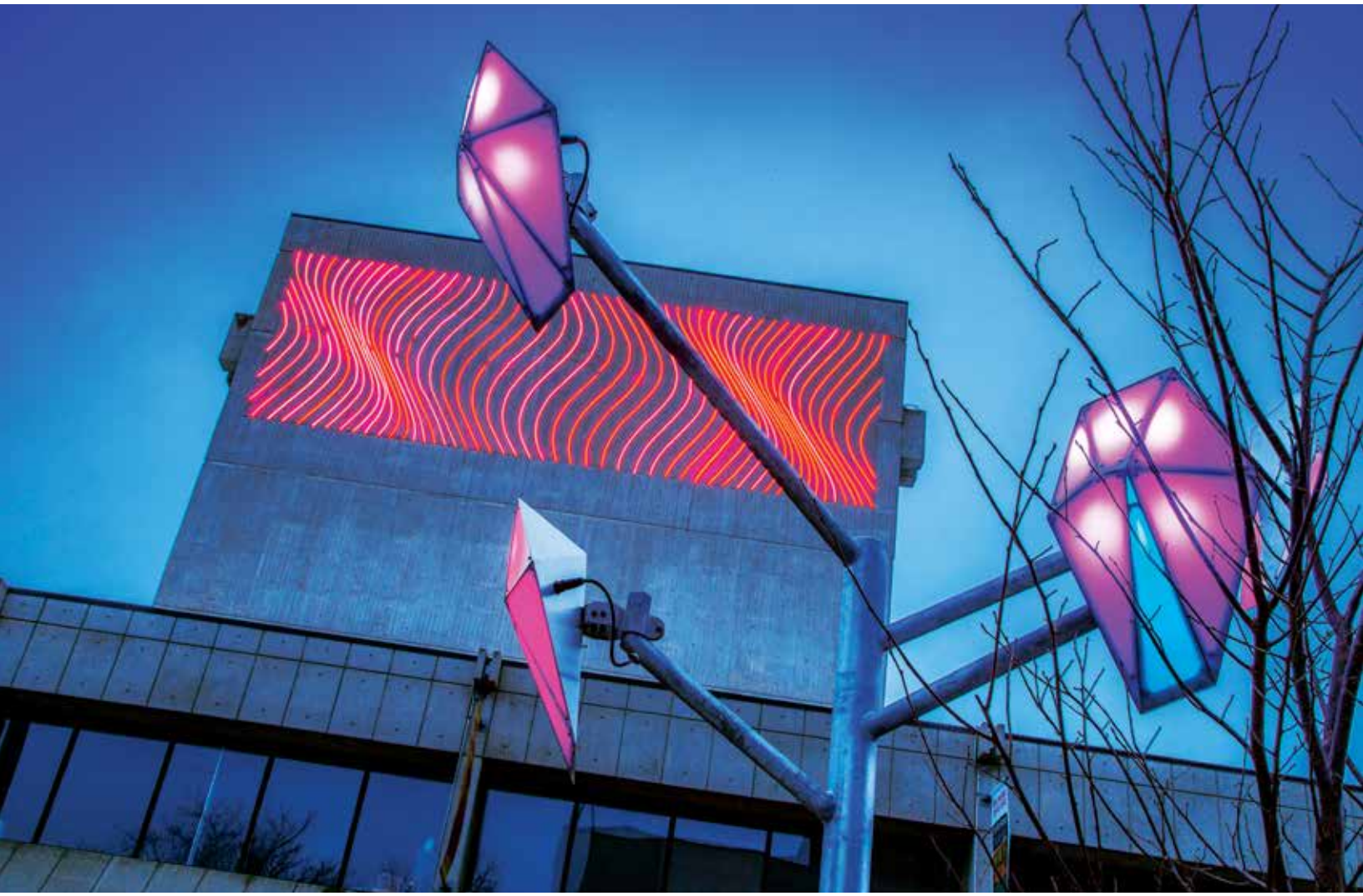
2013 THE CITY OF WINNIPEG ANNUAL FINANCIAL REPORT





Vision

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



Nuit Blanche Winnipeg, Culture Days Manitoba

Corporate Mission

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

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Winnipeg's skyline



Portage Avenue



Opening of the new WPS K-9 facility

Message from the Mayor



Winnipeg is a City of growth. From our economy to our population, with new residential, recreational and commercial developments taking place across the city, Winnipeg is experiencing an increasing attractiveness as a place to live, work, play and invest.

In 2013, our City continued to achieve new milestones. Housing starts in Winnipeg approached 4,000 units – a level we haven't experienced in more than a quarter century. Total declared construction value for building permits in the City of Winnipeg reached a record $1.8 billion in 2013, as a result of both public and private investment. There is good reason for investors to look to Winnipeg, as our city continues to rank as the most cost-competitive city in Western Canada as well as the U.S. Midwest.

Renewing public infrastructure remains a key focus for the City of Winnipeg.

In 2013, the City of Winnipeg implemented a new, long-term plan to fix Winnipeg's streets, sidewalks and back lanes. As part of the budget process, City Council adopted a one per cent property tax increase dedicated each year to neighbourhood streets in all parts of the city. City Council is working towards a long-term vision to move our streets from a repair deficit to a position of ongoing maintenance. With a continued focus on street renewal in our budget, we will see a noticeable difference in the state of our infrastructure in only a few years.

Municipal infrastructure forms the foundation of our economy, and is important to residents and businesses alike, which is why City Council is making record financial commitments to fix our streets while ensuring our property taxes remain among the lowest in Canada.

The City of Winnipeg completed several major infrastructure projects in 2013. In November, Winnipeg Transit opened a new parking and service garage, which positions our City for transit growth. In October, we celebrated the official opening of the Disraeli Active Transportation Bridge. The Disraeli Bridges project is one of the largest bridge projects in the history of the City, and was completed with the support of a federal-provincial-municipal partnership. The active transportation bridge gives cyclists and pedestrians safe and easy access between downtown and the northeast quadrant of the city. Also in 2013, the City wrapped up another bridge project, with the completion of the Sturgeon Road Twin Bridges across Sturgeon Creek. Winnipeg is preparing to commence another major infrastructure project, the Polo Park Area Infrastructure Improvement Project, expected to get underway in 2014.





Millennium Library



Transcona Centennial Spray Pad

Of course, we remain committed to continue our investment in Winnipeg's social and recreation infrastructure. In 2013, the Community Centre Renovation Fund approved nearly a million dollars in grants to support upgrades, safety improvements and repairs at 23 different community centres. City Council created this fund in 2012 in order to allow community centres and their volunteer teams to focus on programming, as opposed to searching out ways to finance repairs. Renovations are also taking place on a larger scale. For each of the past five years, the City has invested approximately $10 million to renovate and improve community centres.

Three new spray pads were installed in the spring and summer of 2013, opening water play areas at Westdale, Transcona and the St. James Assiniboia Centennial pool sites. While for a number of years we had only two of these facilities, we now have more than a dozen of these spray pads for families to enjoy across Winnipeg. We continue to upgrade several civic pools and have partnered with the Province and Kinsmen Club in 2014, to re-open the Sherbrook Pool as early as late 2015.

Our libraries continue to be renewed under our long-term redevelopment strategy for public libraries and in 2013 several renovations were completed, including the St. Boniface Library and the St. James Library.

2013 represents the first full year of the City of Winnipeg's new garbage and recycling collection system. Under the new system, Winnipeggers diverted 55 per cent more waste from landfills. Approximately 23,000 tonnes of yard waste were collected, largely through the new curbside yard waste collection program. The new, bigger recycling carts resulted in Winnipeggers recycling 17 per cent more than in 2011. Together, we are building a cleaner and more environmentally sustainable Winnipeg.

The winter of 2013-2014 will long be remembered for its brutal cold. As a result of extreme temperatures frost penetrated unusually deep, eight to nine feet under pavement surfaces, causing many water pipes in the City to freeze. Thawing water pipes and providing a temporary water supply to citizens became a city-wide priority, with staff from every civic department supporting this emergency effort.

Even on our toughest problems, we work and progress together. Our economy is strong and growing, and there are more opportunities for businesses, job-seekers and creative people, every day. Over the past decade, our skyline and our horizon have brightened, as iconic reminders of our past, like the Union Tower and the Metropolitan Theatre have been restored and new icons, like the Canadian Museum for Human Rights, have risen.

City Council is committed to continue seeking solutions and creating opportunities to ensure Winnipeg remains the greatest city in the world to live, work, play and invest.

Sam Katz

Mayor Sam Katz



Centre Village

Message from the Acting Chief Administrative Officer



Our**Winnipeg**, our City's official plan and 25-year blueprint for the future, is the most comprehensively consultative long-term plan for community development ever undertaken in Canada – having received both the Manitoba Planning Excellence Award, and the Canadian Institute of Planners' Award for Planning Excellence. As a Public Service, our goal in 2013 has been to help City Council and the community build on Our**Winnipeg**'s vision of social, environmental, and economic sustainability.

Better planning has been crucial to the strong performance you see recorded in this Annual Financial Report, and we are continuing to improve our budget planning processes. For the 2014 budget process, we combined tabling of the capital and operating budgets, and City Council adopted both together before year-end for the first time. For the 2015 budget process, we are engaging citizens and stakeholders in a new consultation process, "Our Budget Forward." Citizens will have more opportunities than ever before to participate and share ideas: in face-to-face budget talks; on the Internet; and on the street, via our roving budget Talk Truck.

Moody's Investor Service noted, in its most recent credit review: "The city's multi-year budget planning process has helped Winnipeg post a series of positive operating outcomes. The forward looking planning has also allowed the city to plan for capital spending in advance which has assisted in keeping the debt burden relatively low and stable." Standard and Poor's Ratings Services, in its November 2013 review, also made note of the City's sound financial management. Both Moody's and Standard and Poor's reaffirmed the City of Winnipeg's credit rating in 2013, at Aa1 and AA, respectively.

Careful planning has helped us meet City Council's goals with respect to some very significant infrastructure projects over the past year. For example, in 2013, we completed the Disraeli Active Transportation Bridge project, on-time and on-budget. This project, which received an Association of Consulting Engineering Companies of Manitoba Award of Merit, is a good example of the kind of integrated planning Our**Winnipeg** envisions: sound infrastructure, that provides aesthetic and environmental benefits to the community as a whole, achieved in a fiscally responsible way. This is, of course, in the context of developing new strategies to meet the City's infrastructure needs: establishing a new Local Street Renewal Reserve in 2013, to increase funding for the renewal of local streets, lanes, and sidewalks; complemented by the establishment of a new Regional Street Renewal Reserve, in 2014.



Canada Day celebrations



Assiniboine Park



Canadian Library Association Book Award Event for Children's and Teen Literature hosted by the Millennium Library

Improving public safety is always a key concern for City Council and citizens; in 2013, both the Winnipeg Police Service and the Winnipeg Fire Paramedic Service have planned and implemented programs to enhance their service to the community. The WPS is moving toward a Four-District Model, to increase efficiencies and create a more collaborative working environment. This year the Police Service enhanced its visibility in Winnipeg schools through after-school programs, partnered with the Winnipeg Jets to lead weekly hockey camps for grade two and three students, held a series of 12 community forums for citizens, and established an official Twitter account.

The Winnipeg Fire Paramedic Service added eight new pumper trucks to its fleet; introduced a new baby pod, to ensure safe and warm transport of newborns to hospital; and, following careful statistical analysis of its caseloads, provided paramedic home visits, assessments, and referrals to vulnerable individuals in the community. This program, Emergency Paramedics in the Community (EPIC), is improving the standard of care and significantly reducing emergency transport and health-care costs.

Our**Winnipeg**, ultimately, asks us to plan for a city that not only works to ensure sound infrastructure, pleasant amenities, public safety, and efficient services, but is also a welcoming city for everyone. In 2013, we reorganized service areas to establish an Aboriginal Relations Division, to provide strategic leadership on programs and services to Winnipeg's Aboriginal community. Over 400 Aboriginal youth received educational, professional development, or employment opportunities under the City's Aboriginal Youth Strategy programs.

The Live**SAFE** program, a crime-prevention through social development policy, has the City working with community partners to provide thousands of inner-city children and youth with recreation and literacy opportunities. And, we continue to work with partners in the community, and at all levels of government, to find ways to help solve the problem of homelessness in our city.

In 2014, we are continuing to work hard to live up to Our**Winnipeg**'s vision: to plan effectively, work efficiently, and be ever more responsive. This past year we established 24/7 Facebook and Twitter coverage, and introduced a mobile app for customer service on iPhone and Android. We will keep seeking ways to be a better and more innovative Public Service.

On behalf of the staff, I would like to thank City Council and citizens for the opportunity to work on your behalf over the past year. To the staff – I would like to say thank you for your commitment and professionalism in 2013, and for helping plan and deliver services vital to Winnipeggers.

Through our coldest winter since 1898, your dedication was evident, in keeping our streets clear, keeping transit systems and community facilities running, providing emergency services, and helping citizens with frozen pipes. I am honoured to be serving as your Acting CAO.



