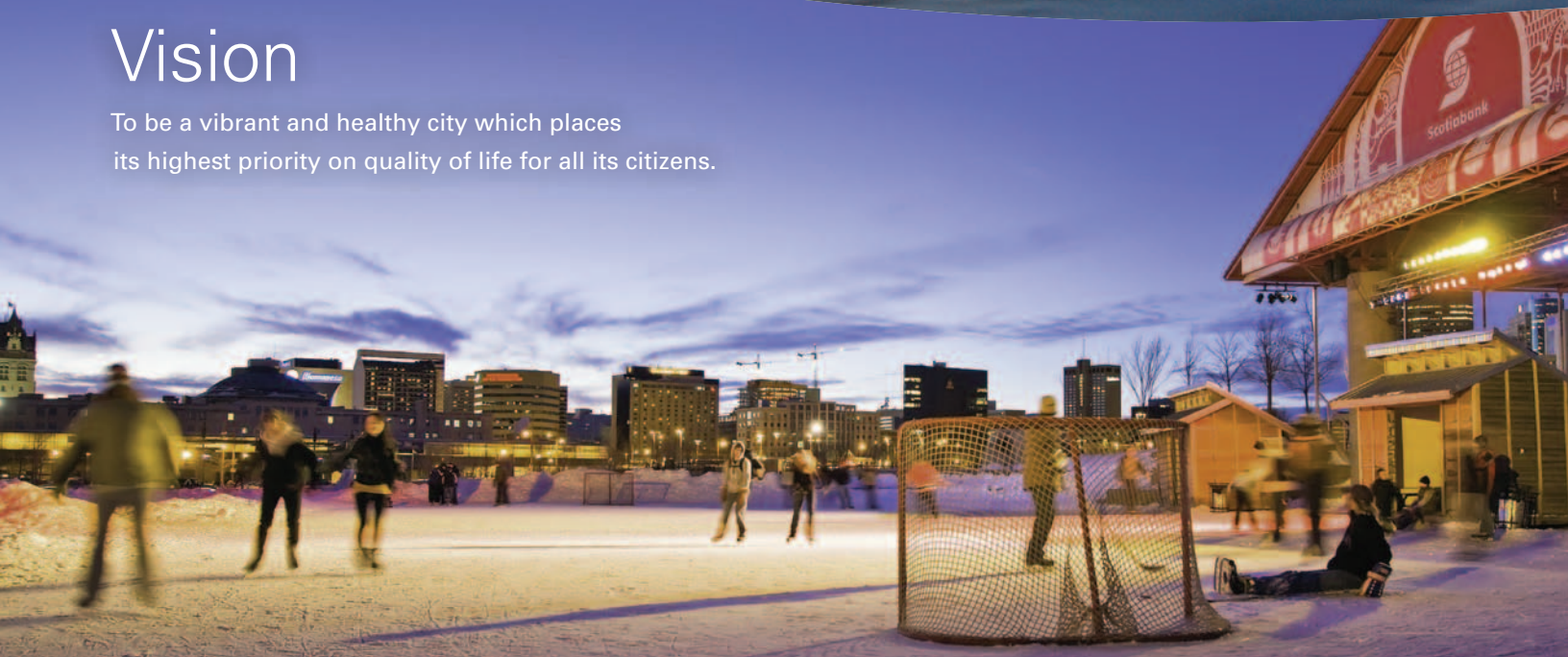
The City of Winnipeg Annual Financial Report | 2010





Vision

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



Corporate Mission

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







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Manitoba Cataloguing in Publication Data. Winnipeg (MB).
Corporate Finance Dept. Annual Report.
Annual Report year ends December 31.
Continues: Winnipeg (MB). Finance Dept. Annual Report.
ISSN: 1201-8147 = Annual Report-City of Winnipeg.
1. Winnipeg (MB) - Appropriations and expenditures-Periodicals
2. Finance, Public - Manitoba-Winnipeg-Periodicals
HJ9014.M36W56 352.1710912743


Jonathan
Toews
Community Centre


CANADA
STRONG AND FREE
STRONG AND FREE
STRONG AND FREE


WINNIPEG
CAPITALE CULTURELLE
DU CANADA 2010
POPULARTS.CA





Message from the Mayor



As Mayor, on behalf of the City of Winnipeg, it is my pleasure to present to you the 2010 Annual Report.

Throughout the year, Winnipeg has seized new and innovative opportunities that have contributed to the continued improvement to our recreational infrastructure, downtown revitalization and private sector investment during an immensely challenging time with limited revenue. I am proud of the work we have done here at City Hall in 2010–as Mayor and Council and our dedicated Public Service – to work together and ensure we continue to build on our momentum, attract investment and encourage innovative partnerships.

This year we have ensured that the safety and well-being of our citizens remained a priority. We will continue to advance public safety, deliver innovative solutions to challenges and work together to continue providing the men and women of the Winnipeg Police Service and our Fire and Paramedic Service with the tools they need to protect and serve our citizens.

As we move forward in 2011, we will continue to meet challenges head on and seek out innovative ways to keep Winnipeg sustainable, competitive, and investment-friendly.

Public safety remains a top priority of investment; neighbourhood safety and crime prevention strategies are key components in making Winnipeg a safer city; and our infrastructure – transportation as well as recreational – will continue to improve and reach a level of quality that taxpayers deserve. The City of Winnipeg, as an organization, will continue to evolve and meet the expectations of our citizens on the services we deliver.

I want to thank all our City Councillors and members of the Public Service for their input and hard work in making Winnipeg a great place to live, work, play and invest in. As we continue to plan for the future, I look forward to maintaining our positive partnerships and working relationships; I know that by working together, Winnipeg will continue to be a City of opportunity.



Sam Katz, Mayor of the City of Winnipeg



Message from the Acting Chief Administrative Officer



In 2010, Winnipeg's Public Service worked to help Council realize its policy priorities, and maintain the City's strong record of commitment to fiscal sustainability. Despite challenges, the City has successfully done both these things over the past year.

As the attached Annual Financial Report illustrates in detail, the City is in good financial standing, and has continued to improve its financial planning and management. In 2010 we developed the City's first consolidated budget, and updated the City's financial management plan. These measures are helping enhance transparency, accountability, and our decision-making processes.

Continued prudent management over the past year is reflected in Winnipeg's key financial measures. The City's consolidated revenues exceeded expenses, and our stabilization reserves increased. The City is in a positive net financial asset position, and both Standard & Poor's and Moody's Investors Service recently reaffirmed the City's credit rating at AA stable and Aa1 stable, respectively.

We are proud that *ReNew Canada* magazine named Winnipeg Canada's best place to invest, in 2010. At the same time, the City itself continued to make strategic investments in infrastructure, public safety, and other key services throughout the year. These community investments will continue, in keeping with Council's priorities and our long-term planning processes.

I would like to thank all the members of the Public Service who worked so hard to help the City plan, work, and serve the public effectively, in 2010. In addition, thank you to the Mayor, Members of Council, and all my colleagues, for the opportunity to serve and work with you as Acting CAO this past year.



Michael Ruta, FCA, Acting Chief Administrative Officer




POLICE
POLICE









2006-2010 12th Council of the City of Winnipeg Members & Appointments (for January 1 to November 2, 2010)

Mayor Sam Katz
Chairperson, Executive Policy Committee
Secretary of Urban Aboriginal Opportunities
Secretary of Intergovernmental Affairs

Jeff Browaty
NORTH KILDONAN WARD
Chairperson, Alternate Service Delivery (ASD) Committee
Youth Ambassador

Bill Clement
CHARLESWOOD – TUXEDO WARD (until May 3, 2010)
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works (until May 3, 2010)

Scott Fielding
ST. JAMES – BROOKLANDS WARD
Chairperson, Standing Policy Committee on Finance

Jenny Gerbasi
FORT ROUGE – EAST FORT GARRY WARD
Chairperson, Access Advisory Committee

Harry Lazarenko
MYNARSKI WARD
Speaker of Council
Chairperson, Council Secretariat Committee
Chairperson, Riverbank Management Committee

Grant Nordman
ST. CHARLES WARD
Deputy Speaker
Councillor responsible for Assiniboine Park Governance
Councillor responsible for the Kansas City Economic Partnership
Chairperson, Seniors Advisory Committee
Councillor responsible for Corporate Sponsorship

John Orlikow
RIVER HEIGHTS – FORT GARRY WARD

Mike O'Shaughnessy
OLD KILDONAN WARD
Secretary, Strategic Infrastructure Renewal
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works (commencing May 20, 2010)

Michael Pagtakhan
POINT DOUGLAS WARD
Chairperson, Standing Policy Committee on Protection and Community Services
Chairperson, Winnipeg Housing Steering Committee
Chairperson, Citizen Equity Committee

Harvey Smith
DANIEL MCINTYRE WARD
Chairperson, Winnipeg Committee for Safety

Gord Steeves
ST. VITAL WARD
Acting Deputy Mayor
Chairperson, Standing Policy Committee on Property and Development

Justin Swandel
ST. NORBERT WARD
Deputy Mayor
Chairperson, Standing Policy Committee on Downtown Development

Lillian Thomas
ELMWOOD – EAST KILDONAN WARD

Daniel Vandal
ST. BONIFACE WARD

Russ Wyatt
TRANSCONA WARD
Co-Chairperson, Mayor's Environmental Advisory Committee

2010-2014 13th Council of the City of Winnipeg Members & Appointments (for November 10 to December 31, 2010)

Mayor Sam Katz
Chairperson, Executive Policy Committee
Secretary of Urban Aboriginal Opportunities
Secretary of Intergovernmental Affairs

Jeff Browaty
NORTH KILDONAN WARD
Chairperson, Standing Policy Committee on Property and Development

Ross Eadie
MYNARSKI WARD
Chairperson, Access Advisory Committee

Scott Fielding
ST. JAMES – BROOKLANDS WARD
Chairperson, Standing Policy Committee on Finance
Chairperson, Alternate Service Delivery (ASD) Committee

Jenny Gerbasi
FORT ROUGE – EAST FORT GARRY WARD

Paula Havixbeck
CHARLESWOOD – TUXEDO WARD
Acting Deputy Mayor
Councillor Responsible for Assiniboine Park Governance
Councillor Responsible for Corporate Sponsorship

Grant Nordman
ST. CHARLES WARD
Speaker of Council
Chairperson, Council Secretariat Committee
Chairperson, Seniors Advisory Committee

John Orlikow
RIVER HEIGHTS – FORT GARRY WARD

Michael Pagtakhan
POINT DOUGLAS WARD
Deputy Speaker
Chairperson, Winnipeg Housing Steering Committee
Chairperson, Citizen Equity Committee
Youth Ambassador

Devi Sharma
OLD KILDONAN WARD

Harvey Smith
DANIEL MCINTYRE WARD
Chairperson, Winnipeg Committee for Safety

Thomas Steen
ELMWOOD – EAST KILDONAN WARD

Gord Steeves
ST. VITAL WARD
Chairperson, Standing Policy Committee on Protection and Community Services
Councillor Responsible for the Kansas City Economic Partnership

Justin Swandel
ST. NORBERT WARD
Deputy Mayor
Chairperson, Standing Policy Committee on Downtown Development

Daniel Vandal
ST. BONIFACE WARD
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works

Russ Wyatt
TRANSCONA WARD
Co-Chairperson, Mayor's Environmental Advisory Committee

2010 Senior Administrators

Michael Ruta
Acting Chief Administrative Officer

Alex Robinson
Deputy Chief Administrative Officer

Phil Sheegl
Deputy Chief Administrative Officer

Moira Geer
Acting Chief Financial Officer

Jim Brennan
Chief, Winnipeg Fire Paramedic Service

Linda Burch
Director, Corporate Support Services

Deepak Joshi
Director, Planning, Property and Development

Barry MacBride
Director, Water and Waste

Keith McCaskill
Chief, Winnipeg Police Service

Brad Sacher
Director, Public Works

Leonard Strijack
Director, Legal Services

Dave Wardrop
Director, Winnipeg Transit

Clive Wightman
Director, Community Services

Richard Kachur
City Clerk

Brian Whiteside
City Auditor



Winnipeg and its Economy

Culture, creativity and growth

In the heart of the continent and geographical centre of North America lies the City of Winnipeg – a vibrant, progressive city with clean air, fresh water, and plenty of blue prairie sky. Serving as the Province of Manitoba's economic engine and capital city, Winnipeg has a population of 684,100, is home to 60 per cent of Manitoba residents and is the seventh-largest city municipality in Canada.

Proudly named the 2010 'Cultural Capital of Canada', by the Government of Canada, Winnipeg offers a community with a cosmopolitan international flair, and a warm welcoming spirit with a variety of arts, culture, sports, recreation and entertainment. Winter, spring, summer and fall, Winnipeg boasts first-class exhibits, attractions, historical sites and popular annual festivals.

A cultural melting pot, Winnipeg attracts people of all nationalities and ages, offers affordable housing, business opportunities, office and industrial space, low unemployment rates, manageable traffic, and a strong, diverse economy.

In recent studies by Moody's Investors Service and the Conference Board of Canada, Winnipeg was described as having one of the most diverse economies of any major city in Canada. This diverse economy provides a stable workforce, low unemployment rate and a buffer to major fluctuations resulting from downturns in the economy. **When compared to economic diversities of the largest cities in the country, the Conference Board of Canada continues to rate Winnipeg's index at .92 out of 1.00, with the average of major cities at .82.**

Following the economic slowdown of 2008 and 2009, Winnipeg's economy in 2010 performed at a growth rate of 1.4 per cent. Although nearly all other cities had higher growth rates in 2010 than they did in 2009, they were recovering from significant economic decline which Winnipeg did not experience. Winnipeg's economy has outperformed most other Canadian cities the last three years (2008 to 2010).

Over the next five years, Winnipeg's economy is expected improve in the range of 2.0 per cent to 2.8 per cent.

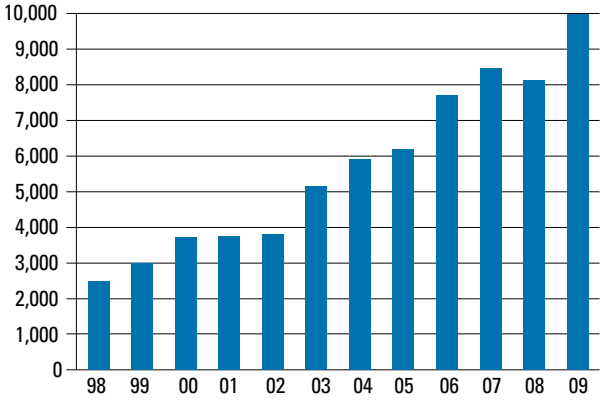
Source: Economic Development Winnipeg Inc.

Population Growth

Over the last ten years (2000-2010), Winnipeg's population, presently, 684,100 has grown by 50,000 or eight per cent.

Winnipeg is continuing to see modest population growth relative to other large Canadian cities, with the growth largely due to immigration. In 2009, total provincial immigration reached 13,500. Historically, Winnipeg is destination to about 75 per cent of immigrants to Manitoba.

