeg (Note 3)	**6,482**	34,612
Accrued interest receivable	**3,886**	4,195
Cash	**6**	8
	$ 313,667	$ 408,351
LIABILITIES, RESERVE AND SURPLUS		
Accrued interest payable (Note 5)	**2,666**	2,734
Accrued liabilities	**16**	14
	2,682	2,748
Reserve for retirement of debenture debt (Note 6)	**310,683**	403,786
Surplus	**302**	1,817
	$ 313,667	$ 408,351

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

STATEMENT OF (LOSS) INCOME

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

	2009	2008
Interest income (Schedule 2)	**$ 20,975**	$ 23,060
Interest requirements - debenture debt reserves	**(12,957)**	(12,737)
Interest requirements - Manitoba Hydro bonds (Note 5)	**(9,405)**	(9,473)
(Deficit) Excess of interest earned over requirements	**(1,387)**	850
Administration expenses	**128**	124
Net (loss) income for the year	**$ (1,515)**	$ 726

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)

	2009	2008
Balance, beginning of year	**$ 1,817**	$ 1,091
Add:		
Net (loss) income for the year	**(1,515)**	726
Balance, end of year	**$ 302**	$ 1,817

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)

	2009	2008
Balance, beginning of year	**$ 403,786**	$ 378,090
Add:		
Installments - City of Winnipeg	**12,959**	12,959
Interest credited - debenture debt reserves	**12,957**	12,737
	429,702	403,786
Deduct:		
Applied to debt redemption (Note 6)	**119,019**	-
Balance, end of year	**$ 310,683**	$ 403,786

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, 2009
(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. Significant Accounting Policies

Private 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, 2009. 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.

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.

3. 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.

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, 2009 was 4.36% (2008 - 5.15%).

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2009 are as follows:

Term To Maturity	Par Value	Book Value
Less than one year	$ 43,142	$ 43,169
Two to five years	120,307	120,439
Greater than five years	139,729	139,685
	$ 303,178	$ 303,293

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, 2009 the Fund's maximum credit risk exposure at fair market value was $323,626.

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.

5. 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, 2009 amounted to $117,000 (2008 - $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.

6. Reserve for Retirement of Debenture Debt

Amounts applied to debt redemption on the statement for retirement of debenture debt are as follows:

	Hydro Portion	Other Purposes	Total
Sinking Fund Debt:			
By-laws 7368/99	$ -	$ 19,019	$ 19,019
5286/89	14,500	85,500	100,000
	$ 14,500	$ 104,519	$ 119,019

As at December 31, 2009 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	
2013	$ 10,000	$ 67,241	$ 77,241	$ 100,000
2014	15,000	58,092	73,092	100,000
2015	12,000	53,823	65,823	100,000
2017	20,000	14,527	34,527	50,000
2029	60,000	-	60,000	60,000
	$ 117,000	$ 193,683	$ 310,683	$ 410,000

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, 2009, the reserve for retirement of debenture debt includes $117,000 (2008 - $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.

7. Capital

The Fund's objectives when managing capital are:

a) To pay The City of Winnipeg at or before the maturity of each respective sinking fund debenture all amounts collected by way of levy together with interest earned thereon.

b) To invest all levies received in accordance with the guidelines outlined in the Fund's Statement of Investment Policies & Procedures in order to maximize the investment return on the Fund within the allowable level of risk mandated by The City of Winnipeg Act.

The fund invests in securities with maturities which closely match the current sinking fund debenture maturity dates.

For the year ended December 31, 2009, the Fund repaid all levies and interest earned thereon to The City of Winnipeg on the maturity of two sinking fund debentures as detailed in Note 6 Reserve for Retirement of Debenture Debt.

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

Schedule 1

SCHEDULE OF INVESTMENTS

As at December 31
(in thousands of dollars)

	2009					2008	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	Book Value	%
Investment in bonds and debentures							
Government of Canada and Government of Canada guaranteed	**$ 5,000**	**$ 5,105**	**2**	**$ 5,000**	**2**	$ 38,108	10
Provincial and Provincial guaranteed (Notes 5 and 6)	**206,730**	**212,391**	**68**	**206,962**	**68**	220,726	60
Municipal	**61,718**	**65,543**	**21**	**61,848**	**20**	57,477	16
City of Winnipeg	**6,500**	**6,591**	**2**	**6,461**	**2**	5,909	2
Supranationals	**7,000**	**7,411**	**2**	**7,056**	**2**	7,066	2
	$ 286,948	**297,041**	**95**	**287,327**	**94**	329,286	90
Bond residues and coupons							
Government of Canada		**16,217**	**5**	**15,966**	**6**	19,656	5
Provincial		**-**	**0**	**-**	**0**	20,594	5
		$ 313,258	**100**	**$ 303,293**	**100**	$ 369,536	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)

	2009	2008
Interest on bonds and debentures	**$ 18,706**	$ 19,170
Income accrued - bond residues and coupons	**2,356**	2,802
Call fund interest	**155**	1,023
Securities lending income	**40**	51
Net bond (premium) discount amortization	**(282)**	14
	$ 20,975	$ 23,060

THE CITY OF WINNIPEG
SINKING FUND

STATEMENT OF FINANCIAL POSITION

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

	2009	2008
ASSETS		
Investment in bonds and debentures (Schedule 1)	**$ 4,662**	$ 1,937
Call loans - General Revenue Fund (Note 3)	**327**	85
Accrued interest receivable	**102**	34
	$ 5,091	$ 2,056
RESERVE		
Reserve for retirement of debenture debt	**$ 5,091**	$ 2,056

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)

	2009	2008
Balance, beginning of year	**$ 2,056**	$ 1,003
Add:		
Installments - Waterworks System	**2,836**	984
Interest income (Schedule 2)	**208**	73
	5,100	2,060
Deduct:		
Administration expenses	**9**	4
Balance, end of year	**$ 5,091**	$ 2,056

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SINKING FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009
(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, 2009 was 5.2% (2008 - 5.1%).