Deepak Joshi Acting Chief Administrative Officer



City Hall


The sun sets over Provencher Bridge


A hockey game near the Forks





2010–2014

13th Council of The City of Winnipeg Members and Appointments (for 2013)

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
Chairperson, Winnipeg Housing Rehabilitation Corporation

Ross Eadie
MYNARSKI WARD
Chairperson, Access Advisory Committee

Scott Fielding
ST. JAMES — BROOKLANDS WARD
Chairperson, Winnipeg Police Board

Jenny Gerbasi
FORT ROUGE — EAST FORT GARRY WARD
Chairperson, Winnipeg Housing Steering Committee

Paula Havixbeck
CHARLESWOOD — TUXEDO WARD
Councillor Responsible for Assiniboine Park Governance

Brian Mayes
ST. VITAL WARD
Chairperson, Standing Policy Committee on Protection and Community Services
Chairperson, Mayor's Environmental Advisory Committee

Grant Nordman
ST. CHARLES WARD
Acting Deputy Mayor
Councillor Responsible for Assiniboine Park Governance
Councillor Responsible for Corporate Sponsorship
Chairperson, Mayor's Age-Friendly and Seniors Advisory Committee

John Orlikow
RIVER HEIGHTS — FORT GARRY WARD
Chairperson, Citizen Equity Committee

Michael Pagtakhan
POINT DOUGLAS WARD
Chairperson, Standing Policy Committee on Downtown Development, Heritage and Riverbank Management

Devi Sharma
OLD KILDONAN WARD
Speaker of Council
Chairperson, Governance Committee of Council

Harvey Smith
DANIEL MCINTYRE WARD
Chairperson, Winnipeg Committee for Safety

Thomas Steen
ELMWOOD — EAST KILDONAN WARD
Deputy Speaker
Councillor Responsible for Youth and Recreational Opportunities

Justin Swandel
ST. NORBERT WARD
Deputy Mayor
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works

Daniel Vandal
ST. BONIFACE WARD

Russ Wyatt
TRANSCONA WARD
Chairperson, Standing Policy Committee on Finance
Chairperson, Alternate Service Delivery Committee
Secretary of Economic Development

2013 Senior Administrators

Deepak Joshi
Acting Chief Administrative Officer

Mike Ruta
Chief Financial Officer

Linda Burch
Director, Corporate Support Services

Mel Chambers
Director, Assessment and Taxation/ City Assessor

William Clark
Acting Chief, Winnipeg Fire Paramedic Service

Devon Clunis
Chief, Winnipeg Police Service

Michael Jack
Director, Legal Services/ City Solicitor

Brad Sacher
Director, Public Works

Diane Sacher
Director, Water and Waste

Barry Thorgrimson
Director, Planning, Property and Development

Dave Wardrop
Director, Winnipeg Transit

Clive Wightman
Director, Community Services

Richard Kachur
City Clerk

Brian Whiteside
City Auditor

Winnipeg – Its People and Economy

"CITY GROWTH STAYS STEADY… Officials pleased to avoid booms and busts, but more housing needed."

- February 9, 2012, Winnipeg Free Press

Winnipeg's population continues to grow. In 2013, Winnipeg's population was 699,300 – an increase of more than 59,000 people over the past decade.

Historically, Winnipeg had:

- modest population growth in the late 1980s;
- no population growth in the 1990s; and
- renewed population growth since the late 1990s.

The primary reasons for this resumed growth are a significant increase in immigration, and a combination of fewer people leaving and more people coming to Winnipeg from other parts of Canada.

Over the last three years, the City has grown by about 10,000 people per year.

POPULATION FORECAST

According to the Conference Board of Canada's August 2012 Population Forecast, Winnipeg's population is expected to grow by 90,000 people in the next 10 years; and 205,000 people in the next 23 years.

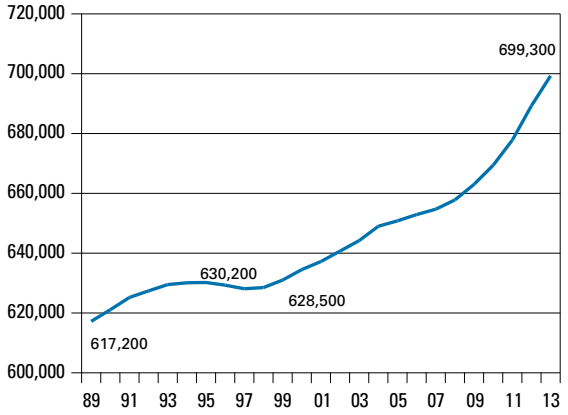
Winnipeg's population growth rate has increased to 1.5% recently, which is in the range of strong growth.

- The Conference Board forecasts this to continue in the short term, with an average growth rate of 1.2% over the next five years.

The City census metropolitan area (CMA) is forecast to grow by 43,000 people by 2018.

POPULATION OF THE CITY OF WINNIPEG

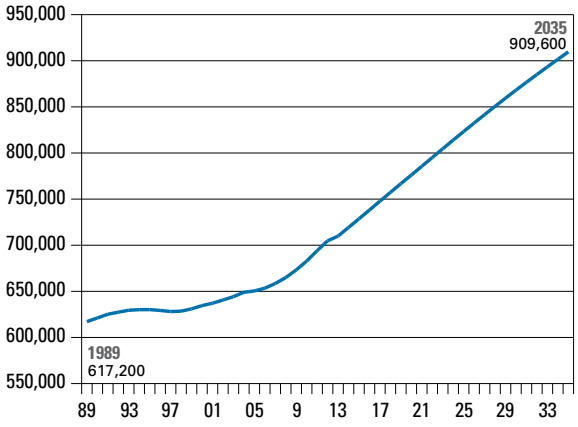
1989 TO 2013



Source: Statistics Canada, Demography Division

POPULATION FORECAST FOR THE CITY OF WINNIPEG

2013 TO 2035

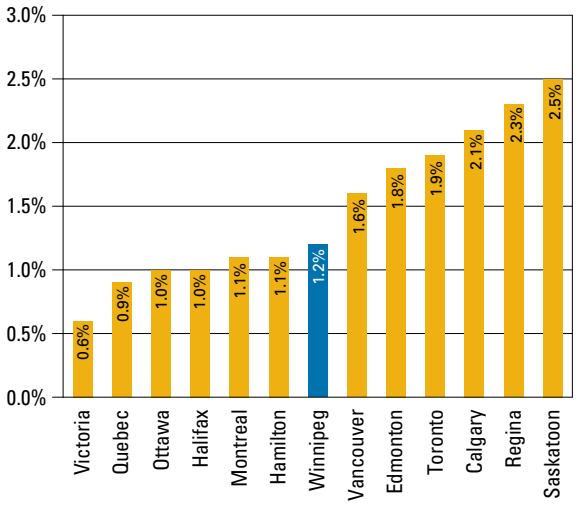


Source: Conference Board of Canada, Winnipeg Long-Term Forecast, August 2012

FORECASTED AVERAGE ANNUAL POPULATION

Growth Rates of Other Cities

2014 TO 2018



Source: Conference Board of Canada, Metropolitan Outlook, February 2014



Nature Playground at Assiniboine Park



Pedestrians in the downtown

MIGRATION (PEOPLE MOVING)

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

- Conference Board of Canada, Winnipeg long-term forecast, 2012

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

- In 1996, Winnipeg saw a net loss of 4,600 people; but in 2013, Winnipeg saw a net gain of 9,600 people.
- With the success of the Provincial Nominee Program, which began in 1999, Winnipeg's immigration has quadrupled, and for 2013, we estimate 13,000 immigrants arrived in the city.
- Winnipeg's immigration level is currently above the Conference Board's forecast.

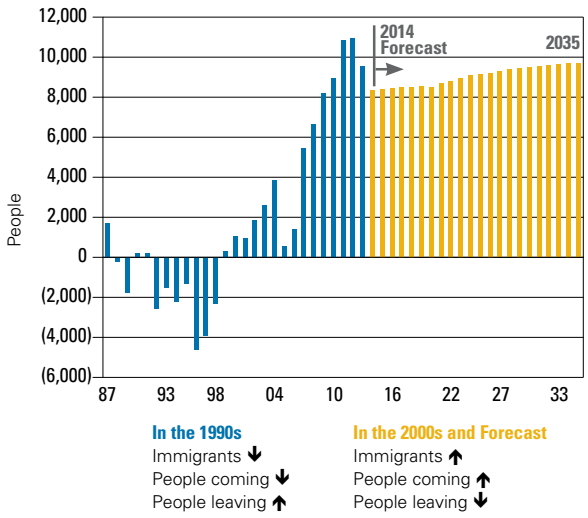
The trends in each of the three forms of migration are:

- **Intra-Provincial:** The net number of people moving to the Winnipeg CMA from the rest of Manitoba has improved. In 2013, Winnipeg experienced a net gain of almost 700 people.
- **Inter-Provincial:** The net number of people moving to the Winnipeg CMA from the other provinces has improved from -4,700 in 1997 to -2,800 in 2013.
- **International:** The net number of people moving to Winnipeg from other countries has increased significantly, from 2,200 in 1997 to over 11,000 in 2013.

NET MIGRATION

Net number of people, Winnipeg CMA

1987 TO 2035

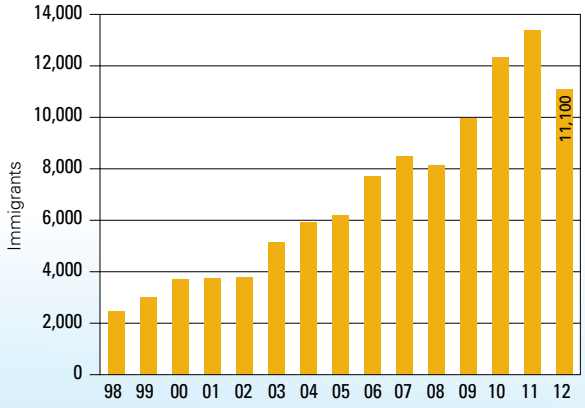


Source: CANSIM, and Conference Board of Canada, Long-Term Forecast, August 2012

IMMIGRATION TO WINNIPEG

Number of people, Winnipeg CMA

1998 TO 2012



Source: Citizenship and Immigration Canada, Facts and Figures 2012



Outdoor movies at Memorial Park

HOUSING

"Hot time for housing in the city – The only thing hotter than Winnipeg's record-breaking spring temperatures is its red-hot resale homes market."

- Winnipeg Free Press, March 23, 2012

2013 continues to be strong

- In 2009, new home buyers were cautious due to the recession, but in 2010 the number of housing starts rebounded.
- In 2012 and 2013 there was a substantial increase in housing starts – a 42% increase over the two-year period.
- Increased demand for multiple-family dwellings was the driving factor. In fact, the number of multiples built outnumbered single-family dwellings built during this period.

Price increase in resale market

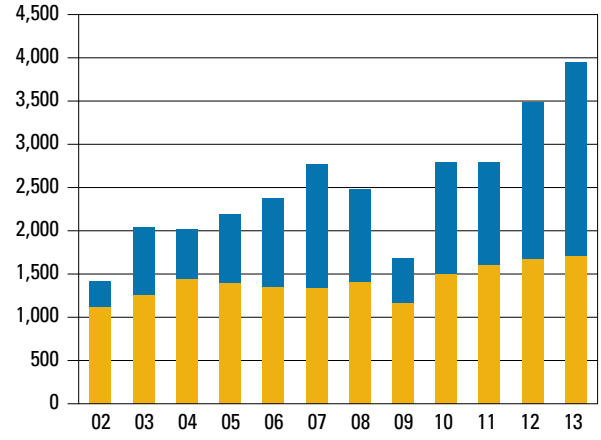
- Winnipeg has seen a significant increase in housing prices over the last decade.
- Between 2000 and 2013, there was a 200% increase in the average price of a resale house in Winnipeg.
- In 2013, the average house price ($268,400) in the resale market rose by 5.2%.
- The Canada Mortgage and Housing Corporation (CMHC) is forecasting a 3% increase in house prices in 2014.

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

A two-storey home in Vancouver would cost $856,900, or 149% more than the same two-storey home in Winnipeg ($344,600). In Calgary: $453,800, which is 32% more than in Winnipeg.

