THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2011	2010
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	**$ 437,346**	$ 422,125
Accounts receivable (Note 4)	**197,927**	215,949
Land held for resale	**14,861**	15,150
Investments (Note 5)	**292,495**	276,316
Investment in government businesses (Note 6)	**23,783**	23,563
	966,412	953,103
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**186,463**	145,266
Deferred revenue (Note 8)	**64,825**	71,428
Debt (Note 9)	**558,400**	496,402
Other liabilities (Note 10)	**55,435**	45,531
Accrued employee benefits and other (Note 11)	**156,465**	145,873
	1,021,588	904,500
NET FINANCIAL (LIABILITIES) ASSETS	**(55,176)**	48,603
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	**4,747,795**	4,447,995
Inventories	**16,385**	16,043
Prepaid expenses and deferred charges	**6,086**	6,073
	4,770,266	4,470,111
ACCUMULATED SURPLUS (Note 14)	**$ 4,715,090**	$ 4,518,714

Commitments and contingencies (Notes 10, 15 and 16)

See accompanying notes and schedules to the consolidated financial statements

Approved on behalf of the Audit Committee:

MAYOR

CHAIRPERSON
STANDING POLICY COMMITTEE
ON FINANCE

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget 2011 (Unaudited)	Actual 2011	Actual 2010
REVENUES			
Taxation (Note 16)	**$ 563,807**	**$ 563,779**	$ 550,994
Sales of services and regulatory fees (Note 17)	**441,251**	**460,452**	425,164
Government transfers (Note 18)	**148,529**	**159,475**	144,910
Land sales and other revenue (Note 6)	**38,037**	**48,269**	47,914
Investment income	**32,569**	**40,449**	34,769
Total Revenues	**1,224,193**	**1,272,424**	1,203,751
EXPENSES			
Protection and community services	**395,642**	**388,089**	390,421
Utility operations	**329,604**	**334,154**	301,637
Public works	**272,373**	**287,847**	264,543
Property and development	**112,489**	**103,436**	101,588
Finance and administration	**73,646**	**70,404**	66,405
Civic corporations	**44,949**	**47,257**	31,532
General government	**36,955**	**42,047**	28,512
Total Expenses (Note 19)	**1,265,658**	**1,273,234**	1,184,638
(Deficiency) Excess Revenues Over Expenses Before Other	**(41,465)**	**(810)**	19,113
OTHER			
Government transfers related to capital (Note 18)	**116,736**	**138,611**	106,976
Developer contributions-in-kind related to capital (Note 13)	**41,032**	**58,575**	43,129
	157,768	**197,186**	150,105
Excess Revenues Over Expenses	**$ 116,303**	**196,376**	169,218
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**4,518,714**	4,349,496
ACCUMULATED SURPLUS, END OF YEAR		**$ 4,715,090**	$ 4,518,714

See accompanying notes and schedules to the consolidated financial statements

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2011	2010
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess Revenues Over Expenses	**$ 196,376**	$ 169,218
Non-cash charges to operations		
Amortization	**175,765**	165,857
Write-down of tangible capital assets	**5,779**	705
Other	**21,562**	(18,661)
	399,482	317,119
Net change in non-cash working capital balances related to operations	**52,467**	(27,635)
Cash provided by operating activities	**451,949**	289,484
CAPITAL		
Acquisition of tangible capital assets	**(486,320)**	(333,851)
Proceeds on disposal of tangible capital assets	**2,451**	28,178
Cash used in capital activities	**(483,869)**	(305,673)
FINANCING		
Increase in sinking fund investments	**(23,841)**	(19,662)
Debenture and serial debt retired	**(20,672)**	(19,931)
Sinking fund and serial debenture issued	**50,000**	60,000
Service concession arrangement	**50,000**	-
Other	**6,594**	(3,405)
Cash provided by financing activities	**62,081**	17,002
INVESTING		
(Increase) decrease of investments	**(14,940)**	20,167
Cash provided by investing activities	**(14,940)**	20,167
Increase in cash and cash equivalents	**15,221**	20,980
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**422,125**	401,145
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 437,346**	$ 422,125