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, 2009 are as follows:

Term To Maturity	Par Value	Book Value
Greater than five years	$ 4,753	$ 4,662

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, 2009 the Fund's maximum credit risk exposure at fair market value was $5,232 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)

	2009					2008	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	**Book Value**	**%**
Investment in bonds and debentures							
Provincial and Provincial guaranteed	**$ 872**	**$ 967**	**20**	**$ 960**	**21**	$ 1,937	100
Municipal	**3,881**	**3,836**	**80**	**3,702**	**79**	-	-
	$ 4,753	**$ 4,803**	**100**	**$ 4,662**	**100**	**$** 1,937	100

THE CITY OF WINNIPEG
SINKING FUND

Schedule 2

SCHEDULE OF INTEREST INCOME

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

	2009	2008
Interest on bonds and debentures	**$ 209**	$ 75
Call fund interest	**(1)**	(2)
	$ 208	$ 73

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	**$ 894,240**	$ 560,011
Investments - held for trading (Notes 2, 5)	**16,964,726**	19,039,637
Accounts receivable	**804,560**	666,833
Inventory (Note 2)	**8,244**	8,567
Prepaid expenses	**439,596**	521,355
Current portion of loans receivable (Note 6)	**11,883**	11,137
	19,123,249	20,807,540
LOANS RECEIVABLE (Note 6)	**408,443**	425,907
CAPITAL ASSETS (Notes 2, 7)	**20,807,619**	20,066,619
INVESTMENT IN PROPERTIES		
AND INFRASTRUCTURE ENHANCEMENTS (Note 9)	**57,346,829**	58,644,075
DEFERRED CHARGES (Note 2)	**212,500**	262,500
	$ 97,898,640	$ 100,206,641
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 3,073,625**	$ 1,654,717
Security deposits received	**55,632**	55,637
Deferred income	**37,296**	22,430
Current portion of long term debt (Note 13)	**272,031**	257,139
Current portion of obligations under capital lease (Note 14)	**206,368**	388,227
Loan payable (Note 1)	**1,711,636**	1,711,636
	5,356,588	4,089,786
LONG TERM DEBT (Note 13)	**12,667,589**	12,939,620
OBLIGATIONS UNDER CAPITAL LEASE (Notes 2, 14)	**789,542**	831,628
DEFERRED CONTRIBUTIONS (Notes 1, 2)	**21,014,469**	23,032,855
PREPAID LAND RENTS (Note 2)	**741,477**	655,814
	40,569,665	41,549,703
NET ASSETS		
Share capital (Note 15)	**3**	3
Donated land equity (Notes 2, 12)	**8,000,000**	8,000,000
Contributed surplus (Note 1)	**39,310,266**	39,310,266
Net assets	**10,018,706**	11,346,669
	57,328,975	58,656,938
	$ 97,898,640	$ 100,206,641

CONTINGENT LIABILITY

COMMITMENTS (Note 17)

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES AND NET ASSETS

Year ended March 31, 2009

	2009	2008
REVENUE		
Parking	**$ 4,548,126**	$ 4,298,674
The Forks Market	**1,808,552**	1,722,572
Lease and land rents	**1,291,486**	1,287,315
IMAX Theatre	**994,098**	1,278,867
Interest income	**696,039**	596,069
Rental	**366,290**	368,600
Sponsorship	**360,576**	344,022
Forks Site recoveries	**176,979**	141,050
Events	**82,359**	67,662
Miscellaneous	**40,926**	4,968
	10,365,431	10,109,799
EXPENDITURES		
General and administration	**1,149,189**	1,082,857
Interest on long term debt	**736,932**	453,118
Investment fees	**159,685**	63,842
Marketing	**479,400**	512,305
Parking	**1,759,555**	1,639,322
Planning and development	**256,360**	400,510
Programs and events	**505,173**	446,924
Forks Site	**1,137,836**	1,074,566
Rental	**243,065**	220,876
Sponsorship	**126,669**	126,063
The Forks Market	**1,651,922**	1,701,168
IMAX Theatre	**1,349,247**	1,452,439
	9,555,033	9,173,990
INCOME FROM OPERATIONS	**810,398**	935,809
OTHER INCOME (EXPENSES)		
Amortization (Note 16)	**(1,182,852)**	(1,393,163)
Unrealized and realized losses	**(955,509)**	(129,255)
	(2,138,361)	(1,522,418)
DEFICIENCY OF REVENUE OVER EXPENSES	**(1,327,963)**	(586,609)
NET ASSETS - BEGINNING OF YEAR	**11,346,669**	11,933,278
NET ASSETS - END OF YEAR	**$ 10,018,706**	$ 11,346,669

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Cash receipts from tenants and customers	**$ 9,792,799**	$ 9,612,637
Cash paid to suppliers and employees	**(7,350,865)**	(10,274,919)
Interest received	**696,039**	596,069
Interest paid	**(813,789)**	(512,156)
Cash flow from (used by) operating activities	**2,324,184**	(578,369)
INVESTING ACTIVITIES		
Purchase of capital assets and investments in properties and infrastructure enhancements	**(2,542,870)**	(2,024,570)
Loans receivable issued	**(5,000)**	(362,676)
Repayment of loan receivable	**21,718**	135,705
Change in investments - held for trading	**1,119,402**	(10,064,830)
Cash flow used by investing activities	**(1,406,750)**	(12,316,371)
FINANCING ACTIVITIES		
Proceeds from long term financing	**-**	13,320,000
Repayment of long term debt	**(257,139)**	(123,241)
Repayment of obligations under capital lease	**(326,066)**	(393,312)
Receipt of deferred contributions	**-**	279,676
Cash flow from (used by) financing activities	**(583,205)**	13,083,123
INCREASE IN CASH FLOWS	**334,229**	188,383
CASH - BEGINNING OF YEAR	**560,011**	371,628
CASH - END OF YEAR	**$ 894,240**	$ 560,011

NORTH PORTAGE DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2009

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).

These financial statements have been prepared on the assumption that the Corporation is a going concern, will continue to operate for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of operations.

(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 and other funders, 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:

	2009	2008
Deferred contributions	**$ 12,381,805**	$ 13,198,363
Amortization of deferred contributions recognized in income	**19,853,623**	19,037,065
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:

	2009 (cumulative)	2008 (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**	1,706,819
CentreVenture Development Corporation	**510,696**	510,696
The Winnipeg Foundation	**150,000**	150,000
Energy Development Initiative	**25,000**	25,000
	$ 52,249,852	$ 52,249,852

The funding has been allocated as follows:		
Deferred contributions	**$ 8,632,664**	$ 9,834,492
Amortization of deferred contributions recognized into income	**25,632,348**	24,430,520
Contributed surplus	**2,257,333**	2,257,333
Applied to operations	**15,727,507**	15,727,507
	$ 52,249,852	$ 52,249,852

(c) North Portage Theatre Corporation

NPTC includes the accounts of 3898211 Manitoba Ltd. Funding of NPTC was provided as follows:

	2009	2008
Repayable loan - Manitoba Development Corporation	**$ 1,800,000**	$ 1,800,000
Contributions from shareholders and other funders		
North Portage Development Corporation	**1,800,000**	1,800,000
Destination Manitoba and the Canada-Manitoba (1985) tourism development agreement	**3,900,000**	3,900,000
	$ 7,500,000	$ 7,500,000

1. Description of Business (continued)

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, 2009 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:

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 capital assets. Actual results could differ from these estimates.

Capital disclosures

The Corporation's capital consists of surplus, contributed surplus and donated land equity.

The Corporation's objective in managing capital is to safeguard its ability to continue as a going concern, in order to carry out its mission as described in Note 1.

The Corporation prepares a realistic budget each year, allocating expenses to revenue they expect to earn and funding it expects to receive for unrestricted operations.

An Investment policy is in place to guide the Corporation in the management of surplus funds. These guidelines ensure that capital is preserved, rates of return are maximized and funds are available as needed.