HOUSING STARTS

2002 TO 2013

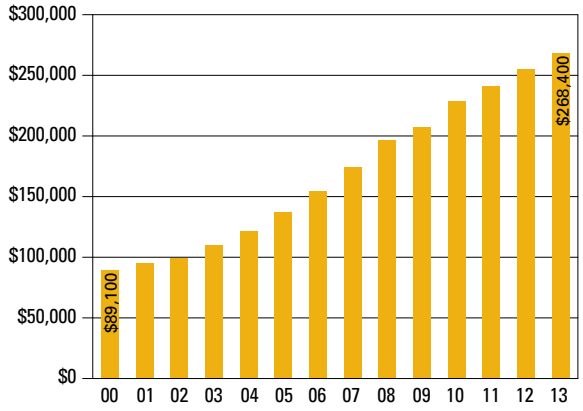


	02	03	04	05	06	07	08	09	10	11	12	13
Multiples	293	785	573	794	1,028	1,423	1,075	517	1,288	1,184	1,806	2,237
Singles	1,117	1,259	1,440	1,400	1,355	1,339	1,405	1,171	1,499	1,605	1,676	1,712

Source: CMHC – Housing Now

AVERAGE RESALE HOUSE PRICE IN WINNIPEG

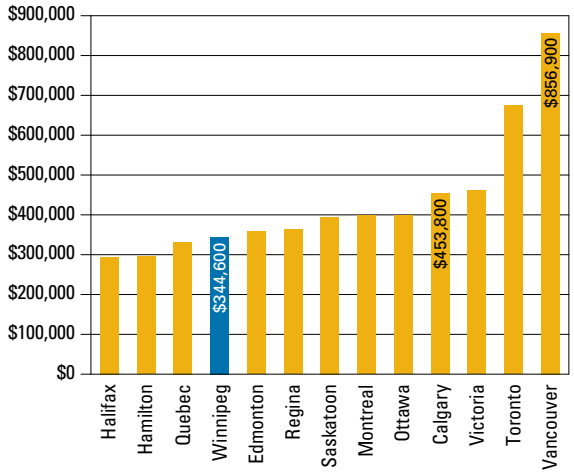
2000 TO 2013



Source: CMHC, First Quarter 2013

2013 AVERAGE RESALE PRICES IN OTHER CITIES

Standard two-storey house



Source: Royal LePage Survey Data, 2013, second quarter

ECONOMY

"Real GDP in Winnipeg is forecast to rise 2 per cent this year, up from 1.6 per cent in 2013, thanks to stronger growth in the manufacturing, wholesale and retail trade, and public administration sectors."

- Conference Board of Canada, Metropolitan Outlook, Winter 2014

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

Even though Canada was in a recession in 2009, Winnipeg's economy was doing relatively well. Winnipeg's economy saw a 0.5% decline, while the national economy declined by 3.0%.

From 2011 to 2013, Winnipeg's economy saw a cautious recovery, with manufacturing still struggling with a high Canadian dollar and global economic uncertainty.

Over the next 5 years:

- Winnipeg's economy is expected to create 33,000 jobs.
- Population in the Winnipeg region is forecasted to grow by over 40,000 people.
- Following a high level of housing starts in 2013, housing starts are expected to return to 2012 levels in 2014.
- GDP growth over the next 4 years (2015 – 2018) is forecast to average 2.4% per year.

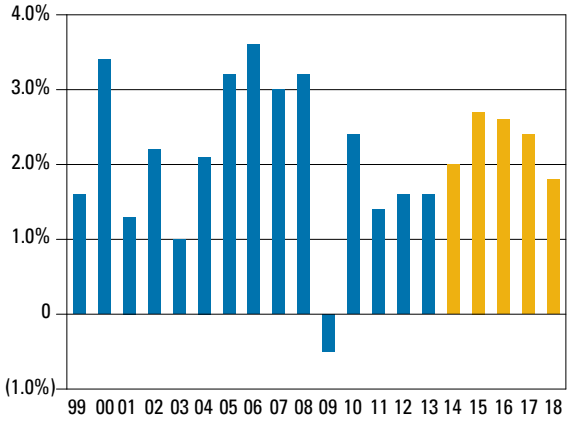
These are relatively good numbers for Winnipeg.

WINNIPEG'S ANNUAL ECONOMIC GROWTH

Real Gross Domestic Product, annual % change

In constant 2002 dollars

1999 TO 2018



Source: Conference Board of Canada, Metropolitan Outlook Report, February, 2014

OTHER CITIES' REAL GDP ANNUAL GROWTH

City	11 - 13 Average	2014 Forecast	15 – 18 Forecasted Annual Average
Victoria	0.3%	1.8%	2.3%
Vancouver	2.7%	2.8%	2.8%
Edmonton	5.9%	3.4%	3.1%
Calgary	6.1%	3.7%	3.0%
Saskatoon	5.8%	3.2%	2.7%
Regina	5.2%	3.5%	2.5%
Winnipeg	1.5%	2.0%	2.4%
Toronto	2.0%	2.8%	2.6%
Ottawa	0.6%	1.4%	2.2%
Hamilton	1.1%	2.5%	2.1%
Quebec	1.3%	2.0%	1.8%
Montreal	1.6%	2.2%	2.1%
Halifax	1.4%	2.8%	2.2%

Source: Conference Board of Canada, Metropolitan Outlook Report, February, 2014

ECONOMIC INDICATORS

				Forecasted				
Winnipeg CMA	2011	2012	2013	2014	2015	2016	2017	2018
Real GDP (2002 $ millions)	32,640	33,150	33,690	34,360	35,280	35,200	37,060	37,740
% change	1.4%	1.6%	1.6%	2.0%	2.7%	2.6%	2.4%	1.8%
CPI % change	2.9%	1.6%	2.4%	2.3%	2.1%	2.1%	2.1%	2.0%
Retail Sales ($ millions)	10,170	10,360	10,600	10,890	11,300	11,780	12,240	12,710
% change	2.4%	1.8%	2.4%	2.6%	3.8%	4.2%	4.0%	3.8%
Personal Income per capita	$36,080	$37,230	$38,000	$38,940	$40,260	$41,590	$42,920	$44,120
% change	1.6%	3.2%	2.1%	2.5%	3.4%	3.3%	3.2%	3.0%
Labour Force	433,600	441,820	445,680	449,760	458,100	464,840	470,440	475,440
% change	0.2%	1.9 %	0.9%	0.9%	1.9%	1.5%	1.2%	1.1%
Employment	408,670	417,300	418,920	424,570	433,370	440,630	447,220	452,290
% change	0.1%	2.1%	0.4 %	1.3%	2.1%	1.7%	1.5%	1.1%
Unemployment Rate	5.8%	5.6%	6.0%	5.6%	5.4%	5.2%	4.9%	4.9%

Source: Conference Board of Canada, Metropolitan Outlook Report, February, 2014



Condos on Portage Avenue

"Low interest rates, together with strong population gains in recent years thanks to the Province's skilled worker nominee program, helped to fuel significant growth in Winnipeg's housing starts over 2010 to 2012."

- Conference Board of Canada, Metropolitan Outlook, Spring 2013

VALUE OF BUILDING PERMITS (IN MILLIONS OF DOLLARS)

	2013	2012	2011	2010	2009	2008
Residential	$ 768	$ 762	$ 623	$ 601	$ 414	$ 511
Non-Residential	1,014	779	536	552	697	542
Total	$ 1,782	$ 1,541	$ 1,159	$ 1,153	$ 1,111	$ 1,053

Source: City of Winnipeg Building Permit Survey

2014 City Government Major Capital Investments - six-year plan (in millions)

Sewage Disposal	$ 1,100
Roads and Bridges	$ 618
Transit System	$ 324
Water System	$ 172
Parks, and Community Infrastructure	$ 130
Public Safety Infrastructure	$ 71
Municipal Facilities	$ 62
Solid Waste Disposal/Garbage Coll.	$ 38
Land Drainage & Flood Control	$ 36
Other	$ 137
	$ 2,688

Other Major Capital Investments (in millions)

Hydro: Conawapa Generating Station	$ 10,200
Hydro: Keeyask Generating Station	$ 6,200
Manitoba Highways (over 5 years)	$ 3,700
Rapid Transit / Pembina Underpass	$ 600
Seasons of Tuxedo (IKEA)	$ 500
Convention Centre	$ 180

Other projects by category (in millions)

Commercial	$ 825
Industrial	$ 78
Institutional	$ 1,060
Residential	$ 788

In 2013, Winnipeg saw over $1.7 billion in building permit values.

- Residential permit values were up by 1%;
- The value in non-residential permits was up 30%;
- And, overall there was an 18% increase in building permit values.

The City Government's Infrastructure Projects over the next six years total $2.7 billion, of which $379 million is for 2014.

These projects, along with other significant major new capital investments in Winnipeg and the rest of the Province, may result in additional pressure in service delivery capacity.

Labour shortages continue to exist, along with upward pressures on construction wages. The result is that base construction inflation is presently in the 4% range, and there is some upward risk of this increasing over the next few years.

Cost of Doing Business

KPMG's 2014 Competitive Alternatives examines location-sensitive business costs in 89 cities in Canada and the United States. Winnipeg has the lowest business costs of cities in western Canada. In fact, Winnipeg has lower business costs than all 74 U.S. cities examined.

The Disraeli cycling and pedestrian bridge



Transit's new 135,000-square-foot garage



Adoptable dog Payton

Service Highlights – 2013 Annual Report

INFRASTRUCTURE INVESTMENTS

Bridge Planning and Operations

2013 saw the completion of the Disraeli Bridges Project, including the new cycling and pedestrian bridge across the Red River.

The Sturgeon Road twin bridges across Sturgeon Creek were also completed in 2013.

Building and Maintaining Roadways

Included in the 2013 capital program projects of local streets, regional streets and back lanes was an addition of funding resulting in the renewal of an additional 13 residential street locations.

The Waverley West Arterial Roads and the Plessis Road Rail Underpass Projects continued and design started on the Polo Park Infrastructure Improvement Project.

Transit Garage

In September, Transit took occupancy of its first newly-constructed garage since 1969. The 135,000-square-foot building has capacity to store 153 regular, 40-foot buses, and is designed to house and service articulated and electric buses as well. The garage was built to fit into the surrounding community and meets LEED silver-level certification for energy efficiency and sustainability. The project was delivered through a design build process and was completed under budget.

Rapid Transit

In September, functional planning work began on Stage 2 of the Southwest Transitway. Following a 2012 alignment study, Transit began a functional design study and a public-private partnership business plan, in the interest of beginning construction in 2016. The completed project will link downtown with the University of Manitoba and the entire southwest quadrant of the city, with over 13 kilometres of dedicated high-speed, bus-only transitway.

Living Prairie Museum Pergola and Outdoor Education Shelter and Workshop

A much-needed shade structure was built using reclaimed materials, many of which came from noted Winnipeg locations such as the Yellow Brick Warehouse recently demolished on Main Street. It now serves as a meeting place for members of the community, a picnic area for schools that take part in programming, and also functions as a demonstration area when hosting workshops.

Arden Seven

The "Arden Seven" Korean War monument was constructed at Jules H. Mager Park in St. Vital.

CUSTOMER SERVICE

24/7 Facebook and Twitter Engagement

The Public Service collaborated to establish 24/7 coverage of the City of Winnipeg Facebook and Twitter pages, to increase after-hours engagement with the public and provide further channels for citizens to access City services and information.

311 Enhancements

The 311 mobile app was introduced in August of 2013 and was downloaded approximately 6,500 times on iPhone and Android devices.

In September, the 311 Contact Centre expanded to include in-person service at City Hall. Customers who find it convenient to visit City Hall to do business now have the option of in-person access to the services and information provided by 311 such as reporting a problem, obtaining information, making service requests, paying a water utility bill or buying Transit bus passes.

Business Number Introduced

In May, Winnipeg became the first municipality in Canada to integrate the National Business Number into its customer service processes. The National Business Number is a unique, nine-digit number that identifies a business and is assigned by the Canada Revenue Agency. Each business uses the same nine-digit number in order to establish a common business identity across departments and levels of government.

Animal Services Agency

In 2013, City Council passed the new Responsible Pet Ownership By-law. After extensive collaboration with numerous partners and stakeholders in the community, the by-law is one of the most comprehensive and progressive animal by-laws in Canada, addressing not only dog and cat issues, but also banning exotic animals in circuses in Winnipeg.

In 2013, 95% of the dogs that entered Animal Services were reunited with their owner, adopted out, or sent to a rescue or animal shelter. In addition, 856 dogs wearing licences were successfully reunited by 311 without ever having to set foot in Animal Services' facility.

Over 60 volunteers socialize the Agency's adoptable dogs, maintain the volunteer-run Petfinder.com, Facebook, and Twitter websites, and promote adoption and special events.

Water Main Activity Web Page Launched

A new water main activity web page was launched listing all water mains that are shut off or partially shut off within the past seven days due to repair work, informing residents if there is work going on in their neighbourhood that could impact their water service.

Garbage and Recycling Collection Status Web Page

A new web page was launched providing residents with up-to-date information on the status of garbage and recycling collection in their neighbourhood.

PLANNING, ENVIRONMENT AND SUSTAINABILITY

Our**Winnipeg**

In July 2011, City Council approved Our**Winnipeg**, a development plan which will guide the physical, social, environmental and economic development of our city over the next 25 years. Our**Winnipeg** was created with the input of more than 40,000 Winnipeggers through the most creative and collaborative planning process ever undertaken in our city – SpeakUpWinnipeg. In July, 2013, the second annual Our**Winnipeg** report to the Community provided an update on Our**Winnipeg**-related activities connected to key areas of the plan over the last 12 months.