RECENT IMMIGRATION TO WINNIPEG



Source: Citizenship and Immigration Canada, Immigration Overview: Facts and Figures 2009













2009 IMMIGRATION
TOP 7 CITY REGIONS

CENSUS METROPOLITAN AREA (CMA'S)

Toronto	82,644
Montreal	42,534
Vancouver	34,626
Calgary	13,708
Winnipeg	**9,971**
Edmonton	8,508
Ottawa	6,297
79%	198,288
Total Canada	**252,179**

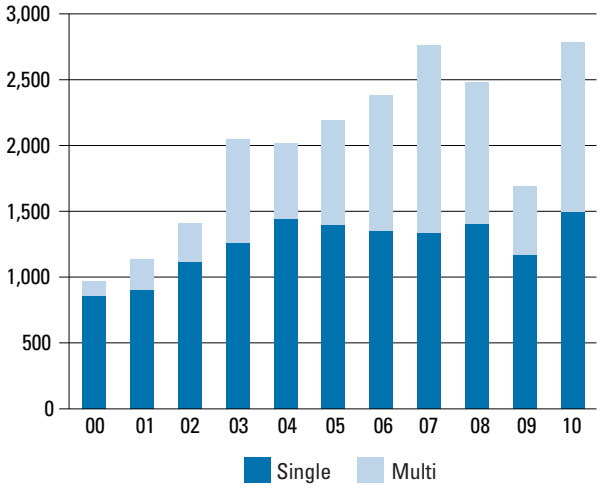
Source: Citizenship and Immigration Canada, Immigration Overview: Facts and Figures 2009

TO WINNIPEG

Philippines	4,079
India	1,157
China	774
Israel	373
Korea	350
Congo	165
Ethiopia	157
U.S.A.	146
Nigeria	139
Germany	128

Source: Manitoba Immigration Facts – 2009

HOUSING STARTS IN THE CITY OF WINNIPEG



Source: City of Winnipeg, Planning, Property, and Development Department

Housing Demand Picks Up in 2010

In 2010, economic recovery boosted housing demand, as starts surged 65 per cent to 2,737 units. This marked the second-highest total of the past 20 years. The hike was fuelled by increases in both single-family and multiple-unit construction. Although the number of housing starts is forecasted to remain stable for 2011, by 2015, it is expected to reach 3,400 units, the most since 1988.

The City's population growth is expected to increase over the next 21 years by approximately 165,000 people; a sustained demand for housing is expected to continue. Since 2000, Winnipeg's average resale house price has increased 154 per cent. This means the average house price has doubled in value over the last nine years. With one of the most diverse housing markets in Canada, Winnipeg offers a range of homes from brand-new to older character homes in established neighbourhoods.

All homes in Winnipeg sell for well below the national average price. According to the Canada Mortgage and Housing Corporation (2010), the average selling price of a single dwelling home in Winnipeg is approximately $226,000.

Source: Conference Board of Canada, Metropolitan Outlook – Spring 2011

Property taxes and housing costs remain in the low range compared to other Canadian cities.

Winnipeg's ranking out of 14 medium and large cities is as follows:

- **3rd lowest for Municipal property taxes only**
- **3rd lowest for total property tax bill and utilities**

Source: City of Edmonton 2009 residential property taxes and utility charges survey

Economic Indicators

Winnipeg's Gross Domestic Product (GDP) in 2010 was: $25.5 billion (2002 dollars).

The Winnipeg region has 60 per cent of Manitoba's population and generates 65 per cent of the Province's total economic output.

- **Building permit values in 2010: $1.153 billion**
- **Labour Force: 433,000**



VALUE OF BUILDING PERMITS ($ MILLIONS) CITY OF WINNIPEG					
	2006	2007	2008	2009	2010
Residential	$ 446	$ 449	$ 512	$ 414	$ 601
Non-Residential	404	394	542	697	552
Total	$ 850	$ 843	$1,054	$1,111	$1,153

Source: City of Winnipeg, Planning, Property and Development Dept.

Major Economic Strengths

Gross Domestic Product

Rebounding GDP growth in 2010 set an encouraging stage for Winnipeg's future. A two-per-cent rise is forecasted in 2011 and is a four-year high. Expansion is then expected to accelerate, hitting 2.4 per cent in 2012 and 2.8 per cent in 2013.

Source: Conference Board of Canada

Labour Market

The City's employment growth expanded by 1.9 per cent in 2010. The unemployment rate is expected to remain around 5 per cent through 2015, which justifies the expectation of continued strong in-migration into Winnipeg. Looking forward, job growth is expected to be 1 per cent in 2011 and 2.1 per cent in 2012. The Conference Board of Canada suggests job creation will be positive, with 27,000 jobs being created over the next five years. Above-expected population growth will continue to drive increasing housing construction and prices.

In 2009 and 2010, in-migration was high and exceeded 8,000. Net annual inflows are forecast to decrease slightly but still average over 7,300 people between 2011 and 2015. With the City boasting a successful immigration policy in the last few years, immigration is expected to continue over the long term with an expected 11,000 immigrants annually over the next two decades. This will help fuel the City's labour force growth.

Following three consecutive annual output drops, the future is looking brighter for the manufacturing sector. The 0.2 per cent decline in 2010 was largely a result of a big drop in the second half of 2009, with output rising in three of the four quarters in 2010. A 3.4 per cent expansion is on tap for 2011, with growth expected to average 3 per cent annually between 2012 and 2015.

Major Construction Projects and Investment

Following a 5.5 per cent decline in the construction industry in 2010, a second straight year of output shrinkage is expected in 2011, with production forecasted to drop by 1.9 per cent in 2011. The recovery in Winnipeg's construction sector is anticipated to be slow, with only 0.9 per cent growth expected in 2012. Most of the decline in construction activity will come from the winding down of public sector projects. The Winnipeg construction landscape is dotted with a number of high-profile projects.

Construction is underway on the $190 million football stadium at the University of Manitoba for the Winnipeg Blue Bombers and the University of Manitoba Bisons. Slated for completion in 2012, work continues on the $310 million Canadian Museum of Human Rights. Preparation for infrastructure development is under way for the IKEA retail complex to be located in Winnipeg's southwest. Building has started on a $195 million replacement for the Disraeli Bridges over the Red River and Higgins Avenue. Plans are also underway for the $109 million extension of the Chief Peguis Trail and converting the downtown Canada Post building into the new Winnipeg Police Service headquarters. The CentrePort inland port site near James Armstrong Richardson International Airport continues to see activity as companies seek industrial land at this location.

Source: Conference Board of Canada, Metropolitan Outlook – Spring 2011





1 The Disraeli Bridges Project is the largest bridge project the City has ever seen.

2 The Jubilee Avenue Overpass rehabilitation will extend the life of the bridge for 50 years.

Service Highlights

Infrastructure Investments

Active Transportation Infrastructure Stimulus Projects

In December 2009, Winnipeg City Council approved $20.4 million in capital funding to support an extensive active transportation network throughout the city. The funding is cost-shared between the three levels of government (with the City, Provincial and Federal governments each contributing one-third). This active transportation program involves the creation of projects that range from multi-use pathways to bike boulevards. When this program is completed by the end of 2011, Winnipeggers will be able to access 375 km of active transportation routes. In 2010, 14 of 37 active transportation infrastructure stimulus projects were completed.

Streets Renewal Projects

In 2010, a $36.6 million program of renewal and reconstruction of City streets, sidewalks, and lanes was undertaken. In addition, a $32.1 million, two-year street project was initiated from Inkster Boulevard – Keewatin Street to Brookside Boulevard.

Traffic Signal Enhancement Project

During the third year of a five-year Traffic Signal Enhancement project, the Public Works Department installed new traffic signal timing plans and upgraded equipment on Bishop Grandin Boulevard and McPhillips Street. In addition, work has continued to add to the existing wired and wireless communications network, which includes St. Anne's Road, St. Mary's Road and most of Main Street.

Driver Feedback Signs

Driver Feedback signs were installed at seven locations throughout the city to help improve driver compliance with speed limits. The signs display the speed of motorists as a visual warning when travelling above the maximum speed on a particular road.

Truck Flow Map

For the first time in Winnipeg, a truck flow map was completed in 2010. This was a three-year process to collect, process and manage detailed truck traffic data on regional streets. This information provides a visual representation of where commercial activity occurs on the City's regional street network and will help planners, engineers and others understand traffic flows in Winnipeg.

Major Bridge Projects

Disraeli Bridges Project

Following City Council approval in 2008 for the $195 million Disraeli Bridges Project, a successful design, build, finance, and maintain (DBFM) procurement process was completed in 2010 with a contract being awarded to Plenary Roads Winnipeg. Construction of a new river bridge, overpass, related roadworks and pedestrian bridge commenced late in the year with expected completion in August 2013.

Rehabilitation of Jubilee Avenue Overpass

The rehabilitation of the Jubilee Avenue Overpass and reconstruction of the roadway ramps was undertaken in 2010. The work undertaken will extend the life of the bridge an additional 50 years.







Rehabilitation of Osborne Street Bridge

A successful public consultation process was completed along with preliminary design. Rehabilitation of the bridge along with roadworks from Broadway to River Avenue began in 2011 and will be completed in 2012. The rehabilitation is expected to extend the life of the bridge an additional 50 years.

Water main repairs hit another record low

The number of water main repairs continued to decline with just 328 repairs in 2010, since hitting a record high in 1983 of 2,549 repairs. This all-time low is due to four things – an increased long-term commitment to water main renewals, a more rigorous water main renewal selection process, a reduced inventory of cast iron water mains, which have the highest occurrence of breaks, and favourable weather conditions. In 2010, a new aggressive water service renewal program focused on services prone to freezing, as well as plastic and lead services.

First anniversary of state-of-the-art water treatment plant

In operation since December 2009, Winnipeg's state-of-the-art water treatment plant continues to produce water of a higher quality than required by drinking water regulations and by the City's operating license. Winnipeggers have remarked on improved taste and reduced odours. The plant protects public health by virtually eliminating the risk of waterborne disease, reducing disinfection by-products and meeting increasingly-strict Canadian drinking water quality guidelines.

Old Market Square Stage – "The Cube"

Following the redevelopment of the park at Old Market Square, construction of "The Cube" began in fall 2009 and was completed by June 2010 for the City's active summer festival season. The Cube features a main stage with a metal mesh skin which is drawn back into the ceiling for performances. It is a multi-functional environment that can be enclosed to form an interactive sculpture when not in use as a performance space. The $1.25 million project was a partnership between the City of Winnipeg, the Winnipeg Foundation, Cultural Spaces Canada and CentreVenture Development Corporation and won an International Arch'al award from Arch'al Review in London, England in November 2010.

Southwest Rapid Transit Corridor

This year marked the second year of construction on the Southwest Rapid Transit Corridor – Stage 1 project. Construction of infrastructure for the project includes:

- A Transitway between Queen Elizabeth Way and Stradbrook and Pembina and Jubilee
- New Rapid Transit Stations at Harkness, Osborne, and in the Fort Rouge Yards
- New Active Transportation Pathways

When completed, a network of transit routes will use this new infrastructure and existing transit priority measures, such as the Graham Transit Mall and Main Street diamond lanes, to provide fast, reliable transit service between the downtown and the southwest part of the city including the University of Manitoba, and residential, commercial, and industrial areas. Construction to be completed in 2011 is estimated to cost $138 million.

3 The "Cube" stage in Old Market Square opened in summer 2010.

4 State-of-the-art water treatment plant celebrated its first year in service.

5 Driver feedback signs were installed at seven locations.









1 New efficient voting machines were used in the October civic election.

2 Winnipeg Transit's $1.2 million Balmoral Station.

Customer Service

Election Services

The City Clerk's Department convened the 2010 General Civic Election for Mayor, Councillors and School Trustees. The Department replaced its older voting machines with more efficient new machines.

The Department also enabled expanded voting for persons with disabilities and increased advance voting opportunities in shopping malls and post-secondary institutions. These initiatives proved very popular with the voting public and resulted in a doubling of turnout at the advance polls and a 44 per cent turnout overall, despite inclement weather on Election Day.

Winnipeg Transit Improves the Customer Experience

In 2010, Winnipeg Transit made a number of improvements to enhance the customer experience. The $1.2 million Balmoral Station in the former Greyhound Bus Terminal was opened. Ten routes currently use the new facility; additional rapid transit routes will use the facility as the downtown terminus when the Southwest Rapid Transit Corridor – Stage 1 project is completed.

Thirty-five new air-conditioned buses were introduced to the fleet, as well as the installation of 33 new transit shelters. The final phase of the on-street transit priority program, including new diamond lanes on McPhillips Street between Selkirk and William Avenues, was also completed in 2010.

Transit Recognized for Outstanding Achievement

In 2010, Winnipeg Transit received an award from the Canadian Urban Transit Association for Exceptional Performance/Outstanding Achievement for the City's Transit Improvement Program. This program began in 2006 and was substantially completed in 2010.

Transit Rider Information Tools

Winnipeg Transit introduced and implemented a suite of industry-leading passenger information tools that provide real-time information. Marketed as "TransitTOOLS", the components included:

- Improved web site
- Improved NAVIGO trip planner
- BUSguide – new mobile website for Internet-enabled handheld devices
- TeleBUS – improved interactive voice response system that provides "next bus" information by telephone
- BUStxt – new text-messaging service that provides bus departure, nearest stop information, and more to cell phones
- BUSwatch – new electronic signs placed at over 90 high-volume bus stops that provide bus departure information
- BUSgadget – a downloadable app that can be used on a computer or mobile device that provides countdown for bus departures from stops specified by a passenger
- Twitter – two feeds are used to provide information updates and service advisories to passengers

Snow Clearing Mapping Application

The Streets Maintenance Division modified and improved a web-based application that geographically maps where City and contract crews will be clearing snow overnight during a residential overnight parking ban. Coordinated with the Winnipeg Parking Authority, it translates to a more efficient plowing operation due to fewer vehicles parked on streets in scheduled areas and fewer ticketing disputes.











Planning, Environment and Sustainability

Implementation of automated garbage collection in northwest Winnipeg

Nearly 43,000 homes in St. James, the West End, the Maples, Garden City and other neighbourhoods not served by AutoBins in northwest Winnipeg were switched from manual-style garbage collection to cart collection in February 2010. More cost-effective in the long term and more efficient, automated collection provides a safer work environment for garbage collectors, and supports recycling and composting by limiting the amount of garbage that can be disposed; nearly 20 per cent less garbage was thrown out in this area, with a corresponding increase in recycling and yard waste collected.

Development of Garbage and Recycling Master Plan

In 2010, Solid Waste Services began work on a Garbage and Recycling Master Plan. The development of the plan involves extensive public consultation. Central to the plan is the goal to minimize the amount of garbage that goes to the landfill by reducing and reusing, instead of throwing away, and by increasing the amount of materials recycled and recovered. The final plan will be considered by City Council in fall 2011.

A Groundbreaking New Planning Package – Our**Winnipeg** and its Direction Strategies

Our**Winnipeg** is the city's new draft development plan – the plan that will guide growth and change in a sustainable manner over the next 25 years. Our**Winnipeg** provides direction for the city and includes a focus on sustainability, quality of life and complete communities. Our**Winnipeg** has been the most creative, collaborative planning initiative ever undertaken in Winnipeg's history. In the span of a year, the desires of Winnipeggers and all stakeholders were integrated into a dynamic plan-making process that involved both public service working groups and 'check-backs' with the community.

The new plan includes four innovative supporting strategies that complement and provide detailed direction further to the plan: the Complete Communities Direction Strategy, the Sustainable Transportation Direction Strategy, the Sustainable Water and Waste Infrastructure Direction Strategy and the Sustainable Winnipeg Direction Strategy.

SpeakUpWinnipeg

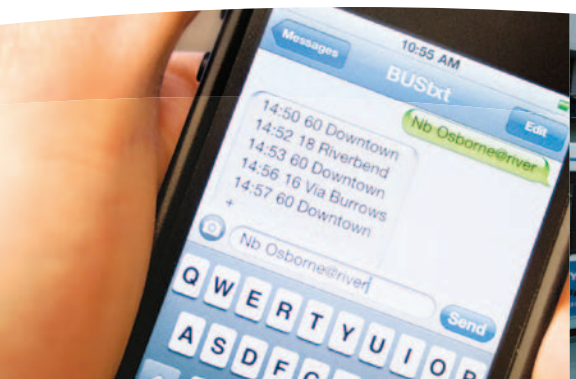
SpeakUpWinnipeg was the single most comprehensive public consultation process in Winnipeg's history, generating direct contact with more than 42,000 Winnipeggers from all parts of the city, in over 140 events. These included roundtables, focused neighbourhood conversations, stakeholder workshops, speaking engagements, community interaction, social media and online communications. In 2010, there were 27 separate engagements in which Winnipeggers became familiar with the Draft Our**Winnipeg** Plan and its Direction Strategies, as well as the Draft Transit Oriented Development Handbook and the Draft Heritage Conservation Management Plan. The **SpeakUpWinnipeg** website was re-launched in November in order to continue to provide a forum for engagement.