Restricted capital was segregated under the direction of the Shareholders and is disbursed towards projects approved by the Board of Directors. See note 5.

Consolidation policies

The consolidated financial statements include 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 consists of food, beverage and theatre supplies and is valued at the lower of cost and net realizable value with the cost being determined on a weighted-average cost basis, with cost consisting of the purchase price and delivery costs of product.

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

Assets not included in the preceding list have been fully amortized.

Capital assets acquired during the year, but not placed into use, are not amortized until they are placed into use.

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 risks 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. Interest income is recognized when earned.

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.

Future changes in significant accounting policies

The following accounting standards have been issued by the CICA but are not yet effective. The Corporation is currently evaluating the effect of adopting these standards on their financial statements.

International financial reporting standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) over a transition period expected to end in 2011. While these standards are not developed with reference to not-for-profit organization, the AcSB has agreed that a not-for-profit organization can apply IFRS if that meets the needs of the users of the financial statements. The Corporation is currently assessing the impact, if any, that this section will have on their financial statements.

Section 1000 Financial Statement Concepts

The C1CA concluded that the guidance in Section 1000, Financial Statement Concepts permitting the deferral of cost should be applied where necessary to prevent the inappropriate capitalization of costs. The IFRS guidance on the matching concept added to Section 1000 might affect items other than intangible assets, such as the recognition of liabilities of items that do not meet the definition of liabilities. The standard will become effective for year ends beginning on or after January 1, 2009. The Corporation has not yet determined the impact, if any, on the financial statements.

2. Summary of Significant Accounting Policies (continued)

Future changes in significant accounting policies (continued)

Section 1582 Business Combinations

In January 2009, the CICA issued Section 1582 Business Combinations to replace section 1582 Business Combinations. Section 1582 establishes standards for the accounting for a business combination. It provides the equivalent to International Reporting Standard IFRS 3, Business Combinations. This new standard will take effect for all financial periods beginning on or after January 1, 2011. The Corporation is currently assessing the impact, if any, that IFRS will have on their financial statements.

Consolidated Financial Statements

In January 2009, the CICA issued Section 1602 Consolidated Financial Statements and Section. Section 1601 and 1602 establish new standards for the accounting of consolidated statements and Non-controlling interests. This new standard will take effect for all financial periods beginning on or after January 1, 2011. The Corporation is currently assessing the impact, if any, that these sections will have on their financial statements.

Section 4470 Disclosures of Allocated Expenses by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations, was issued. The changes are intended to improve financial reporting by not-for-profit organization and make not-for-profit standards consistent with those of profit-oriented business when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009.

The Corporation continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

3. Change in Accounting Policy

Effective April 1, 2008, the Corporation adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (C1CA):

Section 1400

The Accounting Standards Board (AcSB) amended Section 1400 to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern. Refer to Note 1.

Section 1535 Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3031 Inventories

Section 3031 Inventories replaces Section 3030 Inventories. It provides more guidance on the measurement and disclosure requirements for inventories. The adoption of Section 3031 did not have an impact on the recognition, measurement or presentation of inventory in the Corporation's year end financial statements.

3. Change in Accounting Policy (continued)

Section 3862 Financial Instruments - Disclosures

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments - Disclosure and Presentation. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

Section 3863 Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, Financial Instruments - Disclosure and Presentation, unchanged.

EIC 173

In January 2009, the Emerging Issues Committee ("EIC") issued EIC 173. In this EIC, the committee reached a consensus that in determining the fair vale of financial assets and financial liabilities, an entity should take into account the credit risk of the entity and the counterparty. The adoption of this standard has not impacted the Corporation's financial statements.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Corporation's year end financial statements.

4. Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on a financial instrument's classification.

Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value, with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Corporation are classified and measured as follows:

Cash and investments are classified as held for trading and are measured at fair value, accounts receivable and loans receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable and long term debt are classified as other financial liabilities and are measured at amortized cost. Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of revenue end expenditures and net assets in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of revenue and expenditures and net assets for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they would be recorded in the statement of revenue and expenditures and net assets.

Fair value of financial instruments

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their relatively short term maturity.

The carrying amounts of investments - held for trading are recorded at fair value based on the mark-to-market method of accounting, using quoted market and currency rates.

4. Financial Instruments (continued)

Fair value of financial instruments (continued)

The carrying value of the loans receivable ($300,000 and $85,862) does not represent fair value due to the fact that the loans bears no interest. Measurement of fair value is difficult due to the difficulty in estimating the repayment terms. See note 5.

The carrying value of loan receivable ($34,464) approximates fair value as the interest rate is consistent with the current rates offered for loans with similar teams. See note 5.

The carrying amount of long term debt approximates the fair value, as interest rates are assumed to be consistent with the current rates that would be offered to the company for debt with similar terms.

Financial risk management

The Corporation has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Corporation to credit risk consist principally of receivables and loans receivable.

The maximum exposure of the Corporation to credit risk as of March 31, 2009, is $1,224,886.

Receivables: The Corporation is not exposed to significant credit risk since the receivables are with a significant number of customers. In order to reduce its credit risk, the Corporation reviews a new customer 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.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages liquidity risk by maintaining adequate cash and restricted investment balances. The Corporation continuously monitors cash flow and budgets.

Market risk

Market risk is the risk that changes in market prices, interest rates and foreign exchange rates, will affect the Corporation's earnings or the fair values of its financial instruments. The Corporation has market risk attributable to its investments held for trading. The investments held for trading are carried on the balance sheet at the fair market value of the investments, with the change in fair value being recognized as an adjustment on the statements of revenue, expenditures and net assets.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, investments and long term debt.

The interest rate risk on cash and investments is considered to be low because of their short term nature. The Corporation manages its interest rate risk on long term debt through the use of fixed rate terms for its long term debt.

4. Financial Instruments (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is subject to foreign currency risk as it has investments - held for trading denominated in foreign currency. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

5. Restricted Investments Held for Trading

$16,801,035 is held for further development of the North Portage area.