Complete Communities

The Complete Communities Direction Strategy of Our**Winnipeg** is a practical and innovative "playbook" to guide land use and development in Winnipeg for the next 25 years. In 2013, significant planning and development activity was undertaken for many of the transformative areas identified in Complete Communities (areas of the City that provide the best opportunity for growth and change):

- Two new communities were approved by City Council (Precinct T – Castlebury Meadows and Precinct Q – Ridgewood South). In addition, the planning of six additional new community precincts continues into 2014. These areas will accommodate a large share of projected growth and development over the life of Our**Winnipeg**.
- Area master plans were approved for two major redevelopment sites (Palliser and Taylor lands). In addition, planning is ongoing for four of the remaining eight major redevelopment sites. These underutilized sites will provide significant opportunities for the development of complete communities with considerable residential and employment densities.
- The planning process for the Corydon-Osborne area resumed with the selection of a consultant to develop and lead a stakeholder engagement process and ultimately draft a neighbourhood plan for this area.
- The Public Service developed a "Complete Communities Checklist." This innovative checklist serves as a comprehensive tool and approach, that will help foster development and establish Winnipeg as a unique, sustainable, urban leader.

Economic Development Strategy

Through the efforts of Economic Development Winnipeg, in partnership with the City of Winnipeg, an Economic Development Strategy was completed in 2013. This strategy serves as an important companion document to Our**Winnipeg**. The Economic Development Strategy provides an actionable blueprint for the advancement of Winnipeg's economic competitiveness and will engage community stakeholders from all sectors of the regional economy.

Urban Planning Division Wins Award

In February, the City of Winnipeg received the Manitoba Planning Award of Excellence for its Transit-Oriented Development (TOD) Handbook. The award was presented at the Manitoba Planning Conference held in Winnipeg.

By-Law Amendments

Zoning by-laws were reviewed to ensure alignment with Our**Winnipeg** and Complete Communities. As well, in order to encourage housing options and support densification in mature and existing communities, the City undertook amendments to the two by-laws with regard to the Secondary Suite regulations and approval process. A Digital Signs By-law was approved by City Council in 2013, which provides policy direction regarding the expanding use of digital signs in our community.

New Facilities and New Uses for Existing Facilities

- The City closed the sale of the former stadium site for $30.25 million. Redevelopment of the site, within the Polo Park Regional Mixed Use Centre, is underway.
- Bon appétit! *Chez Sophie sur le pont* opened on the Esplanade Riel bridge in April after the Public Service recommended that the Parisian-style bistro be awarded a five-year lease agreement for the 4,000-square-foot building.
- In January, the City announced a joint venture partnership for unused St. Boniface industrial lands, expected to generate more than $34 million in revenue. Terracon Development Ltd. will turn the lands into "Prairie Industrial Park" which will help keep commercial businesses in Winnipeg.



"Listening Lights" streetscaping renewal project

- In May, the new Sturgeon Heights Community Centre became Winnipeg's first municipal building to be awarded a LEED Gold designation by the Canada Green Building Council. The energy-efficient facility makes extensive use of natural light, will use roughly 50% less water than a conventional building and was able to divert 84% of construction waste from the landfill. In receiving this award, the community centre has exceeded the City of Winnipeg's Green Building Policy LEED silver-level certification requirement.
- The City's new East Yard complex project was also completed in 2013. The new facility, located in the Elmwood area, combines the operations of several Public Works Department divisions and a new Winnipeg Fleet Management Agency facility into one location, in order to provide more efficient, green and cost-effective services. The East Yard complex received LEED gold-level certification.
- Following a renovation in 2012, the Sinclair Park Community Centre received LEED silver-level certification in 2013.
- Ground was broken at the site of a new 100,000-square-foot Seven Oaks Arena in June.

Waste Diversion

2013 was the first full year of the new garbage and recycling collection services, and the total waste diversion rate increased by 55%, reinforcing Winnipeggers' commitment to the environment. Residents recycled an all-time high of 53,657 tonnes of material and composted 23,000 tonnes of yard waste, primarily through the new curbside yard waste collection program.

A new $3 million, nine-hectare composting pad was added in October, to turn all the leaf and yard waste from the curbside collection program into thousands of cubic metres of nutrient-rich compost.

New Landfill Gases System Reduces Greenhouse Gas Emissions

A new system to capture and flare landfill gases was fired up in 2013, reducing the annual greenhouse gas emissions from the landfill by an amount equivalent to that produced by about 21,000 cars, at the same time helping to reduce nuisance landfill odour.

Water Conservation

Winnipeggers continue to embrace water conservation – even with almost 200,000 more citizens, residents used less water in 2013 than in 1970.

Listening Lights Streetscaping Renewal Project

The "Listening Lights" streetscaping renewal project in the Cultural District brings new life and a unique lighting display to a distinct area. This permanent urban installation was inspired by the Northern Lights and with a multimedia touch, these auroras become prismatic, colourfully-lit art pieces representing Winnipeg's cultural district. This installation is part of the city's plan to encourage people to get out and experience their city.

Salt-Tolerant Boulevard Grass Project

Testing was conducted on alternative grass species for salt-affected boulevard areas. Successful use of these new techniques may allow for bare ground areas along boulevards to be restored to a green grassy state, less affected by salt.

Goose Deterrent Turf

With the support of Environment Canada, a test project involved the installation of goose deterrent turf grasses along the edges of two retention ponds. The effectiveness of these turf grasses will be monitored throughout 2014 and may be expanded to additional locations in the future.

SAFETY AND EMERGENCY RESPONSE

Winnipeg Police Board

2013 marked the start of operations of the Winnipeg Police Board. As the governing body for the Winnipeg Police Service (WPS), the Board provides civilian governance regarding law enforcement, gives administrative direction to support effective policing in our city, and acts as a liaison between the community and the WPS.

Enhancing Communication with the Community

Chief Clunis led a series of 12 community forums, which were an opportunity for the WPS to share its vision for policing our community, but more importantly, for citizens to bring forward their expectations and the issues they wanted addressed.

While traditional face-to-face community connections will always be a cornerstone of policing in Winnipeg, the WPS also embraced social media as a means of connecting and better serving the community.

On October 29, striving to improve communications and transparency with the community, the WPS launched an official Twitter account, @wpgpolice, to provide timely news and information directly to the public. The account attracted more than 7,000 followers in its first four months of operation.

The WPS has also made a more concerted effort to share information through its YouTube channel. During 2013, the number of subscribers to the channel more than doubled and the amount of content available has grown exponentially.

Investing in our Youth

Recognizing the importance of supporting our youth, members of the WPS have made a concerted effort both on and off duty to provide leadership for Winnipeg's young people and to create positive opportunities for them in the community.

WPS members have never been more visible in Winnipeg schools through in-school presence and after-school programs. In 2013, two new School Resource Officers' positions were introduced as the program was expanded into St. James.

In the community, cadets and officers alike continue to create new opportunities to build stronger relationships with the community. Examples of member-driven community connection programs include the Skates and Badges winter event and Kickin' it with Cadets soccer game and community barbecue in Central Park. In North Winnipeg, the Annual Spring Feast at the Indian and Metis Friendship Centre continues to grow and is perhaps our longest active community program.

One of our newest initiatives is the WPS's involvement with the Winnipeg Jets True North Foundation's Jets Hockey Academy, through which officers and cadets help lead weekly hockey camps for grade two and three students from St. James-Assiniboine School Division.

Addressing Community Concerns Relating to Prostitution and Exploitation

One of the greatest concerns the WPS has heard from the community is regarding prostitution, and its effect on neighbourhoods, individuals and victims of systematic exploitation. In response, the WPS combined the Vice and Missing Persons Units under one umbrella, now known as the Counter Exploitation Unit to gain momentum in addressing this community need.

The Unit is responsible for investigating human trafficking, underage prostitution, and those who exploit vulnerable persons involved in the sex trade.

In order to improve safety for people working in the sex trade, the Counter Exploitation Unit has partnered with a number of government and non-government agencies that are involved in assisting sex trade workers in exiting the trade. Members of the Counter Exploitation Unit are sensitive to the unique circumstances faced by many of the people being sexually exploited in our community.

Combatting Organized Crime

The WPS is committed to curbing organized crime. In February, under Project Recall, members of the Street Crime Unit began a large operation focusing on the illegal drug activities of a local street gang. The effort resulted in nine of the ten primary gang members being arrested, as well as the seizure of two shotguns and approximately 80 rounds of ammunition.



Skates and Badges winter event

Investing in Our Infrastructure

The WPS is making positive strides in moving toward the City Council-approved Four District Model – increasing efficiencies and creating a more collaborative working environment. Officers began operations in the new West District Police Station, located at 2321 Grant Avenue, in December. The 33,000-square-foot station allowed for the consolidation of resources in order to maximize our efforts within the various communities and better serve our citizens.

And, on June 21, the WPS officially opened the doors to the new K-9 facility which houses the Unit's 26 canines and breeding program. This 4,500-square-foot state-of-the-art facility is adjacent to the East District Police Station and has 11 air-conditioned indoor kennels and attached dog runs. The building features a large community classroom and common area for public demonstrations and office space.

In addition, the new facility also features a kennel and indoor puppy run as part of the Winnipeg Police Service's nationally recognized in-house breeding program, which has supplied pups to other law enforcement agencies both in Canada and the United States, as well as the Military and Natural Resources Department.

Emergency Paramedics in the Community (EPIC)

The EPIC program, a partnership of the Winnipeg Fire Paramedic Service (WFPS), WRHA, Manitoba Health, and social and community organizations, focuses on improving the level of health care within the community. A paramedic visits a residence to assess the patient's medical condition and refer the patient to appropriate community resources for follow up, further assessment, and to develop a process to help support the patient, reducing emergency transport and health-care costs.

Fire Paramedic Service Station 11

The Fire Paramedic Service Station 11 Project was completed in 2013. The new station houses 68 members and five pieces of apparatus including one paramedic unit, one medical supervisor unit, one ladder truck, one pumper truck, and one rescue unit.

Emergency Vehicle Traffic Signal

An emergency vehicle traffic signal was installed on Portage Avenue at Fire Paramedic Station 11. This is the first of its kind in Winnipeg and will help the WFPS expedite responding from this location.

Eight New Pumper Trucks

In July and August, the WFPS received eight new pumper trucks from Fort Garry Industries through a project completed on time and within budget.

Rehab Unit

A WFPS rehab unit has been placed in service at Station 7, located at 10 Allen Blye Drive. Historically, WFPS crews did not have the ability to rest and rehabilitate at the scene of protracted incidents. The new rehab unit will provide shelter and medical assessment of crews suffering the effects of sustained physical or mental exertion during emergency operations, to ensure their safety and well-being. The unit will respond to all protracted major incidents including fires, hazardous materials events, and mass casualty medical incidents, for example.

New Baby Pod

The WFPS has introduced a field transport device to ensure safe and warm transport of infants born in the pre-hospital environment. The device allows for monitoring and treatment of the newborn in a warm and secure environment. This also enables the mother to be transported with her newborn child in the same ambulance, safely and securely.

Power Lift Stretchers

WFPS members, in the provision of emergency medical response, have experienced significant muscle strains and lower-back injuries due to the continual lifting of patients. In order to reduce work-related injuries, the WFPS has invested in the health and well-being of personnel and patient safety, by implementing a power lift stretcher system. These stretchers, partially funded by Manitoba Health, utilize a motorized lift mechanism for raising and lowering stretchers with patients onboard, to reduce potential injuries to paramedics and patients.

Incident Management Simulator

The WFPS is using new technology to train its members in incident management techniques. One of the new tools, called Flame-Sim, allows the WFPS to train all personnel using real-time and realistic scenarios. Studies show that these types of scenarios provide for increased effectiveness, improved decision-making and increased safety for responders and citizens.

PARTNERSHIPS, PROGRAMS AND INITIATIVES

Neighbourhoods of Winnipeg (NOW)

In May, the Mayor officially launched the City's NOW (Neighbourhoods of Winnipeg) website, that provides wide-ranging information about Winnipeg's 236 neighbourhoods and provides a single point of access for information such as the location of schools and libraries, census and demographic information, historical data and mapping information.

Included in the NOW portal is a feature developed in partnership with Economic Development Winnipeg Inc. and WinnipegREALTORS®, which provides key information to those locating a business in Winnipeg or existing businesses looking to expand or relocate within the city.

Basement Flood Protection Subsidy Program

In 2013, 568 property owners improved their basement flood protection by taking advantage of the provincial-civic Basement Flood Protection Subsidy Program to install an in-line backwater valve and/or sump pit drainage system.

Automatic Fare Collection System

Transit upgraded its entire bus fleet with electronic fareboxes in May to improve the efficiency of revenue management and security of fare collection; over $75 million in transit fare revenue was collected in 2013. When fully implemented, the electronic fare collection system will provide Winnipeg residents with an industry-leading purchasing and payment system for Transit fare products.

Aboriginal Relations Division

To enhance our relationship with and provision of opportunities for Winnipeg's Aboriginal population, particularly young people, the City created the Aboriginal Relations Division of Corporate Support Services in 2013. The Division is mandated to provide leadership and experience from an Aboriginal perspective on programs, services, and initiatives that support and address the needs of Winnipeg's Aboriginal community, now and into the future.

Aboriginal Youth Strategy

Oshki Annishinabe Nigaaniwak (OAN), the City of Winnipeg's Aboriginal Youth Strategy, supports young urban Aboriginals in seeking and achieving educational and professional development and employment opportunities, both within the City system and in the wider community. In 2013, over 400 Aboriginal youth engaged in OAN projects, including six interns, 28 award and scholarship recipients and 24 attendees of career weeks.