3 Our**Winnipeg**, the City's innovative new development plan was unveiled in 2010.

4 Automated garbage collection bins were introduced in northwest Winnipeg in February.

5 BUStxt provides service and schedule information to cell phones.

6 Thirty-three new bus shelters were installed throughout the city.









1 The Winnipeg Police Service helicopter was unveiled in December.

2 Winnipeg Police Service cruiser cars get a new look.

Vacant Buildings and Taking Title to Vacant and Derelict Buildings by-laws

In 2010, two By-laws and a nine-point housing strategy were developed and passed by City Council to address vacant and derelict housing in the City. The new *Vacant Buildings By-law* is intended to regulate the condition of vacant buildings and to discourage the boarding of vacant buildings. Since the By-law has passed, the number of vacant buildings has decreased from approximately 580 to 480. Property owners are now repairing and reoccupying or demolishing these properties. The *Taking Title to Vacant & Derelict Buildings By-law* provides the additional ability to compel compliance with the maintenance standards for vacant buildings by way of a formal enforcement process that, once fully completed, transfers the title of the derelict building to the City under a redevelopment plan that will either see the building rehabilitated or demolished.

Community Sustainability Initiatives

In September 2010, the second annual Ciclovia event was held in downtown Winnipeg. This on-street bike festival is the first of its kind in Canada, and attracted an estimated 10,000 participants. As well, 2010 was the second year of semi-annual Giveaway Weekends that offered Winnipeggers the chance to give away unused items rather than sending them to the landfill. Both of these initiatives were originally recommended by the Mayor's Environmental Advisory Committee.

Mayor's Environmental Advisory Committee moves to Paperless Meetings

Starting in April, the Mayor's Environmental Advisory Committee began using electronic agendas, thereby eliminating the need for printed copies. This citizen committee continues to provide valued advice to the Mayor on a wide range of environmental and sustainable development issues.

Anti–icing Program Expansion

Anti-icing is a proactive measure that reduces the amount of time required to restore the roads to a clear, dry state. The Streets Maintenance Division has expanded its anti-icing program to improve this important ice control service. With salt brine manufactured by the Division and being more readily available, the City expanded this service to include bus routes.

Safety and Emergency Response

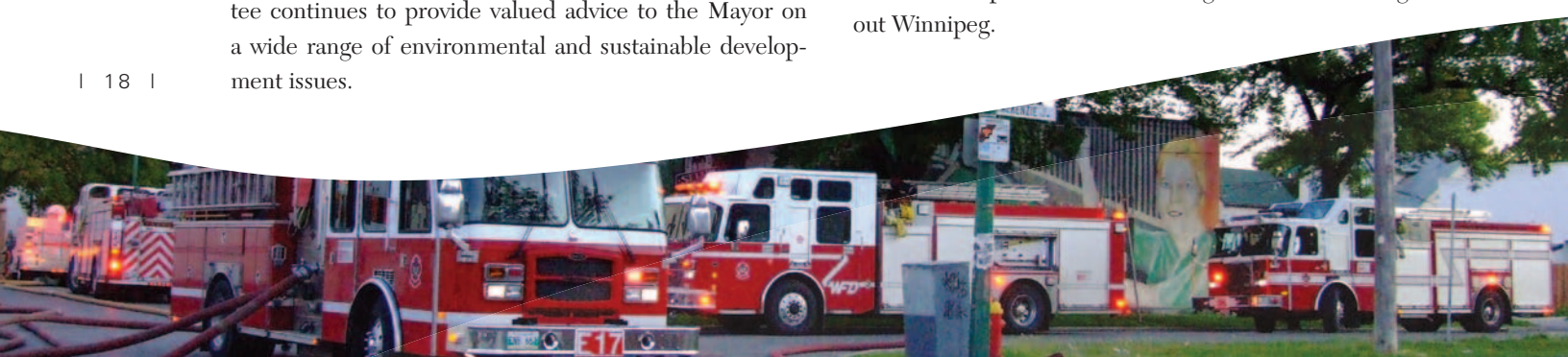
Winnipeg Police Service Helicopter Unveiled

On December 6, 2010, the Winnipeg Police Service unveiled a new helicopter that provides a unique aerial perspective and will assist officers in enhancing public safety. The purchase of the police helicopter was made possible by a funding agreement between the City of Winnipeg and the Province of Manitoba.

The Winnipeg Police Service helicopter will give officers airborne support that is effective in responding to numerous calls for service. The partnership between ground units and the aerial unit will make the helicopter an effective tool in the detection and investigation of criminal acts, and the apprehension of suspects.

Winnipeg Police Service Cruiser Cars

The Winnipeg Police Service introduced a new look for the City's front-line cruiser cars. The new black-and-white look features larger and bolder graphics that make these vehicles much more reflective and identifiable. The enhanced visibility of the new cruiser cars will ultimately increase officer safety when responding to emergency calls, as well as assisting the Service in creating a greater awareness of police vehicles in neighbourhoods throughout Winnipeg.









Winnipeg Police Service Launches Auxiliary Force Cadets Program

In 2010, the Winnipeg Police Service launched a new Winnipeg Police Service Auxiliary Force Cadets program. This initiative is the first of its kind in Canada and demonstrates a commitment to improving policing services in collaborative, innovative and cost-efficient ways to citizens of Winnipeg. The initial class of 30 cadets began training on September 2010, while a second class of cadets will begin training in January 2011.

The mandate of the Cadet Section is to build positive relationships in the community, provide a visible presence by conducting foot patrols and freeing up general patrol officers to focus on core policing duties. To that end, within the first three months of operation, the Cadet Section has provided an average of 64 hours of foot patrol daily.

Ambulances Arrive at Misericordia Urgent Care Centre

The Winnipeg Fire Paramedic Service (WFPS) began to transport patients to Winnipeg's Urgent Care Centre on December 8, 2010. It is anticipated between 10 and 20 patients per day will be diverted from hospital emergency departments to the Centre. This option should assist in providing some relief to off-load delays and unit availability. Careful consideration has been undertaken in the development of an Urgent Care Destination Protocol to ensure that case-appropriate patients are routed to the Urgent Care Centre. The WFPS worked closely with the Winnipeg Regional Health Authority on this initiative.

Replacement of Fire Paramedic Stations

WFPS has undertaken the replacement of three of its existing Fire Paramedic stations and the building of one new station. The stations to be replaced are currently located at 200 Berry Street, 5000 Roblin Boulevard and at the intersection of Grosvenor and Renfrew Streets. The new station will be located in the Sage Creek development on Sage Creek Boulevard in south St. Boniface. The department is basing its new station builds on the concept of two types of stations, suburban and core station designs.

Following the opening of the new Manitoba Hydro building in downtown Winnipeg and the relocation of the staff, WFPS took over the vacant space created on the main and second floors at 185 King Street and consolidated several branches to headquarters. The consolidated branches include Fire Prevention, relocated from 604 St. Mary's Road, the Public Education and Safety Branch, relocated from 2546 McPhillips Street, and the Operations Duty Office from Fire Station Number 1.

Partnerships, Programs and Initiatives

City of Winnipeg's First Career Symposium

With over 2,600 attendees, the City of Winnipeg's first Career Symposium offered a wealth of information for those planning their career and education. The Symposium, held on November 30, 2010, saw a steady flow of traffic at its various departmental booths and interactive displays. Many attendees were surprised to learn of the wide variety of jobs and careers available within the organization.

3 Winnipeg's first Auxiliary Force Cadets began training.

4 Over the next couple of years, three fire stations will be replaced and a new one will be built.

5 Ambulances began delivering patients to the Misericordia Urgent Care Centre.

6 The City's first ever Career Symposium drew of thousands.











1 A variety of programs are available to Winnipeg's Aboriginal youth.

2 Programs such as LiveSAFE, SPIN, a mentorship and art program provide youth with recreational and creative outlets.

3 Site of the new football stadium.

Many Winnipeg schools took advantage of the Symposium to educate students on the benefits of staying in school, and targeting their education to areas of their interests. The event also featured a "Speakers' Corner" where employees from a range of departments talked about their own unique and interesting career paths with the organization.

Downtown Weather-Protected Walkway Extension

An important extension to Winnipeg's weather-protected walkway system opened in 2010, the result of a collaborative effort between the three levels of government and numerous private sector partners, with almost $4.5 million contributed by the Winnipeg Partnership Agreement and over $1.7 million provided by Cityplace, the Delta Winnipeg, and LaSalle Investment Management, the owners of 330 St. Mary Avenue. It was administered by the North Portage Development Corporation.

The 625-foot expansion connects to the existing downtown walkway system and provides pedestrians with an indoor passage between the Convention Centre, the MTS Centre, Portage Place, and the Millennium Library through to Portage Avenue and Main Street. An exterior stairway and elevator entrance provides unique, fully accessible public access to the walkway from the public sidewalk.

New Football Stadium

In December, amendment of City Council's April 2010 Economic Development initiative authorized a partnership with the Province of Manitoba and Winnipeg Football Club. As a result, an arrangement was struck to fund the development of a new football stadium, which will help solidify the long-term viability of the Blue Bombers in Winnipeg. A Tax Increment Financing designated zone, created under provincial and civic legislation, will be used to generate funds to repay a $75 million loan made to the football club. This financing model will encourage growth and redevelopment in the old stadium lands in a sustainable way consistent with neighbourhood needs. In addition, the City's grant of $7.5 million will add to a similar commitment by the Province to fund a canopy over the new stadium.

Oshki Annishinabe Nigaaniwak – The City of Winnipeg's Aboriginal Youth Strategy

Since 2007, when City Council approved an Aboriginal Youth Strategy (AYS), Winnipeg's Aboriginal youth have had the opportunity to participate in recreational, literacy and culturally based programs, access employment, internship and scholarship opportunities, and learn about careers in the City of Winnipeg. 2010 has been a productive year for the first stream of the strategy, which included partnering with community-based organizations that provide programs and supports to Aboriginal youth.

Over 250 Aboriginal youth are accessing employment and development training opportunities each year through the funding and other in-kind supports that the AYS provides to its program partners.

The second stream of the strategy focuses on providing meaningful opportunities for Aboriginal youth within the civic system, intended to enable Aboriginal Youth to build skills, gain experience and obtain employment. Examples of the strategy in action include career awareness camps, First Aid/CPR training, $10,000 in AYS post-secondary scholarships, an innovative recreation program that brings together Elders, youth, community teachers, and staff to share, participate and learn more about Aboriginal culture; youth engagement and cultural awareness training;







literacy-based programs to help Aboriginal youth stay in school; volunteerism; leadership development and employment within City departments; almost 400 new books and resources for Aboriginal languages; as well as the involvement of an Elder at the Millennium Library.

Youth Programs

With funding support from the Province of Manitoba, the City of Winnipeg enhanced the following initiatives:

SPIN – Sports in Inner Winnipeg Neighbourhoods Program

This year 850 inner-Winnipeg children participated in an organized summer soccer sports league (SPIN) for free. This is a 27 per cent increase in participation since its inception in 2008. SPIN provides inner-city children, aged 6 to 14, with free access to sports opportunities, and is a fun way to learn basic skill development, sportsmanship, teamwork, leadership, and fair play in a friendly, supportive environment.

Youth Mentorship Program

More than 100 youth from St. John's High School, Children of the Earth School, R.B. Russell and Daniel McIntyre High Schools participated in an Inner-City Youth Mentorship Program. Youth were mentored by University of Manitoba students in Recreation Studies and Kinesiology to learn how to plan and deliver an after-school drop-in program for early-year students in an inner-city school or recreation centre. Twenty-seven mentored students now work for the City of Winnipeg or other community employers.

LiveSAFE in Winnipeg Programming

Under the umbrella of the City Council-approved LiveSAFE in Winnipeg: an Interconnected Crime Prevention Strategy, inner-city programming was increased by 4,729 hours at various recreation centres including Turtle Island Recreation Centre, Magnus Eliason Recreation Centre, Mayfair Recreation Centre, Broadway Neighbourhood Centre, Norquay Community Centre and Pritchard Park. More than 21,000 children and youth participated in the programs and 23 recreation leaders from the inner city were hired to deliver the programs.

Community Art Program

Over 1,500 inner-city children and youth participated in the Community Art Program. In partnership with Art City and Graffiti Art, numerous free creative programming opporutunities were offered at the Immigrant and Refugee Community of Manitoba (IRCOM), Magnus Eliason Recreation Centre, Orioles Community Centre, Broadway Community Centre, Turtle Island Neighbourhood Centre, Norquay Community Centre, Ralph Brown Community Centre and Pritchard Park. Ten recreation leaders were hired from the community to deliver the program.

Health Links Info-Santé

In 2010, preliminary work was underway to establish a communication link between the WFPS Communications Centre and the Provincial Tele-Health referral program Health Links Info-Santé, for the purpose of transferring appropriate 911 callers to speak with a Nurse advisor prior to the assignment of any WFPS resources. This is another initiative which has received overwhelming support from the Winnipeg Regional Health Authority and it is anticipated that the project will go live in early 2011.

4 The Weather-Protected Walkway Extension, linking key downtown buildings, opened in summer 2010.









1 A pilot project, to treat Dutch Elm Disease took place in the River Heights area.

2 Animal Services saw an increase in animal adoptions and dog licensing.

3 Lights on Broadway celebrations.

4 The renovated Kildonan Park Pool and playground opened for all to enjoy.

Transparency of Elected Officials' Expenses

A report was presented to the Audit Committee and City Council in 2010, proposing changes that reflect a contemporary view of public expectations and best practices for City Councillors' expenses, and would require the public disclosure of expenses on the City's website. The Review of the City Councillors' Representation Allowance Fund – Policy Requirements Report will have significant implications for improving transparency and accountability.

Animal Services Increase Adoptions, and Licensing, and Tap into Social Media

Animal Services achieved a record 41,590 in active dog licences in 2010. Licence revenues help fund everything from picking up and housing stray dogs and reuniting them with their owners, to attending house fires or car accidents to help in the removal of dogs where needed, to providing an Adoption Program. Officers also help resolve neighbourhood disputes such as barking dog complaints.

Animal Services has experienced a 100 per cent increase in adoptions in just two years. This increase is due to many new initiatives at Animal Services, such as the launch of a Facebook page, posting on Petfinder.com and increased exposure on radio stations and in local newspapers.

In 2010, Animal Services expanded its foster program by continuing to work closely with the Winnipeg Humane Society and animal rescue groups. Through this progressive collaboration, numerous additional dogs are adopted through partner facilities.

Lights on Broadway

The Urban Forestry Branch partnered with the Downtown BIZ and the Lights on Broadway Committee to develop guidelines for and conduct assessments of lighting designs for installation of lights in the centre median of Broadway. Tree health emerged as a primary concern in the lighting designs. Following the Lights on Broadway Lighting Design Competition, a lighting design was selected with the least impact on the heritage trees of Broadway.

Dutch Elm Disease Rapid Removal and Fungicide Pilot Project

In summer 2010, the Urban Forestry Branch initiated a pilot project to address the unprecedented increase in the incidence of Dutch Elm Disease (DED) in the River Heights area. Tree removal crews began removing diseased elms from public and private properties during the summer; 500 boulevard elms were treated with fungicide and boulevard trees were treated for elm bark beetle control as a means to halt the unprecedented spread of the disease. The impact of these intensive efforts on disease incidence will be assessed in 2011.