6. Loans Receivable

	2009	2008
Loan receivable, bearing interest at 6.5% per annum, receivable in monthly instalments of $1,148 including interest, due July 2012, secured by specific equipment	**$ 34,464**	$ 45,722
Loan receivable, non-interest bearing, no specific terms of repayment, unsecured	**85,862**	91,322
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**	300,000
	420,326	437,044
Amount receivable within one year	**(11,883)**	(11,137)
	$ 408,443	$ 425,907

7. Capital Assets

	2009		2008	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
The Forks site (Note 8)	**$ 33,949,618**	**$ 18,207,136**	$ 33,586,017	$ 17,087,776
3D projector	**1,375,781**	**447,128**	1,375,781	309,550
Theatre equipment	**132,426**	**38,331**	132,426	25,088
Box office	**45,777**	**24,927**	26,162	21,821
Theatre facilities	**3,216,531**	**3,206,920**	3,216,531	3,203,614
Theatre renovation	**353,933**	**45,019**	298,589	14,930
Fixtures and signage	**72,261**	**72,261**	72,061	72,061
Rental buildings	**3,226,138**	**853,649**	1,550,294	685,102
Parking equipment	**1,383,758**	**275,236**	1,113,267	134,354
Office equipment	**310,882**	**238,875**	301,494	222,670
Leasehold improvements	**298,127**	**215,334**	297,598	195,870
Computers	**516,802**	**449,599**	494,281	425,046
	$ 44,882,034	**$ 24,074,415**	$ 42,464,501	$ 22,397,882
Net book value		**$ 20,807,619**		$ 20,066,619

8. The Forks Site

	2009		2008	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Land	**$ 120,694**	**$ -**	$ 120,694	$ -
Building	**7,941,987**	**3,622,344**	7,904,146	3,433,465
Roads and services	**7,189,436**	**5,847,555**	7,063,143	5,619,297
Parks and plaza	**9,054,118**	**4,169,517**	9,043,383	3,725,216
Parking structure	**5,002,682**	**765,394**	5,002,682	652,218
Furniture and equipment	**1,433,689**	**1,052,978**	1,459,132	1,037,545
Equipment under capital lease	**283,275**	**84,982**	283,275	56,655
Tenant allowances and pre-opening costs	**2,923,737**	**2,664,366**	2,709,562	2,563,380
	$ 33,949,618	**$ 18,207,136**	$ 33,586,017	$ 17,087,776
Net book value		**$ 15,742,482**		$ 16,498,241

9. Investment in Properties and Infrastructure Enhancements

	2009	2008
North Portage properties and infrastructure enhancements (Note 10)	**$ 43,806,282**	$ 44,590,948
The Forks infrastructure enhancements (Note 11)	**5,845,901**	6,358,481
The Forks donated land (Note 12)	**7,694,646**	7,694,646
	$ 57,346,829	$ 58,644,075

10. North Portage Properties and Infrastructure Enhancements

	2009		2008	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Land assembly and demolition	**$ 28,542,935**	**$ -**	$ 28,592,935	$ -
Site servicing	**4,306,438**	**6,008,953**	4,306,438	5,982,617
Development projects	**2,401,395**	**-**	2,334,884	-
Infrastructure enhancements	**33,993,622**	**19,429,155**	33,993,622	18,654,314
	$ 69,244,390	**$ 25,438,108**	$ 69,227,879	$ 24,636,931
Net book value		**$ 43,806,282**		$ 44,590,948

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.

11. The Forks Infrastructure Enhancements

	2009		2008	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Clearing and relocation	**$ 2,257,333**	**$ -**	$ 2,257,333	$ -
Land carrying costs	**1,771,316**	**1,769,907**	1,771,316	1,769,673
Site servicing	**5,519,123**	**4,426,256**	5,457,628	4,157,669
Development projects	**588,010**	**582,017**	586,744	579,991
Infrastructure enhancements	**6,363,041**	**3,874,742**	6,369,058	3,576,265
	$ 16,498,823	**$ 10,652,922**	$ 16,442,079	$ 10,083,598
Net book value		**$ 5,845,901**		$ 6,358,481

12. 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.

13. Long Term Debt

	2009	2008
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $82,940. The loan matures on August 1, 2032 and is secured by a general security agreement represented by a first charge on the following lease agreements: Cityscape Residence Corp, The Kiwanis Club of Winnipeg Seniors Building Inc., 2700760 Manitoba Ltd, Fred Douglas Place Ltd. and Portage Place Centre Inc.	**$ 12,939,620**	$ 13,196,759
Amounts payable within one year	**(272,031)**	(257,139)
	$ 12,667,589	$ 12,939,620

Principal repayment terms are approximately:

2010	$ 272,031
2011	287,786
2012	304,453
2013	322,086
2014	340,739
Thereafter	11,412,525
	$ 12,939,620

14. 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 $8,180 (2008 - $11,424), in Theatre expenses in the amount of $28,820 (2008 - $39,501), and in FNP in the amount of $39,857 (2008 - $8,113).

The payment terms in Canadian dollars are as follows:

2010	$ 254,372
2011	249,948
2012	193,442
2013	193,442
2014	149,959
Thereafter	118,088
Total minimum lease payments	1,159,251
Less: amount representing interest at various rates	(163,341)
Present value of minimum lease payments	995,910
Less: current portion	(206,368)
	$ 789,542

15. Share Capital

Authorized:
Unlimited Common shares

Issued:

		2009	2008
3	Common shares	**$ 3**	$ 3

16. Amortization

Included in amortization is the following:

	2009	2008
Amortization of capital assets	**$ (3,201,237)**	$ (3,420,463)
Amortization of deferred contributions	**2,018,386**	2,027,300
	$ (1,182,851)	$ (1,393,163)

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").

During the year ended March 31, 2009 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, 2009 are as follows:

2010	$	76,116
2011		76,116
2012		76,116
2013		68,555
	$	296,903

18. Subsequent Event

The Corporation agreed to pay $200,000 towards the re-development of the Waddell Fountain in Central Park.

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

	2009	2008
ASSETS		
Investments, at market		
Cash and short-term deposits	**$ 530,019**	$ 684,925
Bonds and bankers' acceptances (Note 3)	**1,382,787**	945,230
Canadian equities	**265,066**	207,383
	2,177,872	1,837,538
Due from The City of Winnipeg	**1,523**	8,743
Accrued interest	**7,130**	1,960
Total Assets	**2,186,525**	1,848,241
LIABILITIES		
Accounts payable and accrued liabilities	**19,227**	32,316
NET ASSETS AVAILABLE FOR BENEFITS	**$ 2,167,298**	$ 1,815,925

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

	2009	2008
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg	**$ 207,580**	$ 204,716
Plan members	**44,404**	43,526
	251,984	248,242
Investment income from		
Bonds	**45,555**	31,892
Canadian equities	**6,514**	7,236
Cash and short-term investments	**1,197**	13,769
	53,266	52,897
Current period change in market value of investments	**108,625**	(121,076)
Total increase in assets	**413,875**	180,063
DECREASE IN ASSETS		
Administrative expenses		
Investment management and audit fees	**13,702**	12,934
Actuarial fees	**13,829**	11,966
	27,531	24,900
Refunds and pension payments		
Pension payments	**34,682**	34,929
Refund of contributions	**289**	23,383
Total decrease in assets	**62,502**	83,212
Increase in net assets	**351,373**	96,851
Net assets available for benefits at beginning of year	**1,815,925**	1,719,074
Net assets available for benefits at end of year	**$ 2,167,298**	$ 1,815,925

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
COUNCIL PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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 0.2% (2008 - 2.4%).

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 63% (2008 - 51%) of its assets invested in fixed income securities as at December 31, 2009. The effective interest rate on the securities is 4% (2008 - 3%). The returns of fixed income securities are particularly sensitive to changes in nominal interest rates.