See accompanying notes and schedules to the consolidated financial statements

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL (LIABILITIES) ASSETS

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

	Budget 2011 (Unaudited)	**Actual 2011**	Actual 2010
EXCESS REVENUES OVER EXPENSES	**$ 116,303**	**$ 196,376**	$ 169,218
Amortization of tangible capital assets	**179,055**	**175,765**	165,857
Proceeds on disposal of tangible capital assets	**-**	**2,451**	28,178
Write-down of tangible capital assets	**-**	**5,779**	705
Loss (gain) on sale of tangible capital assets	**1,071**	**2,525**	(21,230)
Change in inventories, prepaid expenses and deferred charges	**(1,000)**	**(355)**	(877)
Acquisition of tangible capital assets	**(351,147)**	**(486,320)**	(333,851)
Other	**-**	**-**	3,700
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	**(55,718)**	**(103,779)**	11,700
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**48,603**	**48,603**	36,903
NET FINANCIAL (LIABILITIES) ASSETS, END OF YEAR	**$ (7,115)**	**$ (55,176)**	$ 48,603

See accompanying notes and schedules to the consolidated financial statements

1. Status of The City of Winnipeg

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

2. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian 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:

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

* Effective January 1, 2011

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.

2. Significant Accounting Policies (continued)

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.

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 crown corporation bonds; provincial government bonds; City of Winnipeg municipal bonds; other 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

Property tax revenue is based on market assessments that are subject to appeal. A provision has been estimated for assessments appeals outstanding at December 31.

h) Solid waste landfills

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

2. Significant Accounting Policies (continued)

i) Environmental provisions

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

j) Deferred revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the 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.

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 (liabilities) 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

2. Significant Accounting Policies (continued)

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.

c) Service concession arrangement

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

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

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, the useful life of tangible capital assets, assessment appeals, lawsuits and environmental provisions. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

3. *Cash and Cash Equivalents*

	2011	2010
Cash	**$ 7,753**	$ 2,275
Cash equivalents	**429,593**	419,850
	$ 437,346	$ 422,125

The average effective interest rate for cash equivalents at December 31, 2011 is 1.3% (2010 - 1.3%).

Cash and cash equivalents exclude $189.5 million (2010 - $147.7 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 $41.6 million (2010 - $34.0 million).

4. *Accounts Receivable*

	2011	2010
Property, payments-in-lieu and business taxes receivable	**$ 34,747**	$ 34,387
Allowance for property, payments-in-lieu and business tax arrears	**(2,629)**	(3,080)
	32,118	31,307
Trade accounts and other receivables	**105,768**	112,110
Province of Manitoba	**57,505**	68,140
Government of Canada	**10,294**	11,971
Allowance for doubtful accounts	**(7,758)**	(7,579)
	165,809	184,642
	$ 197,927	$ 215,949

5. *Investments*

	2011	2010
Marketable securities		
Government of Canada bonds and Federal guarantees	**$ -**	$ 6,494
Provincial bonds and bond coupons and provincial guarantees	**6,680**	9,891
Municipal bonds	**61,475**	36,775
	68,155	53,160
Manitoba Hydro long-term receivable	**220,238**	220,238
Other investments	**4,102**	2,918
	$ 292,495	$ 276,316

5. Investments (continued)

The aggregate market value of marketable securities at December 31, 2011 is $72.9 million (2010 - $55.1 million).

On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro. The terms of the proposal included payments to the City of $25 million per annum commencing in 2002 and for the next four years thereafter; $20 million per annum for years six through nine; and $16 million per annum for years ten and continuing 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 historical average long-term borrowing rate. The amount outstanding has been fixed at the December 31, 2010 unamortized balance, which coincides with the payments remaining at $16 million to perpetuity.

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:

	2011	2010
Financial position		
Capital assets and investment in properties and infrastructure enhancements	**$ 76,008**	$ 77,494
Investments	**12,891**	13,669
Other assets	**3,099**	4,394
	$ 91,998	$ 95,557
Deferred contributions	**$ 17,044**	$ 18,996
Long-term debt	**12,076**	12,380
Current and other liabilities	**5,002**	6,256
	34,122	37,632
Net assets	**57,876**	57,925
	$ 91,998	$ 95,557

6. Investment in Government Businesses (continued)

	2011	2010
Results of operations		
Revenues	**$ 11,164**	$ 10,467
Expenditures	**10,082**	9,363
	1,082	1,104
Amortization	**(767)**	(944)
Other adjustments	**(506)**	(318)
Unrealized and realized gains	**142**	754
(Deficiency) excess of revenues over expenditures for the year	**$ (49)**	$ 596

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.