ReNew Magazine's Best Place to Invest 2010

Following an application by the Planning, Property and Development Department, the City of Winnipeg was awarded top honours at the Canadian Brownfields Conference in Toronto and was featured as the winner in *ReNew Canada* magazine's November 2010 issue. Winnipeg earned first place among 12 Canadian cities judged as Places to Invest, in the first annual study that examined the potential for economic redevelopment and revitalization in Canadian cities.

Recreation and Leisure

New and Enhanced Recreation, Leisure and Library Facilities

From books to basketball courts to fun in the sun, Winnipeggers now have access to new and improved recreation and learning facilities.









5



Kildonan Park Urban Oasis

This outdoor pool underwent a $3.1 million expansion and renovation funded through the Manitoba-Winnipeg Recreation and Leisure Infrastructure program. It is an exciting outdoor family play experience that includes a new beach-style entry wading pool with 21 spray features, double helix slides and an expanded sundeck with shaded seating and gathering areas. The facility also includes improved accessibility with two specialty change rooms. Attendance at Kildonan Park Pool has tripled since the renovations and expansion.

The North Centennial Recreation and Leisure Facility

This facility underwent a $7.5 million expansion and renovation through a tri-level partnership between the Government of Canada, the Province of Manitoba and the City of Winnipeg. The 17,657 square foot addition includes a 6,000 square foot gymnasium, a weight room, a teaching kitchen, a classroom and a studio – as well, the facility improved accessibility through a renovated pool with a sloped entry to allow easy access, and a new specialty change area that includes a common locker room and four individual change rooms.

Henderson Library Renovations

The library underwent a six-month closure that resulted in the expansion and complete renovation of the facility. The 18,000 square foot facility opened on October 25, 2010 with many new amenities including a tutorial room, dedicated children's and adult programming facilities, a community board room, additional computers and a substantial increase in leisure and study seating. Several other branches underwent significant renovations in 2010, including Louis Riel, Osborne, Munroe, and St. Boniface.

Recreational Infrastructure Canada Program Projects

The City partnered with the Government of Canada on several projects related to recreational infrastructure. The Pan Am Pool underwent several renovations including a redesigned lobby area, renovations to family change rooms, new floor tiling, installation of an electric boiler to reduce greenhouse gas emissions by switching over to electric heat during non-peak periods. The North and South walls were also insulated with a vapor barrier to reduce energy costs, increase occupant comfort and reduce greenhouse gas emissions. At the Bonivital Pool a new hot tub was placed in the deck area of the main pool and a new deck storage was created in the old space. At the Dakota Wading Pool, the original slide was replaced with a new larger-scale slide complete with spray features.

At the Century Arena, the City replaced the ice plant using new screw compressors, a first in the City, as well as upgrading the heat recovery system to help reduce energy costs. Five City arenas had refrigerant changeovers to a new non-ozone depleting refrigerant. Vimy Arena received a new higher-efficiency chiller to replace an original component of the refrigeration system. At the Terry Sawchuk Arena the original rink boards were removed and new rink boards installed, as well as a new vertical lift gate for ease of access for ice resurfacing equipment.

A $0.7 million redevelopment of Kildonan Park included a playground, larger gathering area, pirate's cove and tree house. This is the first City playground project with fully accessible poured-in-place rubber surfacing located in the junior and senior play area. The senior structure also has extra-wide ramps that allow complete accessibility to the upper portion of the structure. The design and construc-

5 Renovations and the expansion of the North Centennial Recreation and Leisure Facility included a large addition and sloped entry pool.

6 Henderson Library was one of several branches renovated this year.



6







1 A new program at the Winnipeg Public Library, Family Literacy Fun Day, brought families together.

2 There were improvements to several facilities at City parks in 2010, including soccer pitches at John Blumberg Park.

3 The play structure at Burton Cummings Community Centre was one of 22 replaced throughout the City.

tion took extreme care to protect the mature trees in the area, as the playground was designed around them.

Park Developments

Bonnycastle Park saw a colourful transformation including improvement to the rock garden, as well as enhancing other various gardens located throughout the park. A $4.5 million re-development of Central Park was completed in September 2010. Two soccer pitches were renovated for approximately $0.3 million at John Blumberg Park. These pitches received sod repair, irrigation systems, additional soil and regrading, and drains.

Family Literacy Fun Days

Through this fun and innovative new program, children and their parents are invited to attend regularly scheduled events at branches throughout the city. At these fun events, parents and their children take part in exciting games and creative activities that promote the playful use of reading, writing, and language skills. This program has been extremely successful wherever it has been held.

Enhanced Library Services

The City established an adult literacy program at the West End Library, called the West End Language Learning Program (WELL). Established in partnership with the Province of Manitoba, this program is serving as a provincial model for public library involvement in adult literacy programming.

Sunday hours of service were added to the Henderson, Pembina Trail and Westwood libraries. Also in 2010, a collection of over 13,000 e-books and e-audiobooks was added to the library, allowing users to download their favourite titles to the new mobile devices on the market.

The popular annual TD Summer Reading program registered over 5,000 children for the "Destination Jungle" theme. This annual program helps children and youth maintain their reading skills over the summer so they will be better prepared for the school year in the fall.

Play Equipment Replacement

Playground equipment was replaced at twenty-two playgrounds at a value of over $3 million. These sites have a serviceable life of approximately twenty years. All of these playgrounds meet new safety standards and were designed to ensure ease of accessibility for users and caregivers. Some of the new, modern playground structures were installed in the following neighbourhood parks:

- Lizzie Playground
- Harvlong Topaz Park
- Pinehurst Byron Park
- Mandeville Park
- Deer Lodge Community Centre
- Orioles Community Centre
- Attache Park
- Helen Promislow Park
- Old Exhibition Grounds
- Burton Cummings Community Centre
- Norquay Community Centre

Four of the 22 playground sites benefited from grants and donations secured by local resident groups that championed projects at the Deer Lodge Community Centre, Roblin Park Community Centre, Enderton (Peanut) Park and St. Avila School/Richmond Kings Community Centre.







Consolidated Financial Statements

Report from the Acting 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 entities 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 achieve and demonstrate compliance with finance-related requirements.

The General Revenue Fund reports on tax-supported operations, which include 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 (established in 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 flexibility 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 finance current and anticipated future capital projects, thereby reducing or eliminating the need to issue debt. Special Purpose Reserves provide designated revenue to fund the Reserves' authorized costs. Stabilization Reserves assist in the funding of major unexpected expenses, or revenue shortfalls 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, Economic Development 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 and Winnipeg Housing Rehabilitation Corporation are included in the Statements as an investment in government businesses.

Results of Operations

Actual Comparison

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2010, on a comparative basis. The Statements indicate the City increased its accumulated surplus during the year because annual revenues exceeded expenses.

During 2010, the City recorded consolidated revenues of $1.354 billion (2009 – $1.343 billion), which included government transfers and developer contributions-in-kind that related to the acquisition of tangible capital assets. Consolidated expenses totalled $1.185 billion (2009 – $1.150 billion). As a result, the City's accumulated surplus increased by $0.169 billion (2009 – $0.193 billion).

CONSOLIDATED REVENUES

For the years ended December 31 (in thousands of dollars)	2010		2009		Variance
Taxation	$ 550,994	41%	$ 534,571	40%	$ 16,423
Sales of services and regulatory fees	425,164	31%	413,243	31%	11,921
Government transfers					
Operating	144,910	11%	134,710	10%	10,200
Capital	106,976	8%	122,113	9%	(15,137)
Investment, land sales and other revenues	82,683	6%	68,061	5%	14,622
Developer contributions-in-kind	43,129	3%	70,950	5%	(27,821)
	$ 1,353,856		$ 1,343,648		$ 10,208

Revenues improved in 2010 from 2009 by $10.2 million due to several factors. The major reason was taxation revenues. The major components of taxation revenues are property, business, electricity and natural gas taxes. The primary reasons for the increase is growth in the assessment tax roll and the $5.3 million settlement with Manitoba Hydro on the collection and remittance of tax assessed on electricity and natural gas consumption.

Sales of services and regulatory fees rose in 2010 from 2009 due to an increase of various revenue sources as follows: $1.2 million in emergency ambulance services due to increased call volumes; $2.4 million in leasing revenues primarily associated with the Canada Post building; $1.4 million in police fines; $1.6 million in building permits as a result of a jump in housing starts; $0.8 million in tax penalties because of outstanding taxes increasing over 2009; $1.5 million in transit fare revenue due to a 3% increase in the number of revenue-generating passengers and regular cash fares increasing by five cents; and $1.4 million associated with an improved price on the sale of recyclables.

Government transfers related to the acquisition of tangible capital assets declined in 2010 because of a one-time contribution of $17.5 million in 2009 from the Government of Canada towards the Southwest Rapid Transit Corridor. The Public Transit Reserve Fund reported $12.7 million less in revenue, mainly because one of the funding sources for this program was fully utilized prior to 2010. Meanwhile, the General Capital Fund reported a $13.9 million increase in additional funding from the Federal and Provincial governments. The Federal funding was used towards active transportation infrastructure, the park at the Millennium Library and recreation centres. Provincial funding under the Manitoba/Winnipeg Infrastructure Program was allocated to recreation, community revitalization and public safety initiatives.

Operating government transfer revenues rose in 2010 from 2009 mainly because of additional funding from the Province of Manitoba (the "Province"). In mid-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. Under the WRARS program, 80% of the levy is returned to municipalities based on their recycling tonnage. The year-over-year increase in the grant given to the City was $4.9 million.

The Transit System Fund received an additional $3.7 million from the Province on the 50/50 funding formula that is calculated based on operating costs.

Investment income, land sales and other revenues increased by $14.6 million mainly due to the sale of the Winnipeg Square Parkade.

CONSOLIDATED EXPENSES

For the years ended December 31 (in thousands of dollars)	2010		2009		Variance
Protection and community services	**$ 390,421**	33%	$ 362,341	31%	$ 28,080
Utility operations	**301,637**	25%	278,848	24%	22,789
Public works	**264,543**	22%	270,877	24%	(6,334)
Property and development	**101,588**	9%	97,958	9%	3,630
Finance and administration	**66,405**	6%	61,575	5%	4,830
Civic corporations	**31,532**	3%	29,582	3%	1,950
General government	**28,512**	2%	49,252	4%	(20,740)
	$ 1,184,638		$ 1,150,433		$ 34,205

Consolidated expenses grew by $34.2 million or three percent from the previous year, due partially to a $28.1 million increase in protection and community services expenses. This expense category includes the Police Service, Fire Paramedic Service, Community Service department, and Museums, which together reported additional salaries and employee benefits of $14.6 million during the year. This expense category also includes $8.4 million in capital grants to the Assiniboine Park Conservancy Inc.

Expenses for utility operations rose by $22.8 million, which can be attributed to the Transit System–$10.1 million, and the Waterworks System–$8.5 million. The Transit System's salaries and benefits increased $4.8 million as a result of negotiated pay increases and expansion of services. Interest on debt climbed by $2.2 million because of $60.0 million borrowed for the Southwest Rapid Transit Corridor during 2010. Meanwhile fuel costs increased by $1.4 million along with amortization of tangible capital assets of $2.1 million. The Waterworks System also experienced increased amortization costs, and salaries and benefits, along with chemical costs associated with operations commencing at the Water Treatment Plant.

General government expenses declined from the previous year primarily because of the $16.0 million cash contribution in 2009 to the Canadian Museum for Human Rights and $6.1 million in lower employee benefits and environmental costs.

CONSOLIDATED EXPENSES BY OBJECT

For the years ended December 31 (in thousands of dollars)	2010		2009		Variance
Salaries and benefits	$ 623,232	53%	$ 598,576	52%	$ 24,656
Goods and services	324,119	27%	314,746	27%	9,373
Amortization	165,857	14%	155,382	14%	10,475
Interest	46,233	4%	49,588	4%	(3,355)
Other expenses	25,197	2%	32,141	3%	(6,944)
	$ 1,184,638		$ 1,150,433		$ 34,205

Budget Comparison

This was the first year the financial statements included a consolidated budget, which provides a benchmark for performance measurement.

CONSOLIDATED REVENUES

For the years ended December 31 (in thousands of dollars)	Budget 2010		Actual 2010		Variance
Taxation	$ 549,330	40%	$ 550,994	41%	$ 1,664
Sales of services and regulatory fees	443,640	32%	425,164	31%	(18,476)
Government transfers					
Operating	142,092	10%	144,910	11%	2,818
Capital	130,871	9%	106,976	8%	(23,895)
Investment, land sales and other revenues	89,438	7%	82,683	6%	(6,755)
Developer contributions-in-kind	25,000	2%	43,129	3%	18,129
	$ 1,380,371		$ 1,353,856		$ (26,515)

The 2010 revenue from the sales of services and regulatory fees are under budget for two major reasons. The Waterworks System experienced a $5.8 million decrease and the Sewage Disposal System saw a $14.8 million drop as a result of consumption being less than expected.

The transfers from the senior levels of government were under budget due to the tax-supported capital spending–$10.5 million and the Federal Gas Tax Revenue Reserve Fund–$13.3 million, because projects were not completed as anticipated during the year.

The budget variance for investment, land sales and other revenues can be attributed to $13.1 million in land sales not being realized, offset by the General Capital Fund receiving $4.2 million in capital improvement funding from recreation facilities.

Developer contributions-in-kind exceeded budget primarily because of land developments exceeding expectations.

CONSOLIDATED EXPENSES

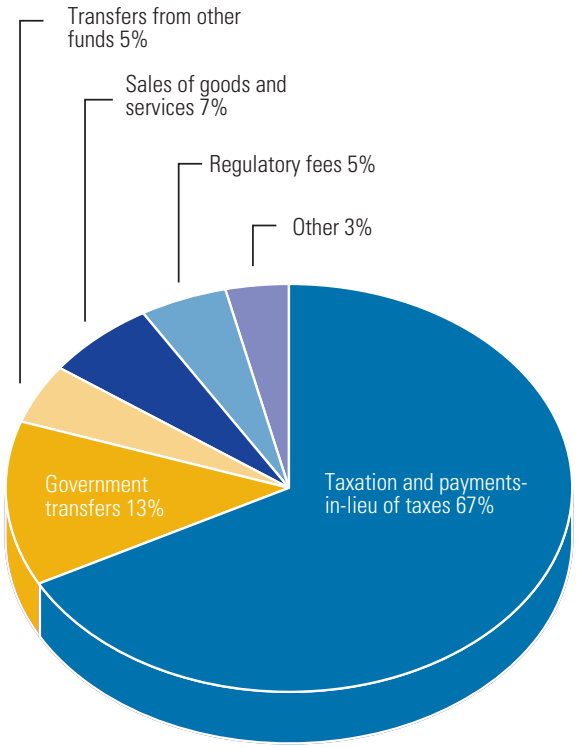
For the years ended December 31 (in thousands of dollars)	Budget 2010		Actual 2010		Variance
Protection and community services	$ 386,050	32%	$ 390,421	33%	$ (4,371)
Utility operations	310,509	26%	301,637	25%	8,872
Public works	261,291	22%	264,543	22%	(3,252)
Property and development	116,842	10%	101,588	9%	15,254
Finance and administration	73,486	6%	66,405	6%	7,081
Civic corporations	25,786	2%	31,532	3%	(5,746)
General government	30,405	2%	28,512	2%	1,893
	$ 1,204,369		$ 1,184,638		$ 19,731

Property and development expenses were below budget due to lower land sales and the consequent lower associated costs.