Since 2009, almost 900 Aboriginal youth have graduated from OAN community partner employment programs. Of these, 58% have entered the labour market and one-third have undertaken an educational program.

Aboriginal Primary Care Paramedic Program

The Aboriginal Primary Care Paramedic (PCP) program is a joint venture between the WFPS and OAN, along with community partners the Assembly of Manitoba Chiefs, Manitoba Metis Federation, the Centre for Aboriginal Human Resource Development Inc. and First Peoples Development Inc. The program, conducted at the WFPS Training Academy, will graduate 16 PCPs at the end of June 2014.

Electrician Apprenticeship

This project provided an opportunity for one Aboriginal youth to obtain direct work experience with the Water and Waste Department and pursue continuing education to attain formal qualifications in the electrical trade over a two-year period.

LiveSAFE

LiveSAFE is the City's collaborative, community-based crime prevention strategy that seeks to address the root causes of crime in Winnipeg. With funding support from the Province of Manitoba, the City of Winnipeg enhanced the following initiatives:

Sports in Inner City Neighbourhoods (SPIN)

- 1,055 inner-city Winnipeg children participated in the program for free at 25 sites in 2013.
- SPIN provides inner city children aged 6-14 with free access to sports opportunities (flag football, soccer, basketball, volleyball, ball hockey, water polo and diving) offering them a fun way to learn basic skill development, sportsmanship, teamwork, leadership, and fair play in a friendly, supportive environment.

Youth Mentorship Program

- 3,680 volunteer program hours were completed by youth from St. John's, Children of the Earth, R.B. Russell and Daniel McIntyre schools.
- Youth are 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-four mentored students now work for the City of Winnipeg or other community employers.


Art City WHALE Parade


The "Funnelator"

LiveSAFE in Winnipeg Programming

- 6,508 program hours of programming were provided at various recreation centres including Turtle Island Recreation Centre, Mayfair Recreation Centre, Broadway Neighbourhood Centre, Norquay Community Centre, Ralph Brown Community Centre and Pritchard Park.
- 20,260 children and youth visits were recorded and 30 recreation leaders from the inner city were hired to deliver the programs.

Community Art Program

- 6,497 inner-city children and youth participated in 560 creative workshops in this free partnership (Art City and Graffiti Art) program offered at the Immigrant and Refugee Community Organization of Manitoba, Magnus Eliason Recreation Centre, Daniel McIntyre/St. Matthews Community Association, West Central Women's Resource Centre, Rossbrook House, Turtle Island Neighbourhood Centre, Norquay Community Centre, Ralph Brown Community Centre, North Centennial Recreation and Leisure Centre and Pritchard Park.
- Twenty-four recreation leaders were hired from the community to deliver the program.

Turnabout Program

- This program is provided by the Province of Manitoba in partnership with police agencies.
- It offers a direct support and referral service to children under 12 years who have been in conflict with the law or are at risk.
- Turnabout's goals are to prevent a child from having further contact with police, to ensure early identification of serious and persistent behaviour problems and to reduce the number of children under 12 coming into contact with the law.
- This year, the City provided free recreational opportunities to 44 families. These opportunities included 152 facility passes and access to 43 recreation programs.

Accessible Pedestrian Signals

The City has installed accessible pedestrian signals (APS) at over 300 signalized intersections in Winnipeg. This is the largest deployment of APS in Canada. The City plans to equip every signalized intersection with APS as part of its commitment to accessibility and universal design.

Cuddles 4 Kids

In November 2013, 10-year-old Madison Vanderhooft and her mom, Alex, approached the Winnipeg Fire Paramedic Service to help them bring "cuddles" (stuffed animals) to children who are being transported by ambulance or witnessing a loved one as they are taken to hospital. Madison and her cousin Cameron Houle collected over 150 stuffed animals that they had dry cleaned and donated to the WFPS. Madison is going to continue doing "teddy bear drives" through a new school-based initiative called "Cuddles 4 Kids" so that ambulances and fire trucks will always be ready to help comfort a child in crisis.

SHED

In 2013, the City worked collaboratively with CentreVenture and the Province of Manitoba to implement Phase 1 of the Sports, Hospitality and Entertainment District's (SHED's) Master Plan. In keeping with SHED's mandate, Phase 1 undertook completion of enhancements in the Graham Avenue Corridor, including the installation of an electronic funnel shaped interactive light feature–aptly named a "Funnelator."

RBC Convention Centre Expansion

Work on the $180+ million expansion of Winnipeg's RBC Convention Centre progressed well in 2013. In June 2012, the City of Winnipeg announced that it would, in partnership with the Province of Manitoba and the Government of Can-



Autumn leaves in the West Alexander neighbourhood

ada, provide funding for a major expansion and renovation of the Convention Centre in Winnipeg. With the expansion, the Convention Centre will double in size, making Winnipeg's RBC Convention Centre the fourth-largest publicly-owned convention centre in Canada.

Investors Group Field Traffic Management Plan

City departments and agencies collaborated with the Winnipeg Football Club and University of Manitoba, along with community stakeholders, to implement and evaluate a traffic management plan for Investors Group Field. The plan helps facilitate the movement of over 30,000 people through the use of temporary traffic control, public transportation, parking management, traffic signal timing changes, volunteers and public communication.

Building Permits Strategy

2013 saw continued implementation of the City's 2012 comprehensive Building Permits Strategy and Action Plan, with a focus on:

- Establishing and communicating target times for review of commercial permit applications (by category):
  - Regularly reporting on service performance to provide enhanced predictability for industry, and
  - The provision of innovative alternatives for expedited permit application services (Optional Professional Certificate Program).
- Significant improvement in customer satisfaction regarding permits and inspections.

Urban Forest Protection Strategy

The Urban Forestry Branch implemented key components of the comprehensive strategy to enhance the protection of our urban forest from Dutch elm disease (DED) with $1.9 million of additional funds approved by City Council. The enhancements to the DED program included: a private elm inventory that identified over 118,000 elm trees on private properties in the north section of the city, treatment of all elm trees in most of the north section of the city, a rapid removal program to remove diseased elm trees by the end of summer to further reduce the spread of DED, and additional tree planting to replace trees lost to DED on public property. The remaining private elm inventory will be completed in 2014.

Fraud and Waste Hotline

The Audit Department expanded the Fraud and Waste Hotline to include accessibility to citizens, in July. The Fraud and Waste Hotline is a confidential and anonymous service that allows citizens and staff to report complaints 24 hours a day, 7 days a week. Previously, the hotline was only accessible to City staff.

Community By-law Enforcement Services

Under City Council-approved policies including Our**Winnipeg**, LiveSAFE, and various Property Standard by-laws, the Public Service is working together with core area community resident associations in order to improve neighbourhood liveability.

- As at December 31, 2013, the number of vacant buildings had decreased 32% from 577 (2010) to 390.
- In 2012 and 2013, 367 'new' vacant buildings were added to the list while 408 were removed.
- Of the 390 vacant buildings as at December 31, 2013, 150 were conventionally secured and in full compliance with the by-law.
- In 2013, five proactive yard-to-yard and, more recently, building-to-building property standard inspection sweeps were conducted by community by-law enforcement officers in some of Winnipeg's most vulnerable areas.

RECREATION AND LEISURE

Playgrounds

Twenty-five community playgrounds were renewed with new equipment and landscaping in 2013.

Arena Expansions

In February, City Council approved the City of Winnipeg entering into a tripartite funding partnership with two local community centres and the Province, which will see the Garden City Community Centre expand to include a multi-pad (twin) arena and multi-use facility, as well as the Transcona East End Community Centre expansion, which will result in a triplex arena facility.

Community Centre Renovation Fund

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

Twenty-three Community centres were approved for grants in 2013.

Aquatic Services

Three new neighbourhood spray pads were opened in June at:

- St. James Assiniboia Centennial Pool,
- Westdale Outdoor Pool, and
- Transcona Centennial Pool.

In 2013, the Aquatic Services Division offered 8,054 swim classes to 34,595 registered patrons. Attendance at Friday and Saturday evening youth free swims at City pools was 25,780.

Library Services

New Charleswood Library

In December 2013, City Council approved a contract for a new Charleswood Library, to be leased in a mall near the current library. The new 14,000-square-foot facility will be three times the size of the current facility, fully accessible, and will have a new multipurpose program room and increased parking. It is anticipated that the new library will open late in 2014.

Library Renovations

In early January 2013, the St. Boniface Branch reopened following a major renovation as a result of a Government of Canada grant. Counters and carpeting were replaced, and washrooms were made accessible.

Also in 2013, the St. James Library underwent renovations on the second floor of the library. Collections previously inaccessible to the public are now hosted in an expanded public space on the second floor. A new reading lounge has been opened up and new carpeting has been added to the space.

Free WiFi at all Branches

Free WiFi is now available at all library branches thanks to Shaw and MTS.

Past Forward

In February, Winnipeg Public Library launched *Past Forward,* a digital website to showcase historical photographs, images and postcards of rare and vintage Winnipeg images. Since its launch the site has received over 835,000 views.

Aboriginal Programming Area

On May 15, the Millennium Library hosted the launch of a new Aboriginal Programming area. The renovation of the second floor was made possible, in part, by a bequest from the estate of Mr. John Grant McDonald, a long-time library user. One of the highlights of this project is a beautiful new space designed specifically for the adult Aboriginal Resources Area. Created with the input of Anishinaabe interior designer Destiny Seymour, and using imagery and materials of significance to a number of indigenous cultures, this light-filled space welcomes people of all backgrounds who are interested in learning more about First Nations, Metis and Inuit topics. The space was also designed with flexible furniture arrangements for programming.

Homework Club

At the Millennium Library, in partnership with Frontier College, 230 children participated in a homework club that pairs children's educational needs with appropriate tutors.

50-Year Celebration

In June of 2013, the St. Vital Library celebrated its 50th year of operation with a special celebration.



St. Boniface Cathedral-Basilica



Report from the Chief Financial Officer

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the following Financial Statement Discussion and Analysis, prepared by management. The following discussion and analysis of the financial performance of The City of Winnipeg (the "City") should be read 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.

FINANCIAL REPORTING MODEL

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

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

FUNDS, ENTITIES, AND INVESTMENT IN GOVERNMENT BUSINESSES

As noted above, the Statements are consolidated, meaning they reflect all resources and operations under the control 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. The following is a brief description of the major funds, entities and investments included in the Statements.

Funds

A fund is a grouping of accounts used to report on 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 financial 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 included within the City's organization. Animal Services (established in 2000), Winnipeg Golf Services (2002), Fleet Management (2003) and Winnipeg Parking Authority (2005) deliver services as special units of the City.

The 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 the services 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. The Financial Stabilization Reserve assists in the funding of major unexpected expenses, or revenue deficits reported in the General Revenue Fund.

Entities and Investment in Government Businesses

The civic corporations included in the Statements are the Assiniboine Park Conservancy Inc., Winnipeg Public Library Board, The Convention Centre Corporation, 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. The North Portage Development Corporation, Winnipeg Housing Rehabilitation Corporation and River Park South Developments Inc. are included in the Statements as investment in government businesses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial statements should present information to describe the government's financial position at the end of the accounting period. Such information is useful in evaluating the government's ability to finance its activities and to meet its liabilities and contractual obligations, as well as the government's ability to provide future services. To this end, governments need to understand the total economic resources they have on hand to deliver services. These resources can be financial (e.g., cash, accounts receivable) and non-financial (e.g., tangible capital assets). At the same time, in respect of services delivered, governments will have liabilities to be settled in the future, that will consume the financial resources. This is a measure of the government's net financial asset/liability position. This measure must be considered in tandem with accumulated surplus to determine the government's ability to deliver services in the future. A significant portion of accumulated surplus includes the investment made in tangible capital assets which, for governments, represent service delivery capacity.

As at December 31, 2013, the City of Winnipeg reports:

(in thousands of dollars)	2013	2012	Variance
Cash and cash equivalents	$ 329,661	$ 392,041	$ (62,380)
Other financial assets	617,919	557,538	60,381
Financial assets	947,580	949,579	(1,999)
Liabilities	1,358,643	1,275,184	(83,459)
Net financial position	(411,063)	(325,605)	(85,458)
Non-financial assets	5,558,726	5,238,113	320,613
Accumulated surplus	$ 5,147,663	$ 4,912,508	$ 235,155

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

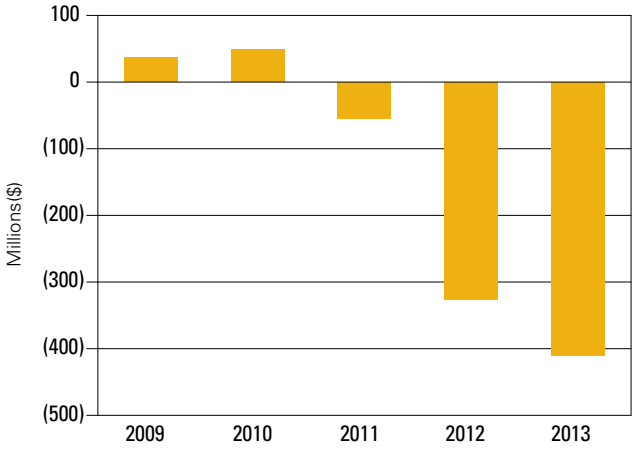
Cash Resources

The cash resources of the City are its cash and cash equivalents. It includes cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. During 2013, the City's cash decreased by $62.4 million. This decrease resulted primarily from cash invested in tangible capital assets exceeding cash generated through operating and financing activities.