The condensed supplementary financial information of WHRC is as follows:

	2011	2010
Financial position		
Capital assets	**$ 28,284**	$ 29,506
Current and other assets	**6,347**	5,844
	$ 34,631	$ 35,350
Long-term debt	**$ 25,861**	$ 27,059
Current and other liabilities	**4,279**	4,036
	30,140	31,095
Replacement Reserves	**3,780**	3,655
WHRC Building and Acquisition Reserve	**993**	977
Net assets	**(282)**	(377)
	4,491	4,255
	$ 34,631	$ 35,350

	2011	2010
Results of operations		
Revenues	**$ 7,573**	$ 7,243
Expenditures	**7,477**	7,269
Excess (deficiency) of revenues over expenditures for the year	**96**	(26)
Change to Replacement Reserves during the year	**124**	83
Change to WHRC Building and Acquisition Reserve during the year	**16**	657
Internally restricted net assets	**-**	(615)
	$ 236	$ 99

6. Investment in Government Businesses (continued)

During the year, the City paid WHRC an operating grant of $200 thousand (2010 - $200 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2010 - $2.0 million). As at March 31, 2011, WHRC has utilized $764 thousand of this line of credit.

Summary of investment in government businesses

	2011	2010
North Portage Development Corporation (1/3 share)	**$ 19,292**	$ 19,308
Winnipeg Housing Rehabilitation Corporation	**4,491**	4,255
	$ 23,783	$ 23,563

Summary of results of operations

	2011	2010
North Portage Development Corporation (1/3 share)	**$ (16)**	$ 198
Winnipeg Housing Rehabilitation Corporation	**236**	99
	$ 220	$ 297

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

	2011	2010
Accrued liabilities	**$ 86,721**	$ 73,442
Trade accounts payable	**86,292**	58,702
Accrued interest payable	**13,450**	13,122
	$ 186,463	$ 145,266

8. Deferred Revenue

	2011	2010
Federal gas tax transfer	**$ 39,049**	$ 26,770
Province of Manitoba	**14,765**	34,024
Other	**11,011**	10,634
	$ 64,825	$ 71,428

9. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2011**	Amount of Debt 2010
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	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**	60,000
2011-2051	Nov. 15	4.300	WC	and 150/09	**50,000**	-
					563,000	513,000
Equity in The Sinking Funds (Notes 9a and b)					**(242,528)**	(218,687)
Net sinking fund debentures outstanding					**320,472**	294,313

Other debt outstanding

Serial and installment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.78% (2010 - 4.82%)	**78,332**	99,004
The Province and bank loans with varying maturities up to 2026 and a weighted average interest rate of 3.46% (2010 - 3.69%)	**83,108**	74,647
Capital lease obligations (Note 9c)	**26,488**	28,438
Service concession arrangement obligation (Note 9d and 15d)	**50,000**	-
	$ 558,400	$ 496,402

Debt segregated by fund/organization:

	2011	2010
General Capital Fund	**$ 215,302**	$ 166,074
Waterworks System	**161,142**	167,462
Transit System	**94,551**	67,744
Special operating agencies and other	**72,635**	70,342
Sewage Disposal System	**14,508**	24,454
Solid Waste Disposal	**262**	326
	$ 558,400	$ 496,402

9. Debt (continued)

Debt to be retired over the next five years:

	2012	2013	2014	2015	2016	2017+
Sinking fund debentures	$ -	$ 90,000	$ 85,000	$ 88,000	$ -	$ 300,000
Other debt	49,106	34,917	21,097	14,074	14,319	104,415
	$ 49,106	$ 124,917	$ 106,097	$ 102,074	$ 14,319	$ 404,415

a) As at December 31, 2011, sinking fund assets have a market value of $254.0 million (2010 - $229.6 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $27.3 million (2010 - $38.8 million) and a market value of $28.9 million (2010 - $39.4 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 together with the balance of the obligation due under the capital leases are as follows:

	Capital Leases
2012	$ 3,018
2013	3,095
2014	3,098
2015	2,336
2016	2,303
Thereafter	36,834
Total future minimum lease payments	50,684
Amount representing interest at a weighted average rate of 8.10%	(24,196)
Capital lease obligations	$ 26,488

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

The $108.5 million project will have been financed through a grant of $23.9 million from PPP Canada, a Provincial government transfer of $9.0 million, sinking fund debentures (Series WC) of $18.7 million, a $50.0 million service concession arrangement obligation to DBF2 and cash consideration paid by the City of $6.9 million. As at December 31, 2011, $97.5 million was capitalized for commissioned works under this service concession arrangement (Note 13). All financing has been placed prior to December 31, 2011 except for $1.7 million from PPP Canada which will be claimed with capital expenses to be incurred in 2012. Monthly capital and interest performance-based payments totalling $4.5 million annually, for the service concession arrangement obligation to DBF2 commenced in January 2012, commensurate with commissioning the project and are payable to termination of the contract with DBF2.