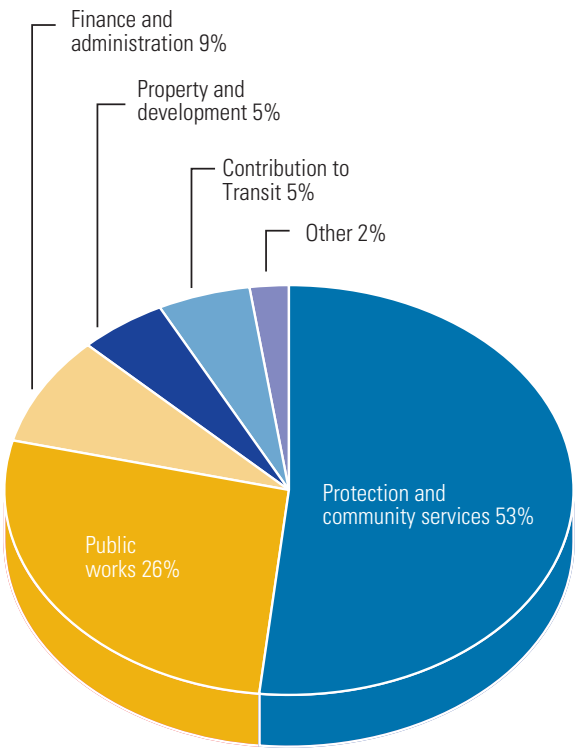
General Revenue Fund

The General Revenue Fund (commonly referred to as the tax-supported fund) represents approximately 48% of the City's combined expenses. The 2010 budget for tax-supported operations was adopted by City Council on March 23, 2010. 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 efficiencies in operations. The result was the thirteenth consecutive approved budget without an increase to property taxes. The budget focused on public safety and other strategic investments.

GENERAL REVENUE FUND
2010 ACTUAL REVENUES



GENERAL REVENUE FUND
2010 ACTUAL EXPENSES



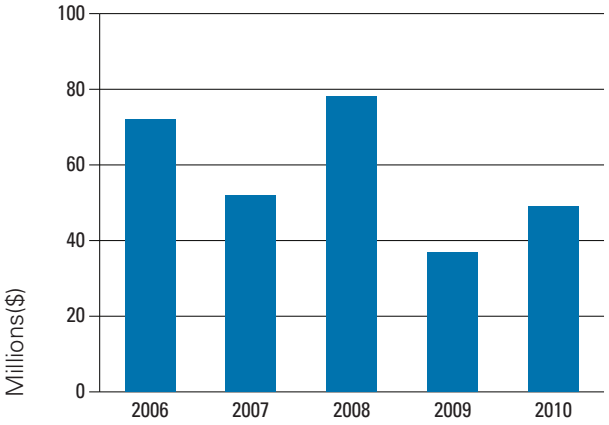
During 2010, the General Revenue Fund incurred revenues and expenses of $813.1 million (2009 – $794.8 million). Several unexpected events occurred that impacted the financial results of tax-supported operations at the City, including lower long-term disability payments, other employee benefit charges and assessment appeal costs, and higher street maintenance. To avoid a deficit in the General Revenue Fund, $3.8 million of net supplementary tax revenue was not transferred to the Fiscal Stabilization Reserve Fund, as approved by City Council on December 15, 2010.

Financial Position

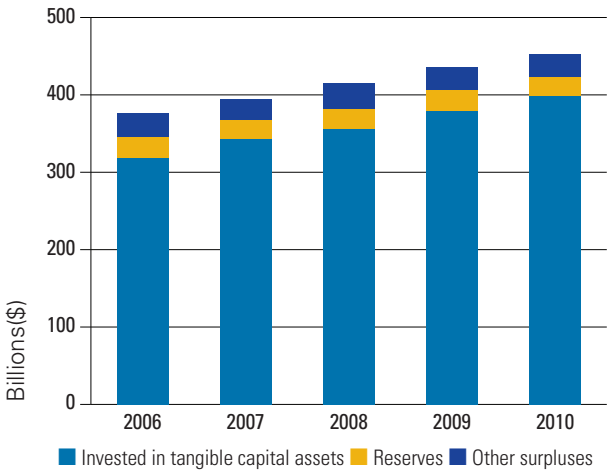
The Consolidated Statement of Financial Position reports the City's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2010, on a comparative basis. This statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments. The City's net financial assets is an important financial indicator on the Consolidated Statement of Financial Position.

Net financial assets is the difference between financial assets and liabilities, which provides an indication of the affordability of additional spending. As at December 31, 2010, the City was in a net financial asset position of $48.6 million (2009 – $36.9 million). The change in net financial assets during the year resulted primarily from the excess of revenues over expenses of $169.2 million and amortization of tangible capital assets of $165.9 million, partially offset by the investment in tangible capital assets of $333.9 million.

NET FINANCIAL ASSETS



ACCUMULATED SURPLUS



Another important financial indicator on the Consolidated Statement of Financial Position is the accumulated surplus position. The accumulated surplus represents the net assets of the City, and the yearly change in the accumulated surplus is equal to the annual excess of revenues over expenses for the year (results of operations). In 2010, the accumulated surplus was invested in tangible capital assets.

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 2010, the City's cash position increased by $21.0 million. This increase resulted primarily from cash generated by activities exceeding the cash invested in tangible capital assets.

Accounts Receivable

The largest component of accounts receivable is trade accounts and other receivables at 52% (2009 – 63%). Approximately 40% of trade accounts and other receivables results from services rendered in the Waterworks System and Sewage Disposal System. Management has determined credit risk to be low on the outstanding receivables in these two Funds and has provided an allowance for doubtful accounts of $418 thousand (2009 – $469 thousand).

As at December 31, 2010, property, payments-in-lieu and business tax receivables, net of the estimated allowance for uncollectible amounts, represented 14% (2009 – 16%) of total receivables. Taxation revenue is 41% (2009 – 40%) of total consolidated revenues.

TAXES RECEIVABLE

As at December 31 (in thousands of dollars)	2010	2009	2008	2007	2006
Taxes receivable	$ 34,387	$ 30,036	$ 29,893	$ 38,038	$ 41,350
Allowance for tax arrears	(3,080)	(3,784)	(3,657)	(6,228)	(6,326)
	$ 31,307	$ 26,252	$ 26,236	$ 31,810	$ 35,024

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

Investments

INVESTMENTS		
As at December 31 (in thousands of dollars)	**2010**	2009
Marketable securities		
Government of Canada	**$ 6,494**	$ 9,385
Provincial	**9,891**	18,940
Municipal	**36,775**	41,159
	53,160	69,484
Manitoba Hydro long-term receivable	**220,238**	226,640
Other	**2,918**	2,991
	$ 276,316	$ 299,115
Market value of marketable securities	**$ 55,101**	$ 71,017

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 2009 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

DEBT		
As at December 31 (in thousands of dollars)	**2010**	2009
Sinking fund debentures	**$ 513,000**	$ 453,000
Equity in sinking funds	**(218,687)**	(199,025)
	294,313	253,975
Serial and installment debt	**99,004**	118,935
Province of Manitoba and bank loans	**74,647**	76,349
Capital lease obligations	**28,438**	30,233
	$ 496,402	$ 479,492

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. Recently the City has financed capital borrowing with 30-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.

During 2010, the City issued a $60.0 million sinking fund debenture for the Southwest Rapid Transit Corridor – Stage 1 project. The debt carries a 5.15% interest rate and will mature on June 3, 2041.

DEBT RETIRED OVER THE NEXT FIVE YEARS

As at December 31 (in thousands of dollars)	2011	2012	2013	2014	2015	Thereafter
Sinking fund debentures	$ –	$ –	$ 90,000	$ 85,000	$ 88,000	$ 250,000
Other debt	47,145	31,386	32,107	18,702	13,740	59,009
	$ 47,145	$ 31,386	$ 122,107	$ 103,702	$ 101,740	$ 309,009

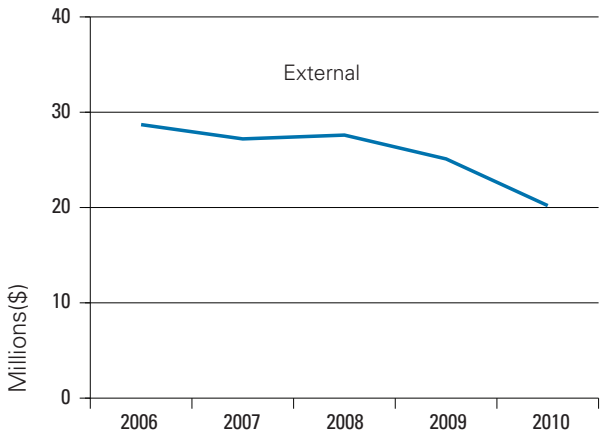
The City has also incurred serial and installment debt having varying maturities up to 2019, and carrying a weighted average interest rate of 4.8% (2009 – 4.8%). Annual interest and principal payments are made on the debt to the investors. In addition, the City has guaranteed the payment of principal and interest on capital loans totalling $5.4 million (2009 – $4.9 million) for several third parties. The City does not anticipate incurring future payments relating to these guarantees.

Early in 2011, 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. Moody's Investors Service also announced it would be maintaining the City's credit rating at Aa1.

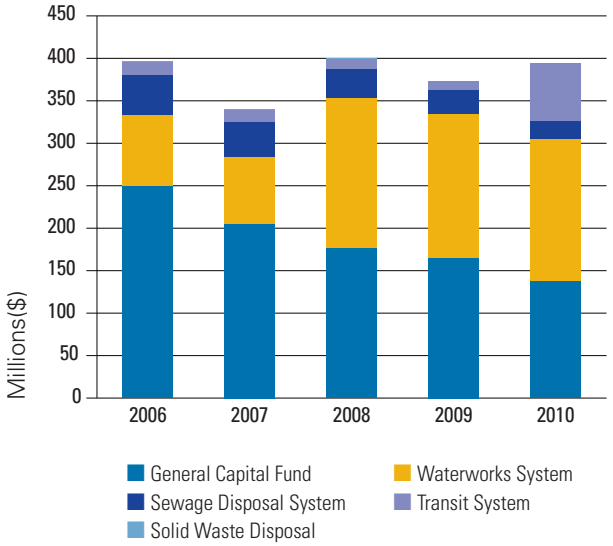
These debt ratings contribute to the City's ability to access capital markets and to obtain competitive and comparable borrowing terms to other cities.

Beginning in 1998, the City discontinued budgeting for new tax-supported debt in the General Capital Fund. Under its capital plan, all tax-supported projects are financed internally except for design, build, finance and maintain projects and local improvements. As a result, the level of tax-supported debt has decreased by $332.6 million since 1999.

GENERAL CAPITAL FUND
(TAX-SUPPORTED) INTEREST EXPENSE



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 $659.2 million of future debt to fund projects mandated by the Province. 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 were subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licenses to the City for the North End, West End, and South End 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 $38.5 million at December 31, 2010), the Canada Strategic Infrastructure Fund ("CSIF") and accumulated surplus.

Construction commenced on two major infrastructure projects using a design, build, finance and maintain model ("DBFM"). 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 is responsible to design, build, finance and maintain the new facility. Under the agreement, the City will make a one-time commissioning payment of $75.0 million when the new bridges are put into service. In addition, the City will make capital and maintenance payments. These payments will be fixed at capital–$9.8 million annually and maintenance–$1.6 million annually with an annual adjustment based on the Consumer Price Index.

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.

DBF2 Ltd. was chosen as the preferred proponent to design, build, finance and maintain the Chief Peguis Trail Extension. Under the agreement, the City will be making $52.0 million in the form of upfront payments, which are comprised of $20.0 million in milestone payments during construction, a $30.0 million payment due upon opening of the project to the public and $2.0 million upon completion of specific items. The City is also responsible for annual capital payments of $4.5 million and annual maintenance payments of $1.4 million over 30 years. The maintenance payments will be adjusted annually based on the Consumer Price Index.

Key features of the proposal include:

- A grade separation at Rothesay;
- Active transportation pathways including a separate new active transportation bridge at Gateway; and
- Significant investment in sound attenuation and landscaping.

Some of the benefits of a DBFM delivery model for these two projects are the following:

- The majority of the construction risk has been transferred to the private sector, protecting taxpayers from potential construction cost overruns;
- Maintenance responsibility (including rehabilitative maintenance) over the 30-year period of the agreement has been largely transferred to the private sector. PRW/DBF2 face significant deductions from their monthly payments if they do not meet their performance obligations;
- The land and facilities are owned by the City at all times and must be operated to standards set by the City;
- The facilities must be well maintained and returned to the City in good condition at the end of the 30-year concession. The project agreement allows the City to hold back significant amounts to ensure the hand-back requirements are met; and
- Both projects have been independently assessed and the DBFM method was determined to have significant Value for Money in comparison to the traditional design, bid, build delivery model.

Additional debt and capital lease obligations under these agreements will impact the Consolidated Statement of Financial Position.

Tangible Capital Assets

The challenge in creating a capital budget is balancing infrastructure needs, protecting the environment, and ensuring fiscal responsibility. The 2010 capital budget and the 2011 to 2015 five-year forecast was adopted by City Council on December 15, 2009. The capital investment plan detailed $2.0 billion in spending over the next six years with $439.4 million authorized for 2010. Areas of major capital investment included in the six-year plan are $812.0 million for sewage disposal projects; $224.6 million for regional and local street renewal projects; $163.9 million for the transit system; $147.1 million for the water system; $78.6 million for land drainage and flood control; and $65.0 million for public safety infrastructure.

Also included in the capital investment plan is anticipated funding of $242.7 million under the Federal Gas Tax Agreement, $150.0 million from Provincial funding for road improvements, $101.5 million under the Manitoba/Winnipeg Infrastructure Program and $21.5 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–$18.4 million, and the recreation and leisure facilities–$3.1 million.

During 2010, the City spent $333.9 million on capital projects (2009 – $384.1 million), which included $170.0 million for tax-supported projects. Spending on tax-supported projects was primarily on roads and bridges, land drainage, and buildings.

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.

Roads and underground networks contributed to the City totalled $43.1 million (2009 – $71.0 million), and were capitalized at their fair value at the time of receipt. Interest costs of $3.5 million (2009 – $2.6 million) have also been capitalized.

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)	2010	2009
General		
Land	**$ 191,940**	$ 189,507
Buildings	**303,015**	292,478
Vehicles	**172,305**	165,860
Computer	**46,987**	51,975
Other	**94,236**	83,833
Infrastructure		
Plants and facilities	**600,589**	599,450
Roads	**859,372**	821,659
Underground and other networks	**1,764,978**	1,733,992
Bridges and other structures	**304,247**	307,643
	4,337,669	4,246,397
Assets under construction	**110,326**	44,957
	$ 4,447,995	$ 4,291,354

TANGIBLE CAPITAL ASSETS BY FUND

As at December 31 (in thousands of dollars)	2010		2009	
General Capital Fund	**$ 2,474,503**	56%	$ 2,411,176	56%
Waterworks System Fund	**852,345**	19%	833,393	20%
Sewage Disposal System Fund	**797,013**	18%	780,847	18%
Transit System Fund	**216,871**	5%	161,378	4%
Other Funds and Entities	**107,263**	2%	104,560	2%
	$ 4,447,995		$ 4,291,354	

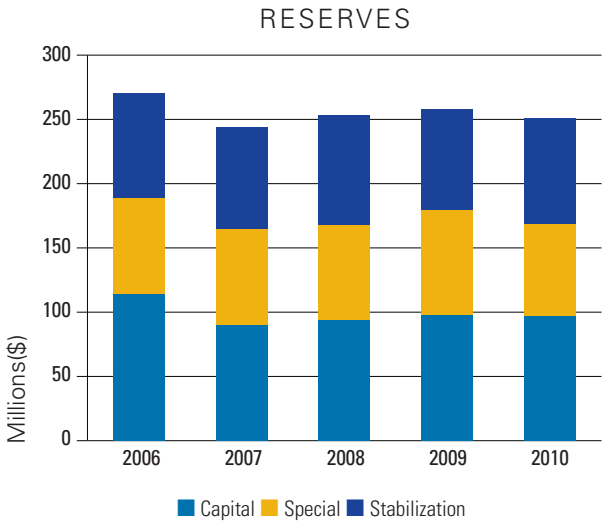
Accumulated Surplus

Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and legal liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2010 – 88%; 2009 – 87%). The investment in tangible capital assets 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 decreased overall by $7.7 million (2009 – $6.3 million increase) from the prior year. The City's Special Purpose Reserves declined by $10.0 million, the Capital Reserve balances decreased by $0.9 million, while the Stabilization Reserves rose by $3.2 million.