3. Interest Rate, Credit and Market Risks (continued)

The term to maturity and related market values of investments in bonds and bankers' acceptances held by the Plan at December 31, 2009 are as follows:

Term to Maturity	Market Value
Less than one year	$ 299,358
Two to five years	346,276
Greater than five years	737,153
Total	$ 1,382,787

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, 2009, the Plan's maximum credit risk exposure relates to bonds, accrued interest and short-term deposits totalling $1,919,936. The Plan's concentration of credit risk as at December 31, 2009 related to bonds and bankers' acceptances is categorized amongst the following:

Type of Issuer	Market Value
Government of Canada and Government of Canada guaranteed	$ 385,002
Provincial Governments	698,427
Corporations	299,358
Total	$ 1,382,787

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, 2009.

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:

	2009	2008
Actuarial present value of accrued pension benefits at beginning of year	**$ 1,820,444**	$ 1,580,268
Interest accrued on benefits	**88,084**	89,330
Benefits accrued	**154,470**	138,718
Benefits paid	**(34,971)**	(58,312)
Actuarial loss	**345,092**	70,440
Actuarial present value of accrued pension benefits at end of year	**$ 2,373,119**	$ 1,820,444

The significant long-term assumptions used in the valuation of accrued pension benefits provided for a discount rate on liabilities of 4.1% (2008 - 4.5%) per annum, a rate of return on assets of 4.1% (2008 - 4.5%) per annum and a general rate of salary increase of 2.7% (2008 - 2.4%) per annum.

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:

	2009	2008
Actuarial value of net assets available for benefits	**$ 2,167,298**	$ 1,815,925

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 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)

		2009	2008	2007	2006	2005
Population (Statistics Canada)		**675,100**	665,900	658,900	653,500	650,900
Consolidated debt (1)	**$**	**678,517**	753,092	646,148	670,330	613,667
Net tax-supported debt (2)	**$**	**204,815**	217,814	237,624	287,338	322,617
Debt per capita:						
Consolidated (dollars)	**$**	**1,005**	1,131	981	1,026	943
Net tax-supported (dollars)	**$**	**303**	327	361	440	496
Non-portioned taxable assessments (millions) (3)	**$**	**32,420**	31,959	31,475	30,923	25,772
Debt as a % of non-portioned taxable assessments						
Consolidated		**2.1%**	2.4%	2.1%	2.2%	2.4%
Net tax-supported		**0.6%**	0.7%	0.8%	0.9%	1.3%
Consolidated revenues (4)	**$**	**1,343,648**	1,271,258	1,220,814	1,105,533	1,039,124
Consolidated debt as a % of consolidated revenues		**50.5%**	59.2%	52.9%	60.6%	59.1%

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, Winnipeg Enterprises Corporation and the Province of Manitoba.

(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 CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS

As at December 31, 2009

		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
	November 21/07	-	-	-	-	4,000,000	4,000,000
	March 25/09	-	-	-	-	12,400,000	12,400,000
32/2007	February 21/07	1,696,000	3,417,000	16,800,000	7,638,000	-	29,551,000
219/2007	January 23/08	3,488,000	-	-	37,200,000	-	40,688,000
183/2008	May 27/09	-	89,750,000	-	-	-	89,750,000
184/2008	May 27/09	7,845,000	-	-	50,715,000	-	58,560,000
120/2009	November 25/09	75,000,000	-	-	-	-	75,000,000
		$ 175,448,958	$ 104,064,325	$ 16,800,000	$ 111,637,000	$ 16,400,000	$ 424,350,283

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.

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS (continued)
As at December 31, 2009

Outstanding Capital Borrowing Authorization at December 31, 2008	$ 219,240,283
Add:	
By-law 183/2008	89,750,000
By-law 184/2008	58,560,000
By-law 46/2007	17,500,000
By-law 31/2009	30,980,000
By-law 120/2009	75,000,000
Fleet Management Agency Authorization March 25, 2009	12,400,000
Deduct:	
Debt Issued	(48,480,000)
Toronto Dominion Bank Loan Facility	(30,600,000)
Outstanding Capital Borrowing Authorization at December 31, 2009	$ 424,350,283

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT ISSUES

As at December 31, 2009

Term	Month	Interest Rate	By-Law Number	Amount of Debt	
The City of Winnipeg					
Sinking Fund Debt					
1993-2013	Feb. 11	9.375	6090/93		$ 90,000,000
1994-2014	Jan. 20	8.000	6300/94		85,000,000
1995-2015	May 12	9.125	6620/95		88,000,000
1997-2017	Nov. 17	6.250	7000/97		30,000,000
2006-2036	July 17	5.200	72/2006		60,000,000
2008-2036	July 17	5.200	72/2006B		100,000,000
					453,000,000
Serial Debt					
2003-2013	Jan. 17	5.350	8138/02	$ 44,909,000	
2004-2014	Mar. 24	4.600	86/2003	25,546,000	
2009-2019	Oct. 6	4.500	46/2007 & 31/2009	48,480,000	118,935,000
Total Debt					$ 571,935,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE

As at December 31, 2009

Description	Debenture Debt		
	Gross	Sinking Fund	Net
Tax-Supported			
General	$ 246,186,137	$ 91,982,923	$ 154,203,214
Unallocated Sinking Fund Surplus	-	301,498	(301,498)
Total Tax-Supported	246,186,137	92,284,421	153,901,716
Other Funds			
Civic Accommodations	18,030,233	6,913,397	11,116,836
Transit System	22,087,883	12,459,339	9,628,544
Total Tax-Supported and Other Funds	286,304,253	111,657,157	174,647,096
City-Owned Utilities			
Solid Waste Disposal	1,000,000	611,631	388,369
Waterworks System	203,000,000	32,951,540	170,048,460
Sewage Disposal System	81,630,747	53,804,987	27,825,760
Total City-Owned Utilities	285,630,747	87,368,158	198,262,589
	$ 571,935,000	$ 199,025,315	$ 372,909,685

Description	2010 Fixed Annual Charges		
	Interest	Principal	Total
Tax-Supported	$ 15,891,696	$ 21,046,610	$ 36,938,306
Other Funds			
Civic Accommodations	1,102,321	1,472,616	2,574,937
Transit System	1,763,407	1,239,232	3,002,639
Total Tax-Supported and Other Funds	18,757,424	23,758,458	42,515,882
City-Owned Utilities			
Solid Waste Disposal	91,250	30,243	121,493
Waterworks System	12,110,000	4,136,431	16,246,431
Sewage Disposal System	6,814,574	3,702,868	10,517,442
Total City-Owned Utilities	19,015,824	7,869,542	26,885,366
	$ 37,773,248	$ 31,628,000	$ 69,401,248