Net Financial Position

Net financial position is the difference between financial assets and liabilities, which provides an indication of the affordability of additional spending. As at December 31, 2013, the City was in a net financial liability position of $411.1 million (2012–$325.6 million). The change in net financial position during the year resulted primarily from increased accounts payable balances related to the construction of tangible capital assets.

NET FINANCIAL POSITION

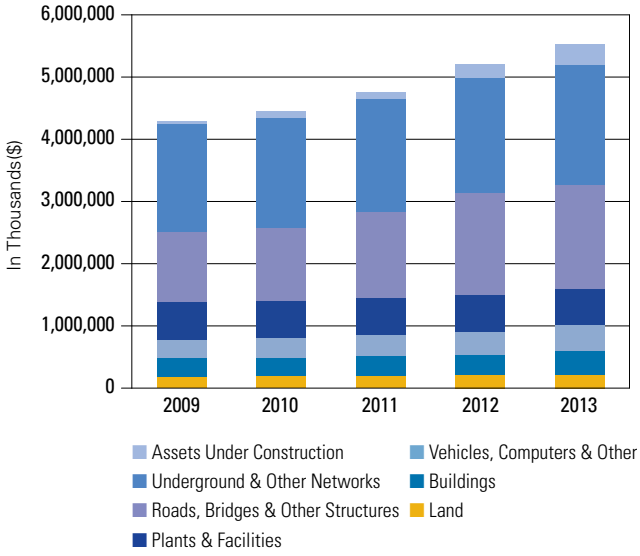


Non-Financial Assets

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

As indicated in the accompanying chart, the City continues to invest in its infrastructure. The acquisition of tangible capital assets is the result of a capital budget plan. The challenge in creating a capital budget is balancing infrastructure needs and protecting the environment while ensuring fiscal responsibility. On January 29, 2013, City Council adopted the 2013 annual capital budget and the 2014 to 2018 five-year forecast. The six-year plan authorizes $2.5 billion in City capital projects, with $374.7 million earmarked in 2013. Some of the projects included in the 2013 capital budget are: street projects of $109.1 million, including $30 million for Polo Park Area Infrastructure Improvements and $7.4 million for Molson Street twinning; $5 million for the East Elmwood Community Centre; and $7.2 million for community resource recovery facilities.

TANGIBLE CAPITAL ASSETS (NET BOOK VALUE)



Also included in the capital investment plan over the six-year period is anticipated funding of $242.7 million under the Federal Gas Tax Agreement, $316.9 million of anticipated provincial funding, $458.9 million of cash funding and $744.7 million of debt financing.

During 2013, the City acquired $543.9 million of tangible capital assets (2012–$654.0 million) including contributed roads and underground networks totaling $91.9 million (2012–$72.2 million). These were capitalized at their fair value at the time of receipt. As well, of the assets acquired, $479.9 million was for tax-supported projects (73%). Spending on tax-supported projects was primarily on roads and bridges, a priority of City Council.

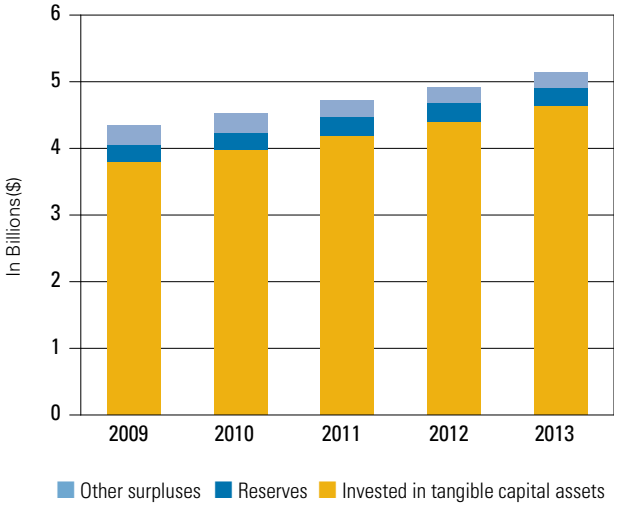
Accumulated Surplus

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

Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and legal liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2013–90%; 2012–90%). 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 ongoing operations.

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

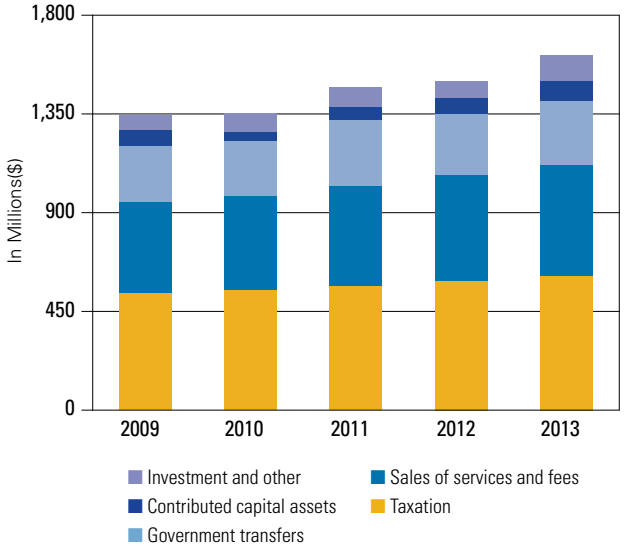
ACCUMULATED SURPLUS



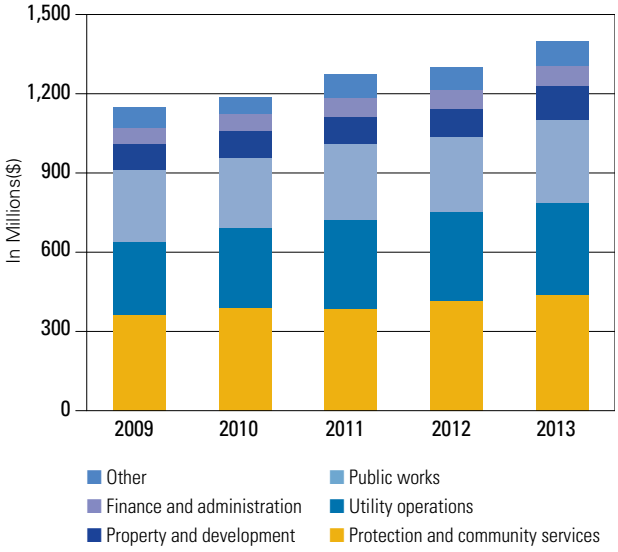
CONSOLIDATED STATEMENT OF OPERATIONS

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

REVENUE



EXPENSES



Beyond government transfers, the City has a good balance of revenue sources, with the majority regularly coming from taxation, sales of services and regulatory fees. PSAB has introduced indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability measure a government's risk of over-dependency on sources of funding outside its control or influence or exposure to risks that could impair its ability to meet financial and service commitments. Over the five-year period presented, government transfers as a percentage of total revenue has been stable, ranging from 18 to 20%.

Once completed in 2016, the RBC Convention Centre will double in size and be the fourth largest publicly owned convention centre in Canada. The City is contributing $51 million and guaranteeing a loan for $33 million for the project.

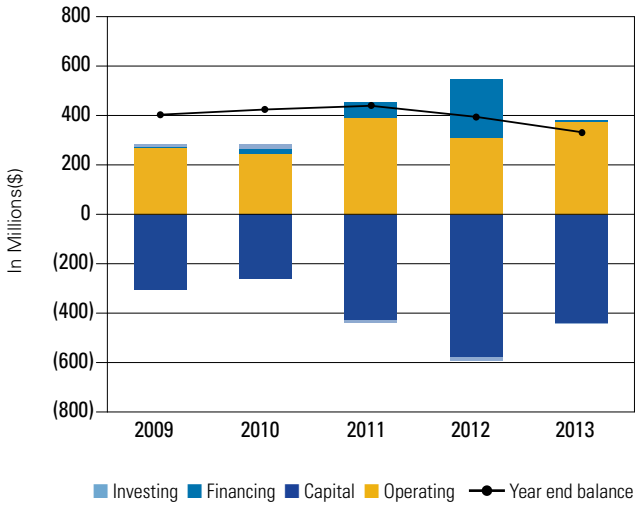
As the accompanying Expenses table indicates, the City's protection and community services and public works expenses have increased over the five-year period presented, indicating City Council's priorities for public safety and roads.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

Capital investments have been more significant over the past three years, financed largely through operations, which includes capital-related government transfers, and a responsible amount of debt. With the Disraeli Bridges design, build, finance and maintain project commissioned in 2012, higher tangible capital asset acquisitions and related debt, which includes the service concession arrangement, are noted in the chart to the right.

CASH FLOWS



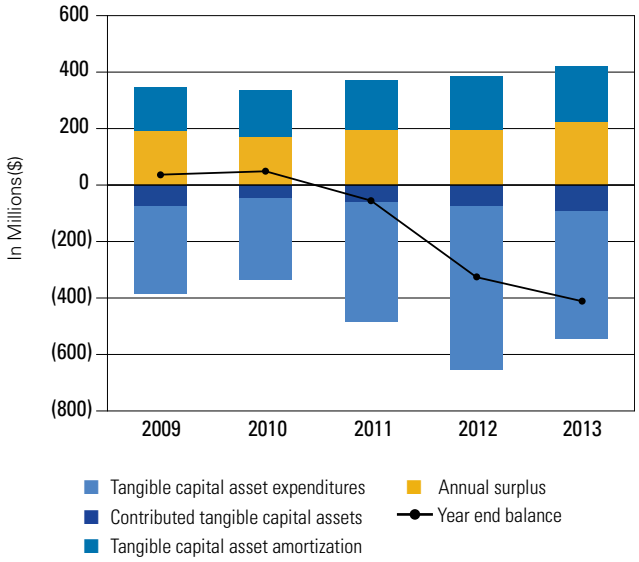
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

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

Even though the City has assumed more debt in recent years, it has done so responsibly. This statement is reflected in the results of its credit rating review. Late in 2013, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating was: "strong economic fundamentals, very positive liquidity position, and average but rising debt burden". However, S&P noted these strengths are offset somewhat by limited budgetary flexibility, which negatively affects budgetary performance, particularly after-capital balances. Moody's Investors Service announced in February 2014, it would also be maintaining the City's credit rating at Aa1.

CHANGE IN NET FINANCIAL LIABILITIES



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

Standard & Poor's report notes the positive impact on the City's sound financial management practices. Moody's noted effective budget techniques leads to solid fiscal performance and improvement in financial position.

Another indicator of financial condition introduced by PSAB measures flexibility. Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. Even with the assumption of more debt, the City's public debt charges (interest expense)-to-revenues has remained constant over the past several years at a level between 0.03 to 0.04. This indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates on debt, reflecting the current market but also the City's strong credit rating.

ANALYSIS OF STATEMENTS

The following analysis provides enhanced detail on the Statements.

Accounts Receivable

The largest component of accounts receivable is trade accounts and other receivables at 57% (2012–53%). Approximately 36% 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 $400 thousand (2012–$401 thousand).

As at December 31, 2013, property, payments-in-lieu and business tax receivables, net of the estimated allowance for uncollectible amounts, represented 18% (2012–17%) of total receivables. Taxation revenue is 38% (2012–39%) of total consolidated revenues.

TAXES RECEIVABLE

As at December 31 (in thousands of dollars)	2013	2012	2011	2010	2009
Taxes receivable	$ 49,592	$ 37,960	$ 34,747	$ 34,387	$ 30,036
Allowance for tax arrears	(3,694)	(3,351)	(2,629)	(3,080)	(3,784)
	$ 45,898	$ 34,609	$ 32,118	$ 31,307	$ 26,252

Investments

INVESTMENTS

As at December 31 (in thousands of dollars)	2013	2012
Marketable securities		
Provincial	$ 5,750	$ 6,713
Municipal	68,482	75,726
	74,232	82,439
Manitoba Hydro long-term receivable	220,238	220,238
Other	12,346	1,172
	$ 306,816	$ 303,849
Market value of marketable securities	$ 73,892	$ 86,221

During 2002, Manitoba Hydro acquired Winnipeg Hydro from the City. The resulting long-term receivable from the sale included annual payments commencing in 2002, which declined gradually to $16 million annually thereafter in perpetuity starting in 2011. The accounting value of the investment is based on the discounted sum of future cash flows that have been guaranteed by the Province. The long-term receivable has been fixed at the December 31, 2010 value, which coincides with the payments remaining at $16 million in perpetuity.