The Stabilization Reserves' accumulated surpluses are $187 thousand under their combined targeted level of 10% of the General Revenue Fund's adopted budget expenses. Individually, the Fiscal Stabilization Reserve is at 97% 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	**2010**	2009	2008	2007	2006
Sustainability indicators					
Assets-to-liabilities	**6.00**	6.05	5.88	5.89	5.61
Financial assets-to-liabilities	**1.05**	1.04	1.09	1.06	1.09
Flexibility indicators					
Public debt charges-to-revenues	**0.03**	0.04	0.04	0.04	0.04
Own-source revenues-to-taxable assessment	**0.02**	0.03	0.03	0.03	0.03
Vulnerability indicators					
Operating government transfers-to-operating revenues	**0.12**	0.12	0.11	0.11	0.10
Total government transfers-to-total revenues	**0.19**	0.19	0.17	0.15	0.14

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 previously under Debt, that need to be addressed to provide for a continuing fiscally sustainable future.

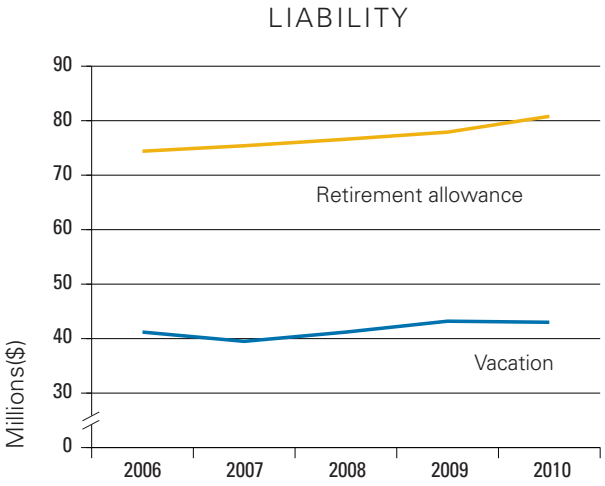
Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. The City's public debt charges (interest expense)-to-revenues has remained constant over the past several years at 0.04 with a drop to 0.03 in 2010. This trend indicates the City has chosen other sources of revenues or recieved transfers from senior levels of government instead of borrowing 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 with a drop in 2010 due to the revaluation (general property reassessment) of property values. As well, this ratio reflects the City's policy of not raising property taxes, which has occurred over the previous thirteen years and indicates 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 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 reported in future financial statements.

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 Board of Trustees of the Winnipeg Civic Employees' Benefits Program recommended to the City and the Signatory Unions that they approve a contribution rate increase to an average rate of 8% of pensionable earnings for both employees and employers. The rate increase was approved and came into effect the first period in 2010. This resulted from a 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, including the 2010 increase, would be 16% of pensionable earnings, resulting in a continuing shortfall of 8.4% of pensionable earnings. In the short term, this funding shortfall is addressed through the Program's special-purpose reserves. The Board of Trustees of the Program is continuing to review the Program with a view to ensuring its long-term financial sustainability. The rate increase of 8% will not eliminate the shortfall and a joint committee of representatives of the City and the Signatory Unions has undertaken discussions regarding possible solutions.

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, 2010, the market value of this pension fund's assets was $922.2 million (2009 – $854.7 million), which is $25.3 million (2009 – $1.2 million) greater than the accrued pension obligation.

The cost of benefits accrued under this Plan is 23.7% 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, 2010, this reserve has a balance of $42.1 million (2009 – $54.5 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 shortfall between the contribution rates and the cost of benefits and the balance of the effect of the 2008 financial market downturn on the pension fund. In 2010, this Plan experienced a rate of return, net of investment expenses, on Plan assets of 10.24% (2009 – 15.05%).

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.

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.

Business Risks

Labour Negotiations

For the year ended December 31, 2010, 53% (2009 – 52%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 9,942, the majority being represented by eight unions and associations. The City has labour agreements in place with its unions and associations as follows:

LABOUR NEGOTIATIONS

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,349	January 15, 2011
CUPE	4,685	December 27, 2014
MGEU	283	February 13, 2011
UFFW	916	December 26, 2011
WAPSO	614	October 11, 2011
WFPSOA	43	August 27, 2011
WPA	1,809	December 23, 2010
WPSOA	26	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.

Organizational Initiatives

Assiniboine Park

On July 21, 2010, City Council approved the management agreement between the City and Assiniboine Park Conservancy Inc. ("APC"). The agreement deals with the acquisition of certain assets, operations, management, restoration and redevelopment of Assiniboine Park (the "Park"). APC is a not-for-profit organization that will operate independently from the City with a mandate to lead, manage, fundraise and redevelop the Park. Critical terms of the agreement include:

- All Park lands, built and natural infrastructure are public assets which will continue to be owned by the City;
- The Park will be maintained as a public park with free entry to green space;
- APC shall be given the authority to redevelop the Park attractions, to develop new facilities and programs for public enjoyment and to pursue commercial activities appropriate to the Park to support sustainability of operations; and
- APC will undertake a capital fundraising campaign to raise funds for the Park restoration and redevelopment.

General Assessment

The general assessment is the reassessment of all properties at the same time. Since 1990, the Province has required all jurisdictions in Manitoba to reassess property every four years. However, effective January 1, 2009, the Municipal Assessment Act was revised and general assessments are conducted every two years, with the first two-year general assessment conducted in 2010.

Conducting regular reassessments helps to ensure that property assessment reflects more recent market values. Winnipeg's real estate market has changed significantly in five years. The 2006 general assessment was based on 2003 market values, while 2010 is based on April 1, 2008 market values. The market value of properties, on average, has risen as follows:

- Residential properties (four-dwelling units and under) 78% city-wide;
- Multi-family housing (five-dwelling units and up) 106%;
- Condominiums and cooperative housing 77%;
- Office/retail properties 69%; and
- Industrial properties 57%.

The 2010 assessment roll was issued June 5, 2009, with property assessment notices mailed to owners of more than 200,000 properties in the City. The City's 2012 general assessment for property owners is currently underway. City officials expect that changing to a two-year assessment cycle will stabilize the significant fluctuation in market values that were experienced in the 2010 general assessment and better align property values with the actual taxation years for which they are being used.

Controls and Procedures and Recent Accounting Pronouncements

The City's Audit Department plays a key role in providing independent assurance on the performance of civic services in support of open, transparent and accountable government. In 2010, the City Auditor delivered his first Report on Performance since the City Auditor's responsibilities were expanded to include the role of Chief Performance Officer. In his Report on Performance, the City Auditor noted that 79% of the audit recommendations made since 2005 have been implemented.

Over the past year, City Council also received reports on Business Resumption Planning and the Winnipeg Fleet Management Agency Performance. The Public Service considers all internal control recommendations seriously, balancing the cost of implementation and maintenance with the benefits to be derived, considering available resources and the extent of controls required to mitigate possible risks in areas of concern.

In 2010 and 2011, PSAB issued several pronouncements which may impact the City's future financial statements. The pronouncements are as follows:

- In February 2010, PSAB issued an accounting standard concerning Tax Revenue, Section PS 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.
- In March 2010, PSAB approved Section PS 3260, Liability for Contaminated Sites for fiscal years on or after April 1, 2014. The objective of this accounting standard addresses when these obligations meet the definition of a liability; recognition and measurement criteria; and any unique disclosure requirements.
- In March 2011, PSAB issued Section PS 3410, Government Transfers. The standard replaces the existing standard that was issued in 1990 when governments were applying the modified accrual basis of accounting. With the subsequent change to full accrual accounting, the government community identified a need for additional guidance and clarification to ensure consistent interpretation of Section PS 3410. The new standard applies to the fiscal period beginning January 1, 2013.
- In March 2011, PSAB approved two new standards, Section PS 3450, Financial Instruments and Section PS 2601, Foreign Currency Translation, and related financial statement presentation changes to Financial Statement Presentation, Section PS 1200. The new standards are expected to be issued in June 2011 and both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2015.

Currently the potential impact of these Sections on the City's Statements is being reviewed.

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 February 22, 2011, City Council adopted the 2011 annual capital budget and the 2012 to 2016 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 $2.2 billion in City capital projects, with $370.1 million earmarked in 2011.

Some of the upcoming projects included in the 2011 capital budget are: total street projects of $111.5 million, including $42.9 million–regional and local streets renewal; $34.2 million–Chief Peguis Trail Extension (Henderson Highway to Lagimodiere Blvd.); $10.1 million–Osborne Street Bridge; $99.4 million–police headquarters; $18.4 million–transit buses; and $9.6 million–redevelopment of Assiniboine Park through the Assiniboine Park Conservancy Inc.

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 22, 2011, City Council approved the 2011 operating budget, which provides for the 14th consecutive year of property tax freezes or reductions. The budget plan also includes the implementation of an enhanced small business tax credit program worth $3.5 million to eliminate business taxes for the smallest businesses (38% of all businesses). It also provides for 32 additional police officers on the street towards City Council's commitment of 58, 20 additional firefighters for the new Sage Creek station and additional hours at the Millennium Library.

GENERAL REVENUE FUND–BUDGET					
For the years ended December 31 (in thousands of dollars)	2011	2010	2009	2008	2007
Revenues					
Property tax	$ 435,934	$ 431,113	$ 428,692	$ 424,422	$ 419,035
Government transfers	106,106	102,768	101,663	90,237	81,172
Sale of goods and services	58,146	76,142	73,772	66,810	63,312
Business tax	57,584	57,584	57,584	57,584	57,584
Frontage levy and other taxation	71,726	63,198	46,107	25,253	22,943
Regulation fees	36,540	35,385	37,272	30,349	26,948
Transfer from other funds	38,203	40,631	32,940	62,361	59,918
Interest	9,245	10,142	9,328	9,326	9,310
Other	33,840	723	1,372	1,280	1,020
	847,324	817,686	788,730	767,622	741,242
Expenses					
Police service	202,173	189,909	178,997	169,936	160,223
Public works	170,157	161,509	166,132	165,502	161,890
Fire paramedic service	143,013	137,648	129,452	123,613	113,899
Community services	100,479	103,479	98,869	97,150	97,228
Corporate	63,891	59,437	60,367	60,492	61,435
Planning, property and development	38,353	38,791	39,104	37,120	37,186
Water and waste	34,695	33,823	30,093	29,373	30,674
Corporate support services	30,899	33,079	30,541	27,053	26,049
Assessment and taxation	23,841	22,565	17,987	19,229	14,139
City Clerk's	10,316	11,913	12,475	12,133	11,847
Street lighting	10,685	10,854	10,520	10,533	10,492
Corporate finance	8,074	7,543	7,288	6,642	6,831
Other departments	10,748	7,136	6,905	8,846	9,349
	847,324	817,686	788,730	767,622	741,242
	$ –	$ –	$ –	$ –	$ –

Prior year figures have not been reclassified to conform with the 2011 figures.

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.



Moira L. Geer, CA
Acting Chief Financial Officer



Responsibility for Financial Reporting

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

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

Prior to their submission to City Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee–the 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 Audit Committee is readily accessible to external and internal auditors.

KPMG 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 pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian generally accepted accounting principles.



Moira L. Geer, CA
Acting Chief Financial Officer



Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of The City of Winnipeg ("the City"), which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The City of Winnipeg as at December 31, 2010, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The consolidated financial statements of The City of Winnipeg for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on these statements on April 23, 2010.

KPMG LLP

Chartered Accountants

May 6, 2011
Winnipeg, Canada

Consolidated Statement of Financial Position

As at December 31 (in thousands of dollars)	2010	2009
Financial Assets		
Cash and cash equivalents (Note 3)	**$ 422,125**	$ 401,145
Accounts receivable (Note 4)	**215,949**	161,535
Land held for resale	**15,150**	12,467
Investments (Note 5)	**276,316**	299,115
Investment in government businesses (Note 6)	**23,563**	23,266
	953,103	897,528
Liabilities		
Accounts payable and accrued liabilities (Note 7)	**145,266**	139,020
Deferred revenue (Note 8)	**71,428**	50,943
Debt (Note 9)	**496,402**	479,492
Other liabilities (Note 10)	**45,531**	46,882
Retirement allowance, vacation, compensated absences and other (Note 11)	**145,873**	144,288
	904,500	860,625
Net Financial Assets	**48,603**	36,903
Non-Financial Assets		
Tangible capital assets (Note 13)	**4,447,995**	4,291,354
Inventories	**16,043**	15,333
Prepaid expenses and deferred charges	**6,073**	5,906
	4,470,111	4,312,593
Accumulated Surplus (Note 14)	**$ 4,518,714**	$ 4,349,496
Commitments and contingencies (Notes 10, 15 and 16)		

See accompanying notes and schedules to the consolidated financial statements



Sam Katz – Mayor



Scott Fielding – Chairperson,
Standing Policy Committee on Finance

Consolidated Statement of Operations and Accumulated Surplus

For the years ended December 31 (in thousands of dollars)	Budget 2010	Actual 2010	Actual 2009
	(unaudited)		
Revenues			
Taxation (Note 16)	$ 549,330	$ 550,994	$ 534,571
Sales of services and regulatory fees (Note 17)	443,640	425,164	413,243
Government transfers (Note 18)	142,092	144,910	134,710
Land sales and other revenue (Note 6)	53,057	47,914	28,573
Investment income	36,381	34,769	39,488
Total Revenues	1,224,500	1,203,751	1,150,585
Expenses			
Protection and community services	386,050	390,421	362,341
Utility operations	310,509	301,637	278,848
Public works	261,291	264,543	270,877
Property and development	116,842	101,588	97,958
Finance and administration	73,486	66,405	61,575
Civic corporations	25,786	31,532	29,582
General government	30,405	28,512	49,252
Total Expenses (Note 19)	1,204,369	1,184,638	1,150,433
Excess Revenues Over Expenses Before Other	20,131	19,113	152
Other			
Government transfers related to capital (Note 18)	130,871	106,976	122,113
Developer contributions-in-kind related to capital (Note 13)	25,000	43,129	70,950
	155,871	150,105	193,063
Excess Revenues Over Expenses	$ 176,002	169,218	193,215
Accumulated Surplus, Beginning of Year		4,349,496	4,156,281
Accumulated Surplus, End of Year		$ 4,518,714	$ 4,349,496

See accompanying notes and schedules to the consolidated financial statements

Consolidated Statement of Cash Flows

For the years ended December 31 (in thousands of dollars)	2010	2009
Net Inflow (Outflow) Of Cash Related To The Following Activities:		
Operating		
Excess Revenues Over Expenses	**$ 169,218**	$ 193,215
Non-cash charges to operations		
Amortization	**165,857**	155,382
Other	**(17,956)**	20,804
	317,119	369,401
Net change in non-cash working capital balances related to operations	**(27,635)**	(29,497)
Cash provided by operating activities	**289,484**	339,904
Capital		
Acquisition of tangible capital assets	**(333,851)**	(384,110)
Proceeds on disposal of tangible capital assets	**28,178**	6,018
Cash used in capital activities	**(305,673)**	(378,092)
Financing		
Increase in sinking fund investments	**(19,662)**	(27,386)
Sinking fund investments applied to debt redemption	**–**	104,519
Debenture and serial debt retired	**(19,931)**	(149,878)
Sinking fund and serial debenture issued	**60,000**	48,480
Other	**(3,405)**	26,864
Cash provided by financing activities	**17,002**	2,599
Investing		
Decrease of investments	**20,167**	12,141
Cash provided by investing activities	**20,167**	12,141
Increase (decrease) in cash and cash equivalents	**20,980**	(23,448)
Cash and Cash Equivalents, Beginning of Year	**401,145**	424,593
Cash and Cash Equivalents, End of Year	**$ 422,125**	$ 401,145