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT CHANGES DURING 2009

Gross Debt as at January 1, 2009			$ 673,333,000
Debt Issued During 2009			
Tax-Supported Debt:			
Assessment - Special Projects	$ 980,517		
Business Liaison - Special Projects	3,096		
Community Improvement Program	774,501		
Community Services - Special Projects	265,499		
Corporate Finance - Special Projects	55,764		
Fire	250,009		
Infrastructure	1,301,161		
Infrastructure - Land Drainage	880,650		
Infrastructure - Parks and Recreation	193,350		
Infrastructure - Streets and Bridges	1,239,000		
Land Drainage	3,651,086		
Land and Development - Special Projects	1,466,594		
Libraries	433,277		
Parks and Recreation	2,847,644		
Parks and Recreation - Special Projects	752,814		
Police	1,880,092		
Special Projects	400,000		
Streets and Bridges System	24,502,907		
Winnipeg Development Agreement	1,239,200	$ 43,117,161	
Utilities Debt:			
Civic Accommodations	4,612,839		
Transit System	750,000	5,362,839	48,480,000
Sub-total			721,813,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT CHANGES DURING 2009 (continued)

Sub-total brought forward			721,813,000
Debt Retired During 2009			
Tax-Supported Debt:			
Assessment - Special Projects	1,582,500		
Business Liaison - Special Projects	5,000		
Community Improvement Program	1,250,000		
Community Services - Special Projects	428,500		
Convention Centre	523,698		
Core Area Programs	13,496,192		
Corporate Finance - Special Projects	90,000		
Culture and Recreation	12,139,352		
Fire	435,969		
Health and Social Development	1,398,769		
Infrastructure	2,100,000		
Land Acquisition	15,809		
Land Drainage	11,004,229		
Land and Development - Special Projects	2,367,000		
Libraries	402,820		
North Portage Development	146,982		
Overhead Walkways	16,963		
Parks and Recreation	2,805,175		
Parks and Recreation - Special Projects	1,215,000		
Police	2,072,317		
Protection	1,535,979		
Special Projects	5,333,200		
Streets and Bridges System	59,311,414		
Winnipeg Development Agreement	2,000,000	121,676,868	
Utilities Debt:			
Transit	3,576,597		
Waterworks System	1,500,000		
Sewage Disposal System	12,366,967		
Solid Waste Disposal	1,935,000		
Civic Accommodations	8,822,568	28,201,132	(149,878,000)
Gross Debt as at December 31, 2009			$ 571,935,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT - MATURITY BY YEARS

As at December 31, 2009

Maturity Year	Sinking Fund Debt	Serial and Installment Debt	Total	%
2010	$ -	$ 19,931,000	$ 19,931,000	3.48
2011	-	20,672,000	20,672,000	3.61
2012	-	21,448,000	21,448,000	3.75
2013	90,000,000	22,263,000	112,263,000	19.63
2014	85,000,000	10,381,000	95,381,000	16.68
2015	88,000,000	4,848,000	92,848,000	16.23
2016	-	4,848,000	4,848,000	0.85
2017	30,000,000	4,848,000	34,848,000	6.09
2018	-	4,848,000	4,848,000	0.85
2019	-	4,848,000	4,848,000	0.85
2036	160,000,000	-	160,000,000	27.98
Gross Debt	$ 453,000,000	$ 118,935,000	571,935,000	100.00
Less: Sinking Fund Reserve			199,025,315	
Net Debt			$ 372,909,685	

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT SUMMARY OF MATURITIES BY PURPOSES

As at December 31, 2009

Maturity Year	General Tax-Supported	Transit System	Waterworks System	Sewage Disposal System	Solid Waste Disposal	Civic Accommodations	Total
2010	$ 16,645,298	$ 679,744	$ -	$ 1,434,674	$ -	$ 1,171,284	$ 19,931,000
2011	17,251,998	709,327	-	1,505,849	-	1,204,827	20,672,001
2012	17,887,404	740,298	-	1,580,430	-	1,239,867	21,447,999
2013	56,755,794	5,772,818	5,000,000	41,658,804	-	3,075,584	112,263,000
2014	31,237,593	6,810,696	13,000,000	35,450,990	-	8,881,721	95,381,000
2015	59,161,185	7,075,000	25,000,000	-	1,000,000	611,815	92,848,000
2016	4,311,716	75,000	-	-	-	461,284	4,848,000
2017	34,311,716	75,000	-	-	-	461,284	34,848,000
2018	4,311,716	75,000	-	-	-	461,284	4,848,000
2019	4,311,716	75,000	-	-	-	461,284	4,848,000
2036	-	-	160,000,000	-	-	-	160,000,000
	$ 246,186,136	$ 22,087,883	$ 203,000,000	$ 81,630,747	$ 1,000,000	$ 18,030,234	$ 571,935,000

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**
2010	$ 21,046,610	$ 15,891,696	$ 36,938,306	$ 10,581,390	$ 21,881,552	$ 32,462,942	$ 69,401,248
2011	21,653,310	15,224,360	36,877,670	10,715,691	21,738,522	32,454,213	69,331,883
2012	22,288,716	14,468,901	36,757,617	10,856,284	21,579,316	32,435,600	69,193,217
2013	22,956,106	13,639,627	36,595,733	11,003,895	21,406,229	32,410,124	69,005,857
2014	11,997,935	9,702,886	21,700,821	7,358,233	16,479,152	23,837,385	45,538,206
2015	6,877,706	7,713,268	14,590,974	4,374,842	11,448,625	15,823,467	30,414,441
2016	5,218,916	2,553,788	7,772,704	3,372,284	8,404,427	11,776,711	19,549,415
2017	5,218,916	2,386,263	7,605,179	3,372,284	8,383,590	11,755,874	19,361,053
2018	4,311,716	335,747	4,647,463	3,372,284	8,361,760	11,734,044	16,381,507
2019	4,311,716	148,311	4,460,027	3,372,284	8,338,447	11,710,731	16,170,758
2020-2036	-	-	-	48,212,000	141,440,000	189,652,000	189,652,000
	$ 125,881,647	$ 82,064,847	$ 207,946,494	$ 116,591,471	$ 289,461,620	$ 406,053,091	$ 613,999,585

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
STREETS AND BRIDGE SYSTEM **(street improvements, street lighting, bridges and underpasses)**								
8138/02	$ 16,965,043	Jan. 17, 2003-2013	CAN	Serial	5.350	$ 696,348	$ 3,921,577	$ -
6090/93	14,067,475	Feb. 11, 1993-2013	CAN	5.000	9.375	1,318,826	425,437	10,510,100
6300/94	11,509,146	Jan. 20, 1994-2014	CAN	5.000	8.000	920,732	348,066	7,865,733
86/2003	11,377,835	Mar. 24, 2004-2014	CAN	Serial	4.600	425,530	2,094,206	-
6620/95	22,633,969	May 12, 1995-2015	CAN	5.000	9.125	2,065,350	684,510	13,843,647
7000/97	20,700,000	Nov. 17, 1997-2017	CAN	5.000	6.250	1,293,750	625,968	10,023,667
46/2007 & 31/2009	24,502,907	Oct 6, 2009-2019	CAN	Serial	4.500	764,195	2,450,291	-
	121,756,375					7,484,731	10,550,055	42,243,147
LAND DRAINAGE **(storm water relief sewers, drainage sewers and flood control)**								
8138/02	4,592,169	Jan. 17, 2003-2013	CAN	Serial	5.350	188,491	1,061,509	-
6090/93	1,300,000	Feb. 11, 1993-2013	CAN	5.000	9.375	121,875	39,315	971,257
6300/94	2,625,312	Jan. 20, 1994-2014	CAN	5.000	8.000	210,025	79,396	1,794,226
86/2003	2,889,489	Mar. 24, 2004-2014	CAN	Serial	4.600	108,066	531,840	-
6620/95	2,251,500	May 12, 1995-2015	CAN	5.000	9.125	205,449	68,091	1,377,088
7000/97	4,900,000	Nov. 17, 1997-2017	CAN	5.000	6.250	306,250	148,176	2,372,752
46/2007 & 31/2009	3,651,086	Oct 6, 2009-2019	CAN	Serial	4.500	113,870	365,109	-
	22,209,556					1,254,026	2,293,436	6,515,323