9. Debt (continued)

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the full $108.5 million project is 4.6%. Specifically, the sinking fund debt and service concession arrangement obligation to DBF2 bear a combined weighted average interest rate of 7.2%.

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

e) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2011 is $44.0 million (2010 - $46.2 million) and cash paid for interest during the year is $43.6 million (2010 - $46.4 million).

10. Other Liabilities

	2011	2010
Environmental liabilities	**$ 19,200**	$ 19,500
Developer deposits	**8,228**	8,773
Expropriation and other	**28,007**	17,258
	$ 55,435	$ 45,531

Included in environmental liabilities is $18.3 million (2010 - $18.1 million) for 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% (2010 - 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 94% of its total capacity and its remaining life is approximately 94 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, 2011, the reserve had a balance of $4.3 million (2010 - $3.7 million).

11. Accrued Employee Benefits and Other

	2011	2010
Retirement allowance - accrued obligation	**$ 96,497**	$ 89,975
Unamortized net actuarial loss	**(12,646)**	(9,146)
Retirement allowance - accrued liability	**83,851**	80,829
Vacation	**44,216**	42,986
Workers' compensation	**14,675**	8,932
Compensated absences	**7,990**	7,793
Other	**5,733**	5,333
	$ 156,465	$ 145,873

Under the retirement allowance programs, 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 13.0 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The 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, 2011.

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

	2011	2010
Retirement allowance - accrued liability		
Balance, beginning of year	**$ 80,829**	$ 77,946
Current service cost	**5,068**	4,464
Interest cost	**3,422**	3,705
Amortization of net actuarial loss	**1,372**	1,128
Benefit payments	**(6,840)**	(6,414)
Balance, end of year	**$ 83,851**	$ 80,829

11. Accrued Employee Benefits and Other (continued)

Retirement allowance expense consists of the following:

	2011	2010
Current service cost	**$ 5,068**	$ 4,464
Interest cost	**3,422**	3,705
Amortization of net actuarial loss	**1,372**	1,128
	$ 9,862	$ 9,297

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

	2011	2010
Discount rate on liability	**3.60%**	3.90%
General increases in pay	**3.50%**	3.00%

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

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

12. Pension Costs and Obligations

a) Winnipeg Civic Employees' Benefits Pension Plan

The Winnipeg Civic Employees' Benefits Pension Plan is accounted for 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 2011, members contributed 7.6% of their Canada Pension Plan earnings and 9.4% of pensionable earnings in excess of Canada Pension Plan earnings up to September 1, 2011 and 8.05% of their Canada Pension Plan earnings and 10.0% of pensionable earning earnings in excess of Canada Pension Plan earnings following September 1, 2011. Member's contribution rates are scheduled to increase to an average of 9.0% of pensionable earnings in 2012, 9.5% of pensionable earnings in 2013 and 10.0% of pensionable earnings in 2014 and future years. The City and participating employers are required to make matching contributions.

An actuarial valuation of the plan was prepared as at December 31, 2010, which indicated an excess of actuarial value of program assets over actuarial liabilities of $290.3 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. In the event of unfavourable financial experience, additional amounts may be transferred from the City Account to cover a funding deficiency.

The balance of the City Account at December 31, 2011 was $70.2 million (2010 - $82.1 million).

Total contributions by the City to the program in 2011 were $22.7 million (2010 - $20.4 million), which were expensed as incurred.

b) Winnipeg Police Pension Plan

The Winnipeg Police Pension Plan is a contributory defined benefit plan, providing pension benefits to police officers. Members are required to make contributions at the rate of 8% of pensionable earnings. The City is required to finance the cost of the plan's benefits other than cost-of-living adjustments and to contribute 1% of pensionable earnings in respect of cost-of-living adjustments. A contribution stabilization reserve has been established to maintain the City's contribution rate at 8% of pensionable earnings, when permitted under provincial pension legislation. The plan incorporates a risk-sharing arrangement under which actuarial surpluses are first allocated to maintain cost-of-living adjustments to pensions at 75% of the inflation rate and maintain the contribution stabilization reserve 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, 2010. The valuation revealed a funding deficiency, which, in accordance with the terms of the Plan, was resolved through a reduction in the contribution stabilization reserve and by reducing the rate of cost-of-living adjustments to pensions from 75% to 71.2% of the inflation rate.