See accompanying notes and schedules to the consolidated financial statements

Consolidated Statement of Change in Net Financial Assets

For the years ended December 31 (in thousands of dollars)	Budget 2010	Actual 2010	Actual 2009
	(unaudited)		
Excess Revenues Over Expenses	**$ 176,002**	**$ 169,218**	$ 193,215
Amortization of tangible capital assets	**168,452**	**165,857**	155,382
Proceeds on disposal of tangible capital assets	**25,000**	**28,178**	6,018
(Gain) loss on sale of tangible capital assets	**(23,784)**	**(20,525)**	1,875
Change in inventories, prepaid expenses and deferred charges	**2,600**	**(877)**	(1,127)
Acquisition of tangible capital assets	**(439,548)**	**(333,851)**	(384,110)
Other	**–**	**3,700**	(12,200)
Increase (Decrease) In Net Financial Assets	**(91,278)**	**11,700**	(40,947)
Net Financial Assets, Beginning Of Year	**36,903**	**36,903**	77,850
Net Financial Assets, End Of Year	**$ (54,375)**	**$ 48,603**	$ 36,903

See accompanying notes and schedules to the consolidated financial statements

Notes to the Consolidated Financial Statements

December 31, 2010
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. Status of The City of Winnipeg

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

2. Significant Accounting Policies

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

a) Basis of consolidation

The consolidated financial statements include the assets, liabilities, reserves, surpluses/deficits, revenues and expenses of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations based upon control exercised by the City except for the City's government 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
- Economic Development Winnipeg Inc.
- The Convention Centre Corporation
- Winnipeg Arts Council Inc.
- Winnipeg Enterprises 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) Employees' pension funds

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

iv) Group life insurance funds

The group life insurance funds of the City are administered by the EBB for the payment of life insurance and accordingly are not included in the consolidated financial statements.

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.

2. Significant Accounting Policies (continued)

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, bankers' acceptances and bearer deposit notes; schedule 2 bankers' acceptances and bearer deposit notes; and asset backed commercial paper. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

e) Land held for resale

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

f) Investments

Bonds 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.

g) Assessment appeal costs

Assessment appeal costs are estimated at the beginning of the two-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.

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 acquisition and construction of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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.

2. Significant Accounting Policies (continued)

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
Other vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Other	
Machinery and equipment	10 years
Land improvements	10 to 30 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

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.

a) Contributions of tangible capital assets

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

b) Leases

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

ii) 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.

2. Significant Accounting Policies (continued)

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, lawsuits and environmental provisions. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

3. Cash and Cash Equivalents

	2010	2009
Cash	$ 2,275	$ 622
Cash equivalents	419,850	400,523
	$ 422,125	$ 401,145

The average effective interest rate for cash equivalents at December 31, 2010 is 1.3% (2009 – 0.6%). Cash and cash equivalents are net of $147.7 million (2009 – $86.1 million) which has been received from various entities including EBB. The funds are invested on a pooled basis to obtain maximum investment returns. Cash received for interest during the year is $34.0 million (2009 – $42.2 million).

4. Accounts Receivable

	2010	2009
Property, payments-in-lieu and business taxes receivable	$ 34,387	$ 30,036
Allowance for property, payments-in-lieu and business tax arrears	(3,080)	(3,784)
	31,307	26,252
Trade accounts and other receivables	112,110	102,345
Province of Manitoba	68,140	33,207
Government of Canada	11,971	6,836
Allowance for doubtful accounts	(7,579)	(7,105)
	184,642	135,283
	$ 215,949	$ 161,535

5. Investments

	2010	2009
Marketable securities		
Government of Canada bonds and Federal guarantees	$ 6,494	$ 9,385
Provincial bonds	9,891	18,940
Municipal bonds	36,775	41,159
	53,160	69,484
Manitoba Hydro long-term receivable	220,238	226,640
Other investments	2,918	2,991
	$ 276,316	$ 299,115

The aggregate market value of marketable securities at December 31, 2010 is $55.1 million (2009 – $71.0 million).

5. Investments (continued)

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

The condensed supplementary financial information of NPDC is as follows:

	2010	2009
Financial position		
Capital assets and investment in properties and infrastructure enhancements	**$ 77,494**	$ 78,154
Investments	**13,669**	16,965
Other assets	**4,394**	2,780
	$ 95,557	$ 97,899
Deferred contributions	**$ 18,996**	$ 21,014
Long-term debt	**12,380**	12,668
Current and other liabilities	**6,256**	6,888
	37,632	40,570
Net assets	**57,925**	57,329
	$ 95,557	$ 97,899
Results of operations		
Revenues	**$ 10,464**	$ 10,365
Expenditures	**9,360**	9,555
	1,104	810
Amortization	**(944)**	(1,183)
Other adjustments	**(318)**	–
Unrealized and realized gains (losses)	**754**	(955)
Excess (deficiency) of revenues over expenditures for the year	**$ 596**	$ (1,328)

6. Investment in Government Businesses (continued)

b) Winnipeg Housing Rehabilitation Corporation

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

The condensed supplementary financial information of WHRC is as follows:

	2010	2009
Financial position		
Capital assets	$ 29,506	$ 30,521
Current and other assets	5,844	6,037
	$ 35,350	$ 36,558
Long-term debt	$ 27,059	$ 28,221
Current and other liabilities	4,036	4,181
	31,095	32,402
Replacement Reserves	3,655	3,572
WHRC Building and Acquisition Reserve	977	320
Net assets	(377)	264
	4,255	4,156
	$ 35,350	$ 36,558
Results of operations		
Revenues	$ 7,243	$ 7,191
Expenditures	7,884	7,104
(Deficiency) excess of revenues over expenditures for the year	(641)	87
Gain on sale of capital assets	–	2
Change to Replacement Reserves during the year	83	85
Change to WHRC Building and Acquisition Reserve during the year	657	8
	$ 99	$ 182

During the year, the City paid WHRC an operating grant of $200 thousand (2009 – $200 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2009 – $2.0 million).

Summary of investment in government businesses

	2010	2009
North Portage Development Corporation (1/3 share)	$ 19,308	$ 19,110
Winnipeg Housing Rehabilitation Corporation	4,255	4,156
	$ 23,563	$ 23,266

Summary of results of operations

	2010	2009
North Portage Development Corporation (1/3 share)	$ 198	$ (441)
Winnipeg Housing Rehabilitation Corporation	99	182
	$ 297	$ (259)

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

	2010	2009
Accrued liabilities	$ 73,442	$ 68,859
Trade accounts payable	58,702	56,871
Accrued interest payable	13,122	13,290
	$ 145,266	$ 139,020

8. Deferred Revenue

	2010	2009
Province of Manitoba	$ 34,024	$ 21,740
Federal gas tax transfer	26,770	13,494
Other	10,634	7,252
Federal public transit transfer	–	8,457
	$ 71,428	$ 50,943

9. Debt

Sinking fund debentures outstanding

					Amount of Debt	
Term	Maturity Date	Rate of Interest	Series	By-Law No.	2010	2009
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
2010-2041	June 3	5.150	WB	183/2008	60,000	–
					513,000	453,000
Equity in The Sinking Funds (Notes 9a and b)					(218,687)	(199,025)
Net sinking fund debentures outstanding					294,313	253,975

Other debt outstanding

Serial and installment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.82% (2009 – 4.84%)	99,004	118,935
The Province and bank loans with varying maturities up to 2025 and a weighted average interest rate of 3.69% (2009 – 3.75%)	74,647	76,349
Capital lease obligations (Note 9c)	28,438	30,233
	$ 496,402	$ 479,492

9. Debt (continued)

Debt segregated by fund/organization:

	2010	2009
Waterworks System	$ 167,462	$ 170,047
General Capital Fund	166,074	195,489
Special operating agencies and other	70,342	72,845
Transit System	67,744	9,629
Sewage Disposal System	24,454	31,094
Solid Waste Disposal	326	388
	$ 496,402	$ 479,492

Debt to be retired over the next five years:

	2011	2012	2013	2014	2015	2016+
Sinking fund debentures	$ –	$ –	$ 90,000	$ 85,000	$ 88,000	$ 250,000
Other debt	47,145	31,386	32,107	18,702	13,740	59,009
	$ 47,145	$ 31,386	$ 122,107	$ 103,702	$ 101,740	$ 309,009

a) As at December 31, 2010, sinking fund assets have a market value of $229.6 million (2009 – $209.2 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 $38.8 million (2009 – $17.0 million) and a market value of $39.4 million (2009 – $17.2 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.

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
2011	$ 4,117
2012	3,018
2013	3,095
2014	3,098
2015	2,336
Thereafter	39,137
Total future minimum lease payments	54,801
Amount representing interest at a weighted average rate of 8.42%	(26,363)
Capital lease liability	$ 28,438

d) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2010 is $46.2 million (2009 – $49.6 million).

e) Cash paid for interest during the year is $46.4 million (2009 – $50.9 million).

10. Other Liabilities

	2010	2009
Environmental liabilities	**$ 19,500**	$ 18,500
Developer deposits	**8,773**	9,084
Other liabilities	**17,258**	19,298
	$ 45,531	$ 46,882

Included in environmental liabilities is $18.1 million (2009 – $17.1 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% (2009 – 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.

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, 2010, the reserve had a balance of $3.7 million (2009 – $3.4 million).

11. Retirement Allowance, Vacation, Compensated Absences and Other

	2010	2009
Retirement allowance – accrued obligation	$ 89,975	$ 85,198
Unamortized net actuarial loss	(9,146)	(7,252)
Retirement allowance – accrued liability	80,829	77,946
Vacation	42,986	43,170
Compensated absences	7,793	7,667
Other	14,265	15,505
	$ 145,873	$ 144,288

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, 2010.

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

	2010	2009
Retirement allowance – accrued liability		
Balance, beginning of year	$ 77,946	$ 76,575
Current service cost	4,464	4,338
Interest cost	3,705	3,838
Amortization of net actuarial loss	1,128	1,016
Benefit payments	(6,414)	(7,821)
Balance, end of year	$ 80,829	$ 77,946

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

Retirement allowance expense consists of the following:

	2010	2009
Current service cost	$ 4,464	$ 4,338
Interest cost	3,705	3,838
Amortization of net actuarial loss	1,128	1,016
	$ 9,297	$ 9,192

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

	2010	2009
Discount rate on liability	3.90%	4.40%
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 2010, members contributed 7.6% of their Canada Pension Plan earnings and 9.4% 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, 2009, which indicated an excess of actuarial value of program assets over actuarial liabilities of $266.0 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, 2010 was $82.1 million (2009 – $85.3 million).

Total contributions by the City to the program in 2010 were $20.4 million (2009 – $12.4 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, 2009 and the results were extrapolated to December 31, 2010. The principal long-term assumptions on which the valuation was based were: discount rate of 6.25% per year (2009 – 6.25%); inflation rate of 2.00% per year (2009 – 2.00%); and general pay increases of 3.50% per year (2009 – 3.50%). The accrued pension obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the Plan's assets, accrued pension obligation and pension expenses are as follows:

	2010	2009
Plan assets:		
Fair value, beginning of year	$ 854,735	$ 760,147
Employer contributions	9,454	9,026
Employee contributions and transfers	9,754	9,327
Benefits and expenses paid	(38,252)	(36,718)
Net investment income	86,542	112,953
Fair value, end of year	922,233	854,735
Actuarial adjustment	16,732	53,361
Actuarial value, end of year	$ 938,965	$ 908,096
Accrued pension obligation:		
Beginning of year	$ 853,562	$ 855,245
Current period benefit cost	28,357	28,024
Benefits and expenses paid	(38,252)	(36,718)
Interest on accrued pension obligation	53,553	51,953
Actuarial gain	(323)	(44,942)
End of year	$ 896,897	$ 853,562
Funded status	$ 42,068	$ 54,534
Less: contribution stabilization reserve	(42,068)	(54,534)
Actuarial surplus	$ –	$ –
Expenses related to pensions		
Current period benefit cost	$ 28,357	$ 28,024
Amortization of actuarial gains	(6,267)	(8,237)
Less: employee contributions and transfers	(9,754)	(9,327)
Pension benefit expense	12,336	10,460
Interest on accrued benefit obligation	53,553	51,953
Expected return on plan assets	(56,435)	(53,387)
Pension interest expense	(2,882)	(1,434)
Total expenses related to pensions	$ 9,454	$ 9,026

12. Pension Costs and Obligations (continued)

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 2010 were $9.5 million (2009 – $9.0 million). Total employee contributions to the Plan in 2010 were $9.6 million (2009 – $9.2 million). Benefits paid from the Plan in 2010 were $37.5 million (2009 – $35.9 million).

The expected rate of return on Plan assets in 2010 was 6.25% (2009 – 6.00%). The actual rate of return, net of investment expenses, on Plan assets in 2010 was 10.24% (2009 – 15.05%).

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

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 2010, the City paid out $0.3 million (2009 – $0.3 million). An actuarial determined pension obligation of $3.9 million (2009 – $3.9 million) has been reflected in the Consolidated Statement of Financial Position.

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

On November 22, 2000, City Council adopted the policy that effective January 1, 2001, a Council Pension Plan be created for all members of City Council for The City of Winnipeg which is consistent with the Civic Employees' Pension Plan. An accrued pension asset or liability is not reflected in the Consolidated Statement of Financial Position.

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 for members while employed and can be continued into retirement at the employees' option. Plan members and the City share the cost of basic life insurance. An actuarial valuation indicated that this post-retirement liability is fully funded.