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
CULTURE AND RECREATION **(parks, swimming pools, arenas, golf courses, zoo, libraries, etc.)**								
8138/02	4,719,819	Jan. 17, 2003-2013	CAN	Serial	5.350	193,730	1,091,016	-
86/2003	768,227	Mar. 24, 2004-2014	CAN	Serial	4.600	28,732	141,400	-
	5,488,046					222,462	1,232,416	-
PARKS AND RECREATION								
6090/93	5,360,525	Feb. 11, 1993-2013	CAN	5.000	9.375	502,549	162,116	4,004,959
6300/94	5,648,659	Jan. 20, 1994-2014	CAN	5.000	8.000	451,893	170,830	3,860,481
86/2003	369,327	Mar. 24, 2004-2014	CAN	Serial	4.600	13,812	67,978	-
6620/95	850,000	May 12, 1995-2015	CAN	5.000	9.125	77,563	25,706	519,887
46/2007 & 31/2009	2,847,644	Oct 6, 2009-2019	CAN	Serial	4.500	88,812	284,764	-
	15,076,155					1,134,629	711,394	8,385,327
LIBRARIES								
6090/93	100,000	Feb. 11, 1993-2013	CAN	5.000	9.375	9,375	3,024	74,712
6300/94	73,040	Jan. 20, 1994-2014	CAN	5.000	8.000	5,843	2,209	49,918
86/2003	148,922	Mar. 24, 2004-2014	CAN	Serial	4.600	5,569	27,411	-
6620/95	10,000	May 12, 1995-2015	CAN	5.000	9.125	913	302	6,116
46/2007 & 31/2009	433,277	Oct 6, 2009-2019	CAN	Serial	4.500	13,513	43,328	-
	765,239					35,213	76,274	130,746

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
PROTECTION **(firehalls, police garage and public safety building)**								
8138/02	2,164,444	Jan. 17, 2003-2013	CAN	Serial	5.350	88,842	500,325	-
86/2003	682,471	Mar. 24, 2004-2014	CAN	Serial	4.600	25,524	125,616	-
	2,846,915					114,366	625,941	-
FIRE								
6090/93	1,300,000	Feb. 11, 1993-2013	CAN	5.000	9.375	121,875	39,315	971,257
6300/94	13,791	Jan. 20, 1994-2014	CAN	5.000	8.000	1,103	417	9,425
86/2003	183,710	Mar. 24, 2004-2014	CAN	Serial	4.600	6,871	33,814	-
6620/95	2,000	May 12, 1995-2015	CAN	5.000	9.125	183	60	1,223
7000/97	1,800,000	Nov. 17, 1997-2017	CAN	5.000	6.250	112,500	54,432	871,623
46/2007 & 31/2009	250,009	Oct 6, 2009-2019	CAN	Serial	4.500	7,797	25,001	-
	3,549,510					250,329	153,039	1,853,528
POLICE								
6090/93	1,600,000	Feb. 11, 1993-2013	CAN	5.000	9.375	150,000	48,388	1,195,393
6300/94	335,678	Jan. 20, 1994-2014	CAN	5.000	8.000	26,854	10,152	229,414
86/2003	35,742	Mar. 24, 2004-2014	CAN	Serial	4.600	1,337	6,579	-
6620/95	100,000	May 12, 1995-2015	CAN	5.000	9.125	9,125	3,024	61,163
46/2007 & 31/2009	1,880,092	Oct 6, 2009-2019	CAN	Serial	4.500	58,636	188,009	-
	3,951,512					245,952	256,152	1,485,970

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
HEALTH AND SOCIAL DEVELOPMENT **(urban renewal, community health centres and hospital capital grants)**								
8138/02	1,148,134	Jan. 17, 2003-2013	CAN	Serial	5.350	47,125	265,399	-
6090/93	150,000	Feb. 11, 1993-2013	CAN	5.000	9.375	14,063	4,536	112,068
6300/94	12,723	Jan. 20, 1994-2014	CAN	5.000	8.000	1,018	385	8,695
86/2003	659,803	Mar. 24, 2004-2014	CAN	Serial	4.600	24,677	121,443	-
	1,970,660					86,883	391,763	120,763
SPECIAL PROJECTS								
8138/02	1,810,515	Jan. 17, 2003-2013	CAN	Serial	5.350	74,315	418,512	-
6090/93	14,098,000	Feb. 11, 1993-2013	CAN	5.000	9.375	1,321,688	426,360	10,532,906
6300/94	2,267,324	Jan. 20, 1994-2014	CAN	5.000	8.000	181,386	68,570	1,549,565
86/2003	767,068	Mar. 24, 2004-2014	CAN	Serial	4.600	28,688	141,187	-
6620/95	667,000	May 12, 1995-2015	CAN	5.000	9.125	60,864	20,172	407,958
46/2007 & 31/2009	400,000	Oct 6, 2009-2019	CAN	Serial	4.500	12,475	40,000	-
	20,009,907					1,679,416	1,114,801	12,490,429
CONVENTION CENTRE								
8138/02	107,905	Jan. 17, 2003-2013	CAN	Serial	5.350	4,429	24,943	-
6090/93	225,000	Feb. 11, 1993-2013	CAN	5.000	9.375	21,094	6,805	168,102
6620/95	3,100,000	May 12, 1995-2015	CAN	5.000	9.125	282,875	93,752	1,896,058
	3,432,905					308,398	125,500	2,064,160