The results of the December 31, 2010 actuarial valuation of the Plan were extrapolated to December 31, 2011. The principal long-term assumptions on which the valuation was based were: discount rate of 6.25% per year (2010 - 6.25%); inflation rate of 2.00% per year (2010 - 2.00%); and general pay increases of 3.50% per year (2010 - 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:

	2011	2010
Plan assets:		
Fair value, beginning of year	**$ 922,233**	$ 854,735
Employer contributions	**9,758**	9,454
Employee contributions and transfers	**9,870**	9,754
Benefits and expenses paid	**(39,904)**	(38,252)
Net investment income	**(7,338)**	86,542
Fair value, end of year	**894,619**	922,233
Actuarial adjustment	**58,297**	16,732
Actuarial value, end of year	**$ 952,916**	$ 938,965
Accrued pension obligation:		
Beginning of year	**$ 896,897**	$ 853,562
Current period benefit cost	**28,748**	28,357
Benefits and expenses paid	**(39,904)**	(38,252)
Interest on accrued pension obligation	**55,403**	53,553
Actuarial gain	**(7,657)**	(323)
End of year	**$ 933,487**	$ 896,897
Funded status	**$ 19,429**	$ 42,068
Less: contribution stabilization reserve	**(19,429)**	(42,068)
Actuarial surplus	**$ -**	$ -

12. Pension Costs and Obligations (continued)

	2011	2010
Expenses related to pensions		
Current period benefit cost	**$ 28,748**	$ 28,357
Amortization of actuarial gains	**(6,471)**	(6,267)
Less: employee contributions and transfers	**(9,870)**	(9,754)
Pension benefit expense	**12,407**	12,336
Interest on accrued benefit obligation	**55,403**	53,553
Expected return on plan assets	**(58,052)**	(56,435)
Pension interest expense	**(2,649)**	(2,882)
Total expenses related to pensions	**$ 9,758**	$ 9,454

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 2011 were $9.8 million (2010 - $9.5 million). Total employee contributions to the Plan in 2011 were $9.9 million (2010 - $9.6 million). Benefits paid from the Plan in 2011 were $39.1 million (2010 - $37.5 million).

The expected rate of return on Plan assets in 2011 was 6.25% (2010 - 6.25%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2011 was -0.80% (2010 - 10.24%).

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 2011, the City paid out $0.4 million (2010 - $0.3 million). An actuarial determined pension obligation of $3.9 million (2010 - $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 obligation has been reflected in the Consolidated Statement of Financial Position.

12. Pension Costs and Obligations (continued)

d) Group Life Insurance Plan

Employees of the City who are members of the Civic Employees' Benefits Pension Plan and the Winnipeg Police Pension Plan must become members of the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan, respectively. These plans provide life insurance 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, 2010 and the results were extrapolated to December 31, 2011. The principal long-term assumptions on which the valuation was based were: discount rate of 3.90% per year (2010 - 4.65%); and general pay increases of 3.50% per year (2010 - 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:

	2011	2010
Group life insurance plan assets, at actuarial value	**$ 134,992**	$ 132,874
Accrued post-retirement life insurance obligations	**$ 111,580**	$ 96,268

13. Tangible Capital Assets

	Net Book Value	
	2011	2010
General		
Land	**$ 202,897**	$ 191,940
Buildings	**318,846**	303,015
Vehicles	**178,251**	172,305
Computer	**40,754**	46,987
Other	**120,934**	94,236
Infrastructure		
Plants and facilities	**598,277**	600,589
Roads	**987,930**	859,372
Underground and other networks	**1,815,433**	1,764,978
Bridges and other structures	**384,570**	304,247
	4,647,892	4,337,669
Assets under construction	**99,903**	110,326
	$ 4,747,795	$ 4,447,995

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

During the year, $5.8 million (2010 - $0.7 million) of tangible capital assets were written-down. Interest capitalized during 2011 was $2.6 million (2010 - $3.5 million). In addition, roads and underground networks contributed to the City totalled $58.6 million in 2011 (2010 - $43.1 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $97.4 million (2010 - $nil) of tangible capital assets that were acquired through service concession arrangements.