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

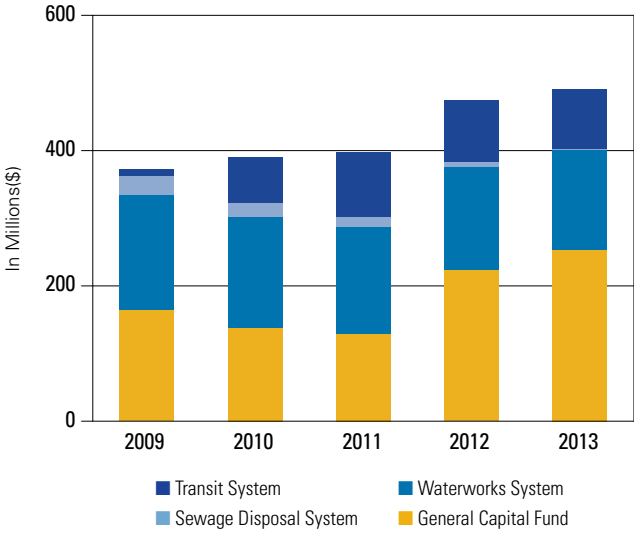
DEBT

As at December 31 (in thousands of dollars)	2013	2012
Sinking fund debentures	$ 658,000	$ 688,000
Equity in sinking funds	(195,237)	(264,037)
	462,763	423,963
Serial and installment debt	34,621	56,884
Bank, Province of Manitoba and other loans	109,263	116,427
Capital lease obligations	26,056	26,592
Service concession arrangement obligations	157,344	158,759
	790,047	782,625
Unamortized premium on debt	10,349	10,536
	$ 800,396	$ 793,161

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

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

NET SINKING FUND DEBENTURES, SERIAL AND INSTALLMENT DEBT



The Sinking Fund Trustees of the City of Winnipeg also manage debt related to Winnipeg Hydro. Manitoba Hydro purchased Winnipeg Hydro in September 2002 and as part of the sales agreement, this sinking fund is required to hold Manitoba Hydro Electric Board bonds issued by Manitoba

Hydro. These bonds were issued for the purpose of enabling the City to repay and defease the Winnipeg Hydro debt, having identical terms and conditions as to par value, interest and date of maturity as the debt. The bonds are guaranteed by the Province of Manitoba.

During 2013, the City issued a sinking fund debenture for $60 million. The debenture carries a 4.4% interest rate and will mature on November 15, 2051.

The City has also incurred serial and installment debt having varying maturities up to 2019, and carrying a weighted average interest rate of 4.5% (2012–4.7%). 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 totaling $7.4 million (2012–$6.6 million) for several third parties. The City does not anticipate incurring future payments relating to these guarantees.

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

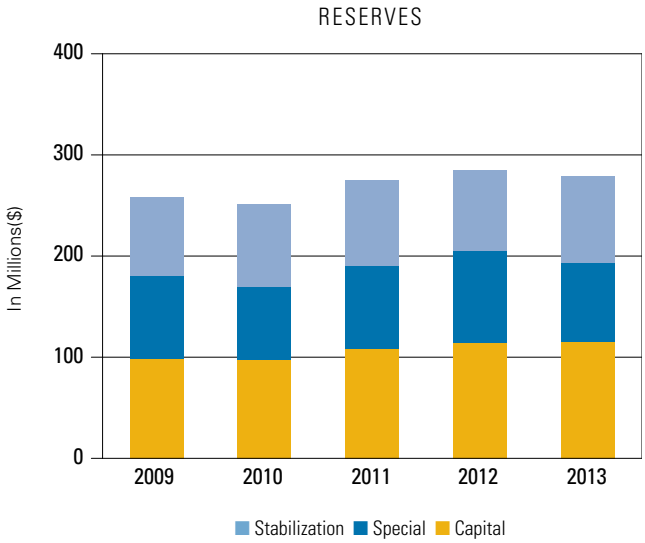
	2013	2012	2011	2010	2009
Free Cash and Liquid Assets/ Debt Service	427.4%	528.9%	646.6%	577.2%	621.6%

The past two years have seen this ratio reduce somewhat, resulting from the City's higher investment made in tangible capital assets. In its recent credit rating report, Standard and Poor's commented that the City maintains very positive liquidity that even under their conservative base-case scenario, will remain strong.

Reserves

Reserve balances have decreased overall by $7.4 million (2012–$10.5 million increase) from the prior year. The City's Special Purpose Reserves and Capital Reserves balances decreased by $12.4 million and $0.4 million respectively, while the Financial Stabilization Reserve increased by $5.4 million. Compared to the 2014 tax supported expense budget, the Financial Stabilization Reserve's accumulated surplus is projected to be $9.4 million (including projected net interest revenue) over its targeted level of 8% of the General Revenue Fund's adopted budget expenses. The City Council-adopted 2014 budget provides for a draw of up to $11.74 million into the General Revenue Fund. Should the Reserve's financial position not permit the full draw, the Public Service will review the implications of the resulting shortfall to the General Revenue Fund.

Effective January 1, 2013, a new reserve was established to track dedicated revenue for the sole purpose of funding the renewal of local streets, back lanes and sidewalks. The long-term proposal, subject to annual City Council approval, is to fund the Local Street Renewal Reserve Fund by dedicated annual 1% property tax increases over eight or nine years. In the ninth year, the funding from property tax increases would be exchanged with the current frontage levy. The current frontage levy is $3.75 per frontage foot, which is proposed to increase annually commencing in 2022, by $1.00 per frontage foot for approximately 13 years.



In 2014, a similar dedicated 1% tax will be introduced to fund a new Regional Street Renewal Reserve. Approximately 80% of the traffic volume in the City occurs on the 1,800 lane kilometres of regional streets. The long-term proposal, subject to annual City Council approval, is to dedicate annual 1% property tax increases for nine years, committed to the renewal of regional streets. After the ninth year, the property tax increase would drop to 0.25% to address construction inflation.

Consolidated Revenue and Expense Comparisons

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2013, on a comparative basis. The Statements indicate the City increased its accumulated surplus during the year because annual revenues exceeded expenses. The statements include a consolidated budget, which provides additional transparency and accountability.

During 2013, the City recorded consolidated revenues of $1.619 billion (2012–$1.497 billion), which included government transfers and developer contributions-in-kind related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.397 billion (2012–$1.300 billion). As a result, the City's accumulated surplus increased by $0.222 billion (2012–$0.197 billion).

CONSOLIDATED REVENUES

For the years ended December 31 (in thousands of dollars)	Budget 2013		Actual 2013		Actual 2012		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 603,944	38%	$ 611,813	38%	$ 587,578	39%	$ 7,869	$ 24,235
Sales of services and regulatory fees	512,215	33%	507,869	31%	483,339	32%	(4,346)	24,530
Government transfers - Operating	162,272	10%	161,337	10%	158,975	11%	(935)	2,362
Investment, land sales and other revenues	112,117	7%	115,435	7%	73,762	5%	3,318	41,673
Revenue before Other	1,390,548		1,396,454		1,303,654		5,906	92,800
Government transfers - Capital	133,192	9%	130,921	8%	121,262	8%	(2,271)	9,659
Developer contributions-in-kind	52,200	3%	91,883	6%	72,225	5%	39,683	19,658
	185,392		222,804		193,487		37,412	29,317
	$ 1,575,940		$ 1,619,258		$ 1,497,141		$ 43,318	$ 122,117

Revenues were higher in 2013 over 2012 by $122.1 million due to several factors. One of the major reasons for the change was increased taxation revenues. Included in taxation revenues are municipal realty taxes, which increased by $21.1 million year-over-year due to assessment roll growth and a 3.9% increase in property tax rates.

In 2013, the City adopted a new accounting standard, PS 3510 Tax Revenue. In doing so, for the first time, the City recognized as tax revenue accruals for local improvements and property taxes not billed but owing. This accounting policy change was recognized retroactively with an adjustment of $12.7 million which was made to opening accumulated surplus.

Sales of services and regulatory fees rose over the prior year due to a $5.8 million increase reported in water and sewer sales resulting from increased rates. The Transit System realized $5.6 million more in revenue mostly related to a 1.3% increase in revenue-generating passengers. Regular cash fares also increased by five cents. Solid Waste Disposal also experienced $6.7 million more revenue than the prior year, mostly related to the full year collection of the waste diversion user fee.

The increased investment, land sales and other revenues can be primarily attributed to more land sales concluding than expected.

Developer contributions-in-kind exceeded budget and the prior year mainly because of continuing land development.

Government transfers related to tangible capital assets increased in 2013, mainly because of the funding provided to The Convention Centre Corporation for the expansion of the RBC Convention Centre.

This year, the new PS 3410 Government Transfers applied to the City. The Public Service undertook a comprehensive review of its agreements and processes concerning transfers made and received, concluding that there were no significant accounting implications associated with this updated accounting recommendation.

CONSOLIDATED EXPENSES

For the years ended December 31 (in thousands of dollars)	Budget 2013		Actual 2013		Actual 2012		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 442,962	31%	$ 437,970	32%	$ 416,265	32%	$ 4,992	$ (21,705)
Utility operations	367,386	26%	347,652	26%	338,028	26%	19,734	(9,624)
Public works	287,099	20%	312,680	22%	283,042	22%	(25,581)	(29,638)
Property and development	138,885	10%	131,994	8%	105,685	8%	6,891	(26,309)
Finance and administration	74,683	5%	72,926	5%	71,390	5%	1,757	(1,536)
Civic corporations	63,868	5%	54,783	4%	51,518	4%	9,085	(3,265)
General government	43,108	3%	38,795	3%	33,795	3%	4,313	(5,000)
	$ 1,417,991		$ 1,396,800		$ 1,299,723		$ 21,191	$ (97,077)

Consolidated expenses grew by $97.1 million or 7.5% from the previous year and was $21.2 million under budget. The protection and community services expense category includes the Police Service, Fire Paramedic Service, Community Services and Museums. The Police Service and Fire Paramedic Service departments reported additional salaries and employee benefits over the previous year.

The utility operations' expenses were $19.7 million less than budgeted. One of the reasons for this is that costs in some of the Sewage Disposal System Fund's programs such as the "Basement Flooding Protection Subsidy Program" and landfill tipping fees were lower than expected. As well, the utilities were under budget on their salaries and benefits expense.

Public Works experienced higher snow clearing and ice control costs compared to budget and the prior year's results.

Property and development expenses increased over the prior year mostly due to grants made in support of Investors Group Field and the Active Living Centre on the University of Manitoba Campus, as well as the Homelessness Partnership Strategy.

CONSOLIDATED EXPENSES BY OBJECT

For the years ended December 31 (in thousands of dollars)	2013		2012		Variance
Salaries and benefits	$ 730,133	52%	$ 695,849	54%	$ 34,284
Goods and services	376,614	27%	344,217	26%	32,397
Amortization	198,106	14%	188,432	15%	9,674
Interest	54,732	4%	53,587	4%	1,145
Other expenses	37,215	3%	17,638	1%	19,577
	$ 1,396,800		$ 1,299,723		$ 97,077

Increases in salaries and benefits expense resulted primarily from a greater number of police officers and cadets added to the Service, negotiated pay increases and increased contributions for pension benefits. Other expenses are higher for various reasons including increased grants paid to community groups in 2013.

Goods and services expense increased over the prior year largely due to increased costs related to snow clearing and ice control.

In the 2013 budget, the Public Safety operating budget made up 44% of the tax-supported operating budget.

RISKS AND RISK MITIGATION

Comprehensive Asset Management

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

Asset management can be defined as an integrated optimization process of managing infrastructure assets to minimize the total cost of owning them, while continuously delivering the service levels customers desire, at an acceptable level of risk. As well, the City has implemented processes that will result in better matching of approved capital budgets to the actual cash flows. Existing capital projects are regularly reviewed throughout the year to determine whether any surplus capital funds are available for other capital project purposes, or to minimize the impact on future capital program budgets.

Capital Project Management

One of the major functions of the City is the delivery on capital investments. This past year alone the City invested $0.5 billion in tangible capital assets, rehabilitating and investing in new assets such as roads, bridges and buildings. Tangible capital assets serve as key components to service delivery. While there have been recent examples of excellent project management in the delivery of major projects such as Phase 1 of the Southwest Transit Corridor, Chief Peguis Trail Extension and Disraeli Bridges, there have been challenges on others, for example the Fire Paramedic Station Construction Project. The City understands the value derived from strong project management and has been working diligently to mitigate against capital project delivery problems associated with time, budget and scope.

- The Public Service has been vigilant in the establishment of Major Capital Project Steering Committees who ensure project risks are being appropriately identified and addressed. As well, regular reporting to the Standing Policy Committee on Finance enhances public transparency.
- The City is transitioning to a system where all capital budget submissions for projects greater than $100,000 require a supporting business case that can be challenged on the basis of need (level of service and risk), assumptions and recommended solutions.
- During the course of the year, City Council requested the external review of the Fire Paramedic Stations Construction Project. The review provided a series of recommendations, approved by City Council. The Public Service has developed an implementation plan which includes periodic reporting to City Council.
- A comprehensive Project Management manual is in the process of being finalized for implementation in 2014. This manual has been a high priority for the City, involving external consultants and City staff across the City in its development.