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
OVERHEAD WALKWAYS								
86/2003	95,979	Mar. 24, 2004-2014	CAN	Serial	4.600	3,590	17,666	-
CORE AREA PROGRAM								
8138/02	4,855,023	Jan. 17, 2003-2013	CAN	Serial	5.350	199,280	1,122,269	-
86/2003	2,432,511	Mar. 24, 2004-2014	CAN	Serial	4.600	90,975	447,729	-
6620/95	235,000	May 12, 1995-2015	CAN	5.000	9.125	21,444	7,107	143,733
7000/97	1,000,000	Nov. 17, 1997-2017	CAN	5.000	6.250	62,500	30,240	484,235
	8,522,534					374,199	1,607,345	627,968
NORTH PORTAGE DEVELOPMENT								
8138/02	669,248	Jan. 17, 2003-2013	CAN	Serial	5.350	27,470	154,701	-
LAND ACQUISITION								
86/2003	89,450	Mar. 24, 2004-2014	CAN	Serial	4.600	3,345	16,464	-
INFRASTRUCTURE								
6620/95	25,000,000	May 12, 1995-2015	CAN	5.000	9.125	2,281,250	756,065	15,290,786
46/2007 & 31/2009	1,301,161	Oct 6, 2009-2019	CAN	Serial	4.500	40,581	130,116	-
	26,301,161					2,321,831	886,181	15,290,786
INFRASTRUCTURE - LAND DRAINAGE								
46/2007 & 31/2009	880,650	Oct 6, 2009-2019	CAN	Serial	4.500	27,466	88,065	-

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
INFRASTRUCTURE - PARKS AND RECREATION								
46/2007 & 31/2009	193,350	Oct 6, 2009-2019	CAN	Serial	4.500	6,030	19,335	-
INFRASTRUCTURE - STREETS AND BRIDGES								
7000/97	1,600,000	Nov. 17, 1997-2017	CAN	5.000	6.250	100,000	48,384	774,776
46/2007 & 31/2009	1,239,000	Oct 6, 2009-2019	CAN	Serial	4.500	38,642	123,900	-
	2,839,000					138,642	172,284	774,776
COMMUNITY IMPROVEMENT PROGRAM								
46/2007 & 31/2009	774,501	Oct 6, 2009-2019	CAN	Serial	4.500	24,155	77,450	-
WINNIPEG DEVELOPMENT AGREEMENT								
46/2007 & 31/2009	1,239,200	Oct 6, 2009-2019	CAN	Serial	4.500	38,648	123,920	-
SPECIAL PROJECTS - PARKS AND RECREATION								
46/2007 & 31/2009	752,814	Oct 6, 2009-2019	CAN	Serial	4.500	23,479	75,281	-
SPECIAL PROJECTS - COMMUNITY SERVICES								
46/2007 & 31/2009	265,499	Oct 6, 2009-2019	CAN	Serial	4.500	8,280	26,550	-
SPECIAL PROJECTS - LAND AND DEVELOPMENT								
46/2007 & 31/2009	1,466,594	Oct 6, 2009-2019	CAN	Serial	4.500	45,740	146,659	-

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates %		Annual Charges 2010		Sinking Fund Reserve at Dec. 31, 2009
				Sinking Fund	Debt	Interest	Principal	
SPECIAL PROJECTS - ASSESSMENT								
46/2007 & 31/2009	980,517	Oct 6, 2009-2019	CAN	Serial	4.500	30,580	98,052	-
SPECIAL PROJECTS - CORPORATE FINANCE								
46/2007 & 31/2009	55,764	Oct 6, 2009-2019	CAN	Serial	4.500	1,739	5,576	-
SPECIAL PROJECTS - BUSINESS LIAISON								
46/2007 & 31/2009	3,096	Oct 6, 2009-2019	CAN	Serial	4.500	97	310	-
Tax-Supported Total	**246,186,137**					**15,891,696**	**21,046,610**	**91,982,923**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
TRANSIT SYSTEM								
8138/02	1,749,669	Jan. 17, 2003-2013	CAN	Serial	5.350	71,817	404,447	-
6090/93	5,000,000	Feb. 11, 1993-2013	CAN	5.000	9.375	468,750	151,213	3,735,603
6300/94	6,500,000	Jan. 20, 1994-2014	CAN	5.000	8.000	520,000	196,577	4,442,316
86/2003	1,088,214	Mar. 24, 2004-2014	CAN	Serial	4.600	40,699	200,297	-
6620/95	7,000,000	May 12, 1995-2015	CAN	5.000	9.125	638,750	211,698	4,281,420
46/2007 & 31/2009	750,000	Oct 6, 2009-2019	CAN	Serial	4.500	23,391	75,000	-
	22,087,883					1,763,407	1,239,232	12,459,339
WATERWORKS SYSTEM								
6090/93	5,000,000	Feb. 11, 1993-2013	CAN	5.000	9.375	468,750	151,213	3,735,603
6300/94	13,000,000	Jan. 20, 1994-2014	CAN	5.000	8.000	1,040,000	393,154	8,884,632
6620/95	25,000,000	May 12, 1995-2015	CAN	5.000	9.125	2,281,250	756,064	15,290,786
72/2006	60,000,000	July17, 2006-2036	CAN	5.000	5.200	3,120,000	984,000	1,890,131
72/2006B	100,000,000	July17, 2008-2036	CAN	4.500	5.200	5,200,000	1,852,000	3,150,388
	203,000,000					12,110,000	4,136,431	32,951,540
SEWAGE DISPOSAL SYSTEM								
8138/02	4,548,513	Jan. 17, 2003-2013	CAN	Serial	5.350	186,699	1,051,418	-
6090/93	40,000,000	Feb. 11, 1993-2013	CAN	5.000	9.375	3,750,000	1,209,703	29,884,823
6300/94	35,000,000	Jan. 20, 1994-2014	CAN	5.000	8.000	2,800,000	1,058,491	23,920,164
86/2003	2,082,234	Mar. 24, 2004-2014	CAN	Serial	4.600	77,875	383,256	-
	81,630,747					6,814,574	3,702,868	53,804,987

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2009

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2010 Interest	Annual Charges 2010 Principal	Sinking Fund Reserve at Dec. 31, 2009
SOLID WASTE DISPOSAL								
6620/95	1,000,000	May 12, 1995-2015	CAN	5.000	9.125	91,250	30,243	611,631
CIVIC ACCOMMODATIONS								
8138/02	1,578,518	Jan. 17, 2003-2013	CAN	Serial	5.350	64,792	364,884	-
6090/93	1,799,000	Feb. 11, 1993-2013	CAN	5.000	9.375	168,656	54,406	1,344,070
6300/94	8,014,327	Jan. 20, 1994-2014	CAN	5.000	8.000	641,146	242,374	5,477,258
86/2003	1,875,018	Mar. 24, 2004-2014	CAN	Serial	4.600	70,126	345,116	-
6620/95	150,531	May 12, 1995-2015	CAN	5.000	9.125	13,736	4,552	92,069
46/2007 & 31/2009	4,612,839	Oct 6, 2009-2019	CAN	Serial	4.500	143,865	461,284	-
	18,030,233					1,102,321	1,472,616	6,913,397
Utility Total	**325,748,863**					**21,881,552**	**10,581,390**	106,740,894
Unallocated Sinking Fund Surplus								301,498
Grand Total	**$ 571,935,000**					**$ 37,773,248**	**$ 31,628,000**	$ 199,025,315

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.




STEAKHOUSE
COCKTAIL BAR



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