14. Accumulated Surplus

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

	2011	2010
Surplus		
Invested in tangible capital assets	**$ 4,197,895**	$ 3,983,440
Manitoba Hydro long-term receivable	**220,238**	220,238
Sewage Disposal System	**77,144**	90,872
Waterworks System	**62,161**	68,375
North Portage Development Corporation	**19,292**	19,308
CentreVenture Development Corporation	**15,587**	9,651
Solid Waste Disposal	**4,630**	3,296
Equipment and Material Services	**3,227**	8,757
Other	**23,002**	36,427
Unfunded expenses		
Canadian Museum for Human Rights grant	**(11,025)**	(11,059)
Environmental liabilities	**(19,160)**	(18,878)
Accrued employee benefits and other	**(152,903)**	(142,644)
Total Surplus	**4,440,088**	4,267,783
Reserves		
Capital Reserves		
Environmental Projects	**45,547**	38,544
Sewer System Rehabilitation	**31,801**	33,316
Rapid Transit Infrastructure	**11,147**	7,602
Transit Bus Replacement	**8,655**	8,063
Other	**10,566**	9,851
	107,716	97,376
Stabilization Reserves		
Financial Stabilization	**85,305**	-
Mill Rate Stabilization	**-**	41,910
Fiscal Stabilization	**-**	39,672
	85,305	81,582
Special Purpose Reserves		
Perpetual Maintenance Fund - Brookside Cemetery	**12,944**	12,608
General Purpose	**11,063**	7,214
Land Operating	**10,901**	14,182
Destination Marketing	**10,186**	7,631
Heritage Investment	**5,468**	6,410
Insurance (Note 20)	**5,103**	3,690
Contribution in Lieu of Land Dedication	**4,800**	4,495
Workers Compensation	**3,883**	2,758
Other	**17,633**	12,985
	81,981	71,973
Total Reserves	**275,002**	250,931
	$ 4,715,090	$ 4,518,714

14. Accumulated Surplus (continued)

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 exist at December 31, 2011 are as follows:

a) Operating leases

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
2012	$ 3,539
2013	3,248
2014	2,155
2015	1,581
2016 and thereafter	8,315
	$ 18,838

b) Legal obligations

As part of the normal course of operations, lawsuits are pending against the City. The final outcome with respect to actions that will arise from these lawsuits as at December 31, 2011 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements.

c) Loan guarantees

The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2011 is $6.9 million (2010 - $5.4 million).

d) Service concession arrangements

(i) The City entered into a fixed-price contract with Plenary Roads Winnipeg GP ("PRW") to design, build, finance and maintain the Disraeli Bridges. The contract was executed in March 2010. The project is currently under construction with commissioning anticipated to be in the fall of 2012. The entire project, including upfront costs beyond the PRW fixed-price contract, is budgeted to be financed through City issued debt of $75.0 million, a $101.2 million service concession arrangement obligation to PRW and cash consideration paid by the City of $18.8 million. Upon commissioning of the project, the City will commence repayment of the service concession agreement obligation to PRW through monthly capital and interest performance-based payments totalling $9.8 million annually over the 30-year contract. The City will also pay PRW over the term of the contract, a monthly performance-based maintenance payment totalling $1.6 million annually, to be adjusted by the Consumer Price Index (CPI). The payment will commence upon commissioning of the project.

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

e) Veolia agreement

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

The City's sewage treatment system treats and handles wastewater and resulting residuals at its existing three major sewage treatment facilities, the South End, West End and North End Water Pollution Control Centres (the "Facilities"). Veolia's role will be to provide services to the City and representatives of Veolia will work collaboratively with representatives of the City providing advice and recommendations to the City in respect of the City (i) management and operation of the Facilities for the handling and treatment of wastewater; (ii) assessment, planning and delivery of operational improvements to the Facilities during the term of this agreement. The Program will not include the City's supply of water or its waterworks system or work relating to the Collection System or Land Drainage System.

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

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

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

Compensation to Veolia under the Agreement includes the following components:

1. Re-imbursement of Veolia's actual direct costs related to the Program ("Direct Costs");
2. An agreed upon margin percentage which is applied to Direct Costs of the Program. The quantum of the margin percentage is dependent on the nature of the cost ("Fee");
3. For operations and capital projections under the Program, a target cost will be set. Veolia will receive a share of the savings when actual operating costs and/or capital costs are below target costs ("Gainshare"). Veolia will receive a share of expense when actual operating costs and/or capital costs are above target costs ("Painshare"); and
4. Key performance indicators ("KPIs") will be established under the Program. Veolia will earn amounts for exceeding established KPIs ("KPI earnings"), and will deducted amounts for failing to achieve minimum KPIs ("KPI Deductions").

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

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

15. Commitments and Contingencies (continued)

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

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

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

f) Forgivable loans

The City has received funding from the Federal and Provincial governments for the purchase of certain properties. Repayment of this funding is not required as long as the properties operate as an affordable housing complex or offers services for the homeless. As at December 31, 2011, the forgivable loans totalled $6.6 million (2010 - $0.8 million).