An actuarial valuation of the plan was prepared as of December 31, 2007 and the results were extrapolated to December 31, 2010. The principal long-term assumptions on which the valuation was based were: discount rate of 4.65% per year (2009 – 5.15%); and general pay increases of 3.75% per year (2009 – 3.75%). 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:

		2010		2009
Group life insurance plan assets, at actuarial value	$	132,874	$	129,656
Accrued post-retirement life insurance obligations	$	96,268	$	84,010

13. Tangible Capital Assets

	Net Book Value	
	2010	2009
General		
Land	**$ 191,940**	$ 189,507
Buildings	**303,015**	292,478
Vehicles	**172,305**	165,860
Computer	**46,987**	51,975
Other	**94,236**	83,833
Infrastructure		
Plants and facilities	**600,589**	599,450
Roads	**859,372**	821,659
Underground and other networks	**1,764,978**	1,733,992
Bridges and other structures	**304,247**	307,643
	4,337,669	4,246,397
Assets under construction	**110,326**	44,957
	$ 4,447,995	$ 4,291,354

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

During the year, assets were written-down $0.7 million (2009 – $nil). Interest capitalized during 2010 was $3.5 million (2009 – $2.6 million). In addition, roads and underground networks contributed to the City totalled $43.1 million in 2010 (2009 – $71.0 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:

	2010	2009
Surplus		
Invested in tangible capital assets	**$ 3,983,440**	$ 3,803,787
Unamortized gain on Winnipeg Hydro sale	**220,238**	226,640
Sewage Disposal System	**90,872**	83,745
Waterworks System	**66,948**	84,949
North Portage Development Corporation	**19,308**	19,110
CentreVenture Development Corporation	**9,651**	9,481
Equipment and Material Services	**8,757**	11,442
Solid Waste Disposal	**3,296**	3,864
Other	**37,854**	18,039
Unfunded expenses		
Canadian Museum for Human Rights grant	**(11,059)**	(11,100)
Environmental liabilities	**(18,878)**	(17,858)
Retirement allowance, vacation, compensated absences and other	**(142,644)**	(141,270)
Total Surplus	**4,267,783**	4,090,829
Reserves		
Capital Reserves		
Environmental Projects Reserve	**38,544**	31,539
Sewer System Rehabilitation Reserve	**33,316**	35,998
Transit Bus Replacement Reserve	**8,063**	11,808
Rapid Transit Infrastructure Reserve	**7,602**	7,046
Other	**9,851**	11,938
	97,376	98,329
Stabilization Reserves		
Mill Rate Stabilization Reserve	**41,910**	41,912
Fiscal Stabilization Reserve	**39,672**	36,485
	81,582	78,397
Special Purpose Reserves		
Land Operating Reserve	**14,182**	20,668
Perpetual Maintenance Fund–Brookside Cemetery	**12,608**	12,123
Destination Marketing Reserve	**7,631**	4,760
General Purpose Reserve	**7,214**	14,162
Heritage Investment Reserve	**6,410**	7,484
Contribution in Lieu of Land Dedication Reserve	**4,495**	5,497
Insurance Reserve (Note 20)	**3,690**	1,639
Workers Compensation Reserve	**2,758**	3,173
Other	**12,985**	12,435
	71,973	81,941
Total Reserves	**250,931**	258,667
	$ 4,518,714	$ 4,349,496

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

15. Commitments and Contingencies

The significant commitments and contingencies that existed at December 31, 2010 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
2011	$ 3,948
2012	3,544
2013	3,019
2014	1,882
2015 and thereafter	8,683
	$ 21,076

b) As part of the normal course of operations, lawsuits are pending against the City. The final outcome with respect to actions that will arise from these lawsuits as at December 31, 2010 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements.

c) 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, 2010 is $5.4 million (2009 – $4.9 million).

d) During 2010, the City entered into two significant 30-year contracts. The contracts are for the replacement of the Disraeli Bridges and the extension of Chief Peguis Trail. These contracts include a total of $127.0 million in upfront payments, and upon the facilities being commissioned, annual fixed payments of $14.3 million and annual payments of $3.0 million to be adjusted by the Consumer Price Index.

16. Taxation

	2010	2009
Municipal and school property taxes	$ 883,541	$ 852,364
Payments-in-lieu of property (municipal and school) and business taxes	42,531	38,871
	926,072	891,235
Payments to Province and school divisions	(497,907)	(474,445)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	428,165	416,790
Business tax and license-in-lieu of business taxes	57,563	56,539
Local improvement and frontage levies	29,048	29,055
Electricity and natural gas sales taxes	23,227	17,989
Amusement and accommodation taxes and mobile home license	12,991	14,198
	$ 550,994	$ 534,571

The property tax roll includes school taxes of $474.5 million (2009 – $451.4 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2010 totalled $23.5 million (2009 – $23.0 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

	2010	2009
Water sales and sewage services	$ 204,609	$ 205,533
Other sales of goods and services	98,854	93,001
Transit fares	65,592	63,906
Regulatory fees	56,109	50,803
	$ 425,164	$ 413,243

18. Government Transfers

	2010	2009
Operating		
Province of Manitoba		
Building Manitoba Fund	$ 56,704	$ 55,404
Ambulance, libraries and other	51,042	48,058
Transit	27,877	24,276
Unconditional	19,888	19,888
Support	11,545	10,632
Support for provincial programs	(23,650)	(23,650)
	143,406	134,608
Government of Canada		
Other	1,504	102
Total Operating	144,910	134,710
Capital		
Province of Manitoba	62,293	52,983
Government of Canada		
Federal gas tax revenue	27,176	29,731
Other capital funding	9,050	18,240
Public transit	8,457	21,159
	44,683	69,130
Total Capital	106,976	122,113
	$ 251,886	$ 256,823

In accordance with the recommendations of Public Sector Accounting Board, 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

	2010	2009
Salaries and benefits	$ 623,232	$ 598,576
Goods and services	324,119	314,746
Amortization	165,857	155,382
Interest	46,233	49,588
Other expenses	25,197	32,141
	$ 1,184,638	$ 1,150,433

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, 2010 is $3.7 million (2009 – $1.6 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.

21. Segmented Information (continued)

Public Works and Water

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

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).

22. Funds Held in Trust

Trust funds administered by the City for the benefit of external parties of $0.6 million (2009 – $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.

Consolidated Schedule of Tangible Capital Assets SCHEDULE 1

As at December 31
(in thousands of dollars)

	GENERAL					INFRASTRUCTURE					TOTALS	
	Land	Buildings	Vehicles	Computer	Other	Plants and Facilities	Roads	Under-ground and Other Networks	Bridges and Other Structures	Assets Under Construc-tion	**2010**	2009
Cost												
Balance, beginning of year	$ 189,507	$ 532,320	$ 302,366	$ 132,138	$ 140,411	$ 788,494	$ 1,622,539	$ 2,574,935	$ 503,753	$ 44,957	**$ 6,831,420**	$ 6,486,115
Add: Additions during the year	8,296	31,019	28,231	6,388	22,382	16,642	81,155	68,106	6,263	65,369	**333,851**	384,110
Less: Disposals during the year	2,163	7,172	17,053	4,681	3,563	–	14,897	4,886	–	–	**54,415**	51,005
Other	(3,700)	–	–	–	–	–	–	–	–	–	**(3,700)**	12,200
Balance, end of year	191,940	556,167	313,544	133,845	159,230	805,136	1,688,797	2,638,155	510,016	110,326	**7,107,156**	6,831,420
Accumulated amortization												
Balance, beginning of year	–	239,842	136,506	80,163	56,578	189,044	800,880	840,943	196,110	–	**2,540,066**	2,427,796
Add: Amortization	–	18,810	20,541	11,376	11,163	15,503	43,329	35,476	9,659	–	**165,857**	155,382
Less: Accumulated amortization on disposals	–	5,500	15,808	4,681	2,747	–	14,784	3,242	–	–	**46,762**	43,112
Balance, end of year	–	253,152	141,239	86,858	64,994	204,547	829,425	873,177	205,769	–	**2,659,161**	2,540,066
Net Book Value of Tangible Capital Assets	$ 191,940	$ 303,015	$ 172,305	$ 46,987	$ 94,236	$ 600,589	$ 859,372	$ 1,764,978	$ 304,247	$ 110,326	**$ 4,447,995**	$ 4,291,354

Consolidated Schedule of Segment Disclosure – Service SCHEDULE 2

For the year ended December 31, 2010
(in thousands of dollars)

	GENERAL REVENUE FUND									
	Protection	Community Services	Planning	Public Works and Water	Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
REVENUES										
Taxation	$ 214,964	$ 68,961	$ 1,166	$ 165,259	$ 94,184	$ –	$ –	$ 13,584	$ (7,124)	$ 550,994
Sales of services and regulatory fees	45,559	17,786	20,617	4,520	11,107	68,217	225,697	76,598	(44,937)	425,164
Government transfers (Note 18)	55,280	12,131	3,627	17,796	14,522	36,795	12,676	109,046	(9,987)	251,886
Transfer from other funds	3,926	1,394	14,230	17,725	3,366	68,813	30,353	306,315	(446,122)	–
Other	8,041	2,606	1,419	5,144	7,729	2,173	19,252	80,107	(659)	125,812
	327,770	102,878	41,059	210,444	130,908	175,998	287,978	585,650	(508,829)	1,353,856
EXPENSES (Note 19)										
Salaries and benefits	279,700	44,998	20,841	60,458	37,179	82,365	56,996	39,727	968	623,232
Goods and services	32,489	11,831	2,787	101,018	14,827	38,305	78,604	90,609	(46,351)	324,119
Interest	1,575	657	2,375	29,040	5,365	5,238	19,274	51,402	(68,693)	46,233
Transfer to other funds	8,557	36,704	10,213	6,780	50,388	12,349	62,108	156,031	(343,130)	–
Other	5,449	8,688	4,843	13,148	23,149	13,040	34,329	139,265	(50,857)	191,054
	327,770	102,878	41,059	210,444	130,908	151,297	251,311	477,034	(508,063)	1,184,638
NET SURPLUS	$ –	$ –	$ –	$ –	$ –	$ 24,701	$ 36,667	$ 108,616	$ (766)	$ 169,218

Consolidated Schedule of Segment Disclosure – Service SCHEDULE 2

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

	GENERAL REVENUE FUND									
	Protection	Community Services	Planning	Public Works and Water	Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
REVENUES										
Taxation	$ 204,598	$ 64,319	$ 7,334	$ 167,054	$ 89,909	$ –	$ –	$ 17,583	$ (16,226)	$ 534,571
Sales of services and regulatory fees	42,295	17,399	15,917	3,917	10,484	65,931	224,380	75,035	(42,115)	413,243
Government transfers (Note 18)	53,068	12,407	4,389	20,321	14,630	49,340	3,787	108,826	(9,945)	256,823
Transfer from other funds	3,363	1,443	8,771	20,358	3,070	78,879	31,839	298,683	(446,406)	–
Other	7,962	2,617	1,221	5,733	12,187	1,295	39,220	75,316	(6,540)	139,011
	311,286	98,185	37,632	217,383	130,280	195,445	299,226	575,443	(521,232)	1,343,648
EXPENSES (Note 19)										
Salaries and benefits	265,975	44,159	19,701	59,711	34,326	77,583	52,783	37,336	7,002	598,576
Goods and services	30,651	11,847	3,105	100,952	12,155	36,963	71,017	90,103	(42,047)	314,746
Interest	1,494	363	2,413	36,296	4,805	3,054	20,768	55,607	(75,212)	49,588
Transfer to other funds	7,575	35,520	8,564	4,984	59,011	11,481	50,289	150,693	(328,117)	–
Other	5,591	6,296	3,849	15,440	19,983	10,816	34,311	144,039	(52,802)	187,523
	311,286	98,185	37,632	217,383	130,280	139,897	229,168	477,778	(491,176)	1,150,433
NET SURPLUS	$ –	$ –	$ –	$ –	$ –	$ 55,548	$ 70,058	$ 97,665	$ (30,056)	$ 193,215

Consolidated Financial Statements Five-Year Review

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)		2010	2009	2008	2007	2006
1.	Population (as restated per Statistics Canada)	**684,100**	674,400	665,600	658,800	653,500
	Unemployment rate (per Statistics Canada)					
	Winnipeg	**5.7%**	5.4%	4.3%	4.7%	4.6%
	National average	**8.0%**	8.3%	6.1%	6.0%	6.3%
2.	Average annual headcount	**9,942**	9,827	9,623	9,552	9,536
3.	Number of taxable properties	**215,224**	213,574	211,048	209,127	206,658
	Payments-in-lieu of taxes – Number of properties	**1,238**	903	908	945	922
4.	Assessment (see note)					
	Residential	**$ 43,431,201**	24,048,221	23,666,110	23,223,839	22,800,354
	Commercial and industrial	**12,033,087**	8,242,789	8,161,490	8,095,206	7,959,866
	Farm and golf	**183,279**	128,611	131,414	156,357	162,390
		$ 55,647,567	32,419,621	31,959,014	31,475,402	30,922,610
	Assessment per capita (in dollars)	**$ 81,344**	48,072	48,015	47,777	47,318
	Commercial and industrial as a percentage of assessment	**21.62%**	25.43%	25.54%	25.72%	25.74%
5.	Tax arrears	**$ 34,387**	30,036	29,893	38,038	41,350
6.	Tax arrears–per capita (in dollars)	**$ 50.27**	44.54	44.91	57.74	63.27
7.	Municipal mill rate	**15.295**	25.448	25.448	25.448	25.448
	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	**114.8**	113.9	113.3	110.8	108.5
	Percentage increase	**0.8%**	0.5%	2.3%	2.1%	1.9%
9.	Consolidated revenues					
	Taxation	**$ 550,994**	534,571	521,684	515,197	518,661
	User charges	**425,164**	413,243	412,984	381,273	356,761
	Government transfers	**251,886**	256,823	213,310	188,563	152,300
	Interest and other revenue	**125,812**	139,011	123,280	135,781	77,811
		$ 1,353,856	1,343,648	1,271,258	1,220,814	1,105,533
10.	Consolidated expenses by function					
	Municipal operations	**$ 851,469**	842,003	773,303	765,732	729,753
	Public utilities	**301,637**	278,848	258,788	242,797	231,306
	Civic corporations	**31,532**	29,582	29,383	25,000	24,174
		$ 1,184,638	1,150,433	1,061,474	1,033,529	985,233
11.	Growth in accumulated surplus	**$ 169,218**	193,215	209,784	187,285	120,300

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

(Note: In 2010, the City conducted a general reassessment which moved from a 2003 level of value to a 2008 level of value.)

Consolidated Financial Statements Five-Year Review

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	2010	2009	2008	2007	2006
12. Consolidated expenses by object					
Salaries and benefits	**$ 623,232**	598,576	565,071	539,405	530,881
Goods and services	**324,119**	314,746	291,061	291,032	271,530
Amortization	**165,857**	155,382	141,099	133,635	125,681
Interest	**46,233**	49,588	50,952	46,950	45,665
Other expenses	**25,197**	32,141	13,291	22,507	11,476
	$ 1,184,638	1,150,433	1,061,474	1,033,529	985,233
13. Payments to school authorities	**$ 497,907**	474,445	465,001	452,937	437,317
14. Debt					
Tax-supported	**$ 274,838**	294,449	378,872	379,836	411,043
Transit	**81,408**	22,088	24,914	25,464	26,813
City-owned utilities	**290,605**	288,899	304,834	206,261	207,581
Other	**68,238**	73,081	44,472	34,587	24,893
Total gross debt	**715,089**	678,517	753,092	646,148	670,330
Less: Sinking Funds	**218,687**	199,025	276,158	248,686	222,723
Total net long-term debt	**$ 496,402**	479,492	476,934	397,462	447,607
Percentage of total assessment	**0.89%**	1.48%	1.49%	1.26%	1.45%
15. Acquisition of tangible capital assets	**$ 333,851**	384,110	330,344	352,149	263,066
16. Net financial assets	**$ 48,603**	36,903	77,850	52,440	71,767
17. Accumulated surplus					
Surpluses					
Invested in tangible capital assets	**$ 3,983,440**	3,803,787	3,568,485	3,434,876	3,181,870
Unamortized gain on Winnipeg Hydro sale	**220,238**	226,640	232,679	238,376	243,751
Other surpluses	**236,686**	230,630	253,225	187,543	215,383
Unfunded liabilities	**(172,581)**	(170,228)	(150,518)	(157,724)	(152,059)
	4,267,783	4,090,829	3,903,871	3,703,071	3,488,945
Reserves					
Capital	**97,376**	98,329	94,156	89,887	114,359
Special Purpose	**71,973**	81,941	73,574	74,920	74,679
Stabilization	**81,582**	78,397	84,680	78,619	81,229
	250,931	258,667	252,410	243,426	270,267
	$ 4,518,714	4,349,496	4,156,281	3,946,497	3,759,212
18. Government specific indicators					
Assets-to-liabilities	**6.00**	6.05	5.88	5.89	5.61
Financial assets-to-liabilities	**1.05**	1.04	1.09	1.06	1.09
Public debt charges-to-revenues	**0.03**	0.04	0.04	0.04	0.04
Own-source revenues-to-taxable assessment	**0.02**	0.03	0.03	0.03	0.03
Government transfers-to-revenues	**0.19**	0.19	0.17	0.15	0.14

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