16. Taxation

	2011	2010
Municipal and school property taxes	**$ 888,178**	$ 883,541
Payments-in-lieu of property (municipal and school) and business taxes	**40,291**	42,531
	928,469	926,072
Payments to Province and school divisions	**(497,237)**	(497,907)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	**431,232**	428,165
Business tax and license-in-lieu of business taxes	**55,534**	57,563
Local improvement and frontage levies	**42,542**	29,048
Electricity and natural gas sales taxes	**18,004**	23,227
Amusement and accommodation taxes and mobile home license	**16,467**	12,991
	$ 563,779	$ 550,994

The property tax roll includes school taxes of $473.8 million (2010 - $474.5 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2011 totalled $23.4 million (2010 - $23.5 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

	2011	2010
Water sales and sewage services	**$ 216,084**	$ 204,609
Other sales of goods and services	**114,063**	98,854
Transit fares	**69,946**	65,592
Regulatory fees	**60,359**	56,109
	$ 460,452	$ 425,164

18. Government Transfers

	2011	2010
Operating		
Province of Manitoba		
Ambulance, libraries and other	**$ 63,314**	$ 51,042
Building Manitoba Fund	**56,704**	56,704
Transit	**30,820**	27,877
Unconditional	**19,888**	19,888
Support	**11,535**	11,545
Support for provincial programs	**(23,650)**	(23,650)
	158,611	143,406
Government of Canada		
Other	**864**	1,504
Total Operating	**159,475**	144,910
Capital		
Province of Manitoba	**79,018**	62,293
Government of Canada		
Federal gas tax revenue	**28,174**	27,176
PPP Canada	**22,209**	-
Other capital funding	**9,210**	9,050
Public transit	**-**	8,457
	59,593	44,683
Total Capital	**138,611**	106,976
	$ 298,086	$ 251,886

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

	2011	2010
Salaries and benefits	**$ 664,221**	$ 623,232
Goods and services	**357,008**	324,119
Amortization	**175,765**	165,857
Interest	**43,954**	46,233
Other expenses	**32,286**	25,197
	$ 1,273,234	$ 1,184,638

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.

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 the sick and injured; for handling hazardous materials incidents; for the mitigation of calamitous incidents; and for the evacuation of people when in charge at an incident.

Community Services

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

Planning

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

Public Works and Water

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

Transit System Fund

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

21. Segmented Information (continued)

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 $0.4 million (2010 - $0.6 million) are not included in the consolidated financial statements.

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)

	General				
	Land	**Buildings**	**Vehicles**	**Computer**	**Other**
Cost					
Balance, beginning of year	**$ 191,940**	**$ 556,167**	**$ 313,544**	**$ 133,845**	**$ 159,230**
Add:					
Additions during the year	**12,103**	**38,439**	**29,576**	**4,822**	**39,128**
Less:					
Disposals during the year	**1,146**	**2,073**	**7,922**	**296**	**507**
Other	**-**	**-**	**-**	**-**	**-**
Balance, end of year	**202,897**	**592,533**	**335,198**	**138,371**	**197,851**
Accumulated amortization					
Balance, beginning of year	**-**	**253,152**	**141,239**	**86,858**	**64,994**
Add:					
Amortization	**-**	**20,805**	**23,242**	**11,054**	**12,230**
Less:					
Accumulated amortization on disposals	**-**	**270**	**7,534**	**295**	**307**
Balance, end of year	**-**	**273,687**	**156,947**	**97,617**	**76,917**
Net Book Value of Tangible Capital Assets	**$ 202,897**	**$ 318,846**	**$ 178,251**	**$ 40,754**	**$ 120,934**

Schedule 1

Infrastructure					Totals	
Plants and Facilities	**Roads**	**Underground and Other Networks**	**Bridges and Other Structures**	**Assets Under Construction**	**2011**	2010
$ 805,136	**$ 1,688,797**	**$ 2,638,155**	**$ 510,016**	**$ 110,326**	**$ 7,107,156**	$ 6,831,420
17,746	**174,269**	**89,862**	**90,798**	**(10,423)**	**486,320**	333,851
4,207	**632**	**11,543**	**-**	**-**	**28,326**	54,415
-	**-**	**-**	**-**	**-**	**-**	(3,700)
818,675	**1,862,434**	**2,716,474**	**600,814**	**99,903**	**7,565,150**	7,107,156
204,547	**829,425**	**873,177**	**205,769**	**-**	**2,659,161**	2,540,066
15,851	**45,486**	**36,622**	**10,475**	**-**	**175,765**	165,857
-	**407**	**8,758**	**-**	**-**	**17,571**	46,762
220,398	**874,504**	**901,041**	**216,244**	**-**	**2,817,355**	2,659,161
$ 598,277	**$ 987,930**	**$ 1,815,433**	**$ 384,570**	**$ 99,903**	**$ 4,747,795**	$ 4,447,995

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

For the year ended December 31, 2011
(in thousands of dollars)

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Water**
REVENUES				
Taxation	**$ 217,581**	**$ 67,609**	**$ -**	**$ 175,786**
Sales of services and regulatory fees	**47,076**	**17,542**	**22,576**	**10,963**
Government transfers (Note 18)	**66,870**	**10,932**	**-**	**20,289**
Transfer from other funds	**3,313**	**954**	**17,275**	**16,999**
Other	**13,687**	**4,001**	**292**	**8,527**
	348,527	**101,038**	**40,143**	**232,564**
EXPENSES *(Note 19)*				
Salaries and benefits	**295,694**	**37,497**	**20,582**	**71,478**
Goods and services	**35,451**	**8,262**	**2,622**	**118,083**
Interest	**1,234**	**248**	**794**	**12,307**
Transfer to other funds	**10,702**	**35,983**	**13,616**	**36,351**
Other	**5,446**	**19,048**	**2,529**	**(5,655)**
	348,527	**101,038**	**40,143**	**232,564**
NET SURPLUS	**$ -**	**$ -**	**$ -**	**$ -**

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

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Water**
REVENUES				
Taxation	$ 214,964	$ 68,961	$ 1,166	$ 165,259
Sales of services and regulatory fees	45,559	17,786	20,617	4,520
Government transfers (Note 18)	55,280	12,131	3,627	17,796
Transfer from other funds	3,926	1,394	14,230	17,725
Other	8,041	2,606	1,419	5,144
	327,770	102,878	41,059	210,444
EXPENSES *(Note 19)*				
Salaries and benefits	279,700	44,998	20,841	60,458
Goods and services	32,489	11,831	2,787	101,018
Interest	1,575	657	2,375	29,040
Transfer to other funds	8,557	36,704	10,213	6,780
Other	5,449	8,688	4,843	13,148
	327,770	102,878	41,059	210,444
NET SURPLUS	$ -	$ -	$ -	$ -

Schedule 2

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
$ 107,261	**$ -**	**$ -**	**$ 13,687**	**$ (18,145)**	**$ 563,779**
11,838	**72,222**	**241,497**	**85,311**	**(48,573)**	**460,452**
18,606	**41,482**	**14,617**	**151,480**	**(26,190)**	**298,086**
3,257	**56,992**	**34,970**	**805,942**	**(939,702)**	**-**
12,374	**1,638**	**25,802**	**98,080**	**(17,108)**	**147,293**
153,336	**172,334**	**316,886**	**1,154,500**	**(1,049,718)**	**1,469,610**
38,176	**84,040**	**58,537**	**48,358**	**9,859**	**664,221**
12,865	**43,864**	**94,431**	**89,667**	**(48,237)**	**357,008**
1,650	**6,234**	**19,208**	**20,006**	**(17,727)**	**43,954**
67,654	**13,892**	**76,348**	**669,968**	**(924,514)**	**-**
32,991	**14,117**	**39,856**	**160,723**	**(61,004)**	**208,051**
153,336	**162,147**	**288,380**	**988,722**	**(1,041,623)**	**1,273,234**
$ -	**$ 10,187**	**$ 28,506**	**$ 165,778**	**$ (8,095)**	**$ 196,376**

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
$ 94,184	$ -	$ -	$ 13,584	$ (7,124)	$ 550,994
11,107	68,217	225,697	76,598	(44,937)	425,164
14,522	36,795	12,676	109,046	(9,987)	251,886
3,366	68,813	30,353	306,315	(446,122)	-
7,729	2,173	19,252	80,107	(659)	125,812
130,908	175,998	287,978	585,650	(508,829)	1,353,856
37,179	82,365	56,996	39,727	968	623,232
14,827	38,305	78,604	90,609	(46,351)	324,119
5,365	5,238	19,274	51,402	(68,693)	46,233
50,388	12,349	62,108	156,031	(343,130)	-
23,149	13,040	34,329	139,265	(50,857)	191,054
130,908	151,297	251,311	477,034	(508,063)	1,184,638
$ -	$ 24,701	$ 36,667	$ 108,616	$ (766)	$ 169,218