Financial Management Plan

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

Debt Strategy

To help manage debt responsibly and transparently, on June 22, 2011, City Council approved a debt strategy for the City. The following table provides the City Council-approved limits, the debt metrics as at December 31, 2013, and the forecasted peak based on the City Council-approved borrowing and 2014 Capital Budget and Five-Year Forecast:

Debt Metrics	Maximum	As At December 31, 2013	Forecasted Peak
Debt as a % of revenue			
City	85.0%	45.5%	69.4%
Tax-supported and other funds	60.0%	46.4%	56.2%
Self-supporting utilities	220.0%	55.4%	155.4%
Debt-servicing as a % of revenue			
City	11.0%	7.0%	7.0%
Tax-supported and other funds	10.0%	6.6%	6.6%
Self-supporting utilities	20.0%	9.9%	12.6%
Debt per capita			
City	$ 2,050	$ 1,107	$ 1,825
Tax-supported and other funds	$ 1,050	$ 842	$ 1,047
Self-supporting utilities	$ 950	$ 226	$ 713

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

Amendments to the debt strategy are currently being reviewed by the Public Service for City Council's consideration.

Employee Benefit Programs

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

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

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

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

The future service cost of the Winnipeg Civic Employees' Benefits Program in 2013 was 21.3% of pensionable earnings.

The Winnipeg Police Pension Plan (the "Plan") is a defined benefit plan to which the members contribute 8% of pensionable earnings, with the City being responsible for any unfunded liabilities. As at December 31, 2013, the market value of this pension fund's assets was $1,120.2 million (2012–$953.3 million), which is $72.5 million more (2012–$27.1 million less) than the accrued pension obligation.

The cost of benefits accruing under this Plan represent 23.1% of pensionable earnings, of which the employees' contribute 8% of earnings. In accordance with Provincial pension legislation, the Plan's Contribution Stabilization Reserve can be used to reduce the City's contributions to match the employees' contributions if this reserve is in excess of 5% of the Plan's solvency liabilities. The balance in the Contribution Stabilization Reserve has been below this threshold since May 2012. Therefore, the City is contributing the balance of the cost - that is, 15.1% of pensionable earnings.

An actuarial valuation of the Plan as of December 31, 2013 is to be prepared and filed with the Pension Commission of Manitoba in 2014. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. It is anticipated that the actuarial valuation will show that the Plan has a solvency deficiency at December 31, 2013 under this wind-up scenario. This deficiency would need to be addressed over the next five years by the City, either through an increase in contributions starting in 2014, or by obtaining a letter of credit with face value equal to the value of additional contributions cumulatively required. City Council has previously approved the letter of credit option and has obtained a letter of credit for $39.7 million with respect to the December 2012 valuation. To the extent that the current letter of credit exceeds the revised and updated funding requirements, the face value of the letter of credit may be reduced.

The City's group life insurance plan ("GLIP") was established in 1975 and is comprised of two separate plans; the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan. The GLIP historically treated its income as non-taxable since the net assets were considered to be an extension of the City's government. However as a result of enquiries from one of the GLIP's investment managers seeking confirmation of this, the City engaged a tax professional to review the tax status of the GLIP. The review determined the GLIP may not be tax exempt and the City then voluntarily approached the Canada Revenue Agency ("CRA") to discuss the issue. CRA informed the City that, in its view, the assets held in the two plans constitute trust funds and, therefore, the income should be considered taxable. CRA granted the GLIP tax-exempt status until the end of December 2013. The City is reviewing restructuring options for the GLIP with its tax advisors and is in discussions with CRA with a view to maintaining the GLIP's tax-exempt status.

Environmental Matters

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

The 2005 to 2013 capital budgets for the utilities and their 2014 to 2018 capital forecasts anticipate $776.0 million of future debt to fund projects mandated by the Province. During 2003, at the request of the Minister of Conservation, the Clean Environment Commission ("CEC") conducted public hearings to receive and review comments on the City's wastewater collection and treatment improvement program. The CEC made several recommendations to upgrade and improve the wastewater collection and treatment systems, which were subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licences to the City for the North End, West End, and South End Sewage Treatment Plants. In 2011, The Save Lake Winnipeg Act (Bill 46) was passed, which further enforces limits and imposes treatment options for the North End Sewage Treatment Plant. In 2013, an additional licence was issued under the Environment Act which governs combined sewers and overflow structures. With this direction, a wastewater upgrade program is underway, which will address nutrient control, combined sewer overflow mitigation and biosolids management. Based on preliminary assessments, the upgrade program is estimated to cost between $1.2 to $1.8 billion, depending on market factors and interpretation of compliance requirements.

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 City's average, risk adjusted, long-term, borrowing rate.

Other major funding sources for these improvements will be provided by the Environmental Projects Reserve (which had a balance of $67.3 million at December 31, 2013), the Canada Strategic Infrastructure Fund, the Green Infrastructure Fund and accumulated surplus.

Labour Negotiations

For the year ended December 31, 2013, 52% (2012–54%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,143, the majority being represented by the eight unions and associations noted as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,360	January 17, 2015
CUPE	4,620	December 27, 2014
MGEU	328	February 13, 2014
UFFW	917	December 24, 2016
WAPSO	643	October 11, 2015
WFPSOA	45	August 23, 2014
WPA	1,962	December 23, 2016
WPSOA	35	December 19, 2012
Other (non-union/association)	233	Not applicable

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

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

Corporate Risk Management Division

The City has a separate Risk Management Division reporting to the Chief Financial Officer. This division provides services designed to protect City assets. This is achieved by reducing exposure to losses through risk control measures. Working with City departments and SOA's, this division strengthens the City's long-term financial performance through the development and provision of a solid framework of risk management and loss control techniques based on an informed balance of risk and cost. Understanding the risks allows the City to measure and prioritize them, supporting appropriate actions to reduce losses.

FINANCIAL ACCOUNTABILITY

Audit Department

The City's Audit Department plays a key role in providing independent assurance regarding the performance of civic services in support of open, transparent and accountable government. In the fall of 2012, the Audit Department was requested to manage operational reviews of the Public Works Department and the Winnipeg Police Service. In October 2013 the Operational Review of the Public Works Department was reported to City Council and in November 2013 the Operational Review of the Winnipeg Police Service was reported to the Winnipeg Police Board. Also in October 2013, an external firm hired by the Audit Department, reported to City Council on the Review of the Fire Paramedic Stations Construction Project.

Fire Paramedic Station 11 opened in 2013, housing 68 members and five pieces of equipment. This represents the fourth new station in two years.

During 2013, the Audit Department also completed and reported on performance audits of Non-Monetary Real Estate Grants, a Safety Review of the City of Winnipeg Aquatics Services, and Winnipeg Police Service Civilianization. All of these reports can be found on the City's website.

In 2013, accessibility to the City's Fraud and Waste Hotline was expanded to include access to citizens. This initiative reflects the City's proactive efforts to ensure and demonstrate its commitment to corporate accountability, transparency, responsibility, and sound and ethical operating practices. It supports a high level of integrity of City employees in the workplace, and also protects City property, resources and information. The Hotline is a confidential and anonymous service that accepts reports 24 hours a day, 7 days a week.

A number of significant reviews from 2013 are in progress including additional follow-up reviews on the Fire Paramedic Stations Construction Project and a review of the City's management of real estate.

Budget Process

Prepared by the Public Service for consideration by City Council, budgets are used extensively throughout the City. Each year, both an operating and a capital budget are approved by City Council. Both budgets contain multi-year views. The capital budget includes six years of budget information, including the current-year adopted budget and five forecast years. The operating budget contains three years of budget information, including the current-year adopted budget and two forecast years. The 2014 budget includes a 2013 consolidated budget prepared on the same basis as the consolidated financial statements.

The budget process provides opportunity for public input. Executive Policy Committee ("EPC"), which is a committee of City Council, is responsible for budget development. The Preliminary 2013–2015 Operating Budget and the 2013 Preliminary Capital Budget and 2014–2018 Five-Year Forecast were tabled at a meeting of EPC on January 9, 2013. This was the first time both budgets were tabled together. The combined tabling of the budget documents allows for better integration and streamlining of the budget process. It also facilitates an earlier adoption of the operating budget.

In 2013, the City engaged MNP LLP to conduct public consultation with a view to help shape the direction of the City's 2014 budget. The consultation process provided many ways for citizens to have their say including public forums, workshop sessions, on-line survey, written submissions and feedback through social media, such as Twitter.

LOOKING FORWARD

2014 Operating and Capital Budgets

On December 17, 2013, City Council adopted both budgets for The City of Winnipeg – the 2014 capital and operating budget. In addition, the 2015-2019 capital forecast was approved in principle and the 2015 and 2016 operating projections were received as the preliminary financial plan for those years.

The 2014 capital budget and the 2015 to 2019 five-year forecast authorizes over $2.7 billion in City capital projects, with $379.5 million earmarked in 2014. Some of the projects included in the 2014 capital budget are $84.2 million for regional and local streets renewal, including an additional $10 million in Polo Park Area Infrastructure Improvements; investments in Parks and Recreation, including $1 million for active transportation corridors, $1 million for reforestation improvements and $1 million for athletic fields improvements; and a new parks and recreation enhancement program including $6.3 million in funding. Section 284(2) of The City of Winnipeg Charter requires that before December 31st of each fiscal year, City Council must adopt a capital budget for that year and a capital forecast for the next five fiscal years.

The 2014 operating budget includes a 1.0% property tax increase dedicated solely to establish a new reserve named the Regional Street Renewal Reserve, and continues with a 1.0% increase dedicated to the Local Street Renewal Fund. As well, a 0.95% property tax increase was approved to address inflationary pressures and increased service costs. The 2014 budget plan also includes the continuation of the small business tax credit program to provide a full municipal business tax rebate for 41% of all businesses. The budget remains focused on the continuing priorities of public safety and city streets. Section 284(1) of The City of Winnipeg Charter requires City Council to approve the budget before March 31st of each fiscal year.

In 2014, the City engaged Dialogue Partners to lead its budget consultation process. "Our Budget Forward" will provide several means for citizens to give their input into the 2015 budget.

GENERAL REVENUE FUND–BUDGET

For the years ended December 31 (in thousands of dollars)	2014	2013	2012	2011	2010
Revenues					
Property tax	$ 510,569	$ 482,885	$ 459,564	$ 435,934	$ 431,113
Government transfers	113,763	113,050	113,265	106,106	102,768
Sale of goods and services	64,486	67,788	62,761	58,146	76,142
Street renewal frontage levy	67,121	63,363	70,072	71,726	63,198
Business tax	59,688	58,371	57,584	57,584	57,584
Transfer from other funds	56,787	46,586	52,309	38,203	40,631
Regulation fees	43,227	40,852	37,634	36,540	35,385
Interest	11,228	11,432	11,394	9,245	10,142
Other	42,315	38,345	35,377	33,840	723
	969,184	922,672	899,960	847,324	817,686
Expenses					
Police service	259,113	242,548	220,184	202,173	189,909
Public works	187,638	181,976	169,043	170,157	161,509
Fire paramedic service	167,801	167,888	154,750	143,013	137,648
Community services	122,838	111,691	112,793	100,479	103,479
Corporate	60,284	48,825	59,166	63,891	59,437
Planning, property and development	40,554	42,064	41,221	38,353	38,791
Water and waste	31,110	33,703	44,052	34,695	33,823
Corporate support services	33,038	31,147	31,312	30,899	33,079
Assessment and taxation	19,623	18,209	25,572	23,841	22,565
Street lighting	11,970	11,618	11,100	10,685	10,854
City clerk's	13,465	10,930	10,897	10,316	11,913
Corporate finance	9,310	9,412	8,547	8,074	7,543
Other departments	12,440	12,661	11,323	10,748	7,136
	969,184	922,672	899,960	847,324	817,686
	$ –	$ –	$ –	$ –	$ –

Prior year figures have not been reclassified to conform with the 2014 figures.

Accounting Pronouncements

In 2010 and 2011, PSAB issued several pronouncements which may impact the City's future financial statements. The pronouncements that the City is currently reviewing to determine their impact on the Statements are as follows:

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 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, Sections PS 1200 and 1201. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2015.

REQUEST FOR INFORMATION

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



Michael Ruta, FCA
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. 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.



Michael Ruta, FCA
Chief Financial Officer
May 14, 2014

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, 2013 and the consolidated statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The City of Winnipeg as at December 31, 2013, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants
May 14, 2014
Winnipeg, Canada

Consolidated Statement of Financial Position

As at December 31 (in thousands of dollars)	2013	2012
Financial Assets		
Cash and cash equivalents (Note 3)	**$ 329,661**	$ 392,041
Accounts receivable (Note 4)	**260,602**	208,579
Land held for resale	**14,689**	13,664
Investments (Note 5)	**306,816**	303,849
Investment in government businesses (Note 6)	**35,812**	31,446
	947,580	949,579
Liabilities		
Accounts payable and accrued liabilities (Note 7)	**263,681**	205,789
Deferred revenue (Note 8)	**61,101**	55,079
Debt (Note 9)	**800,396**	793,161
Other liabilities (Note 10)	**57,148**	56,990
Accrued employee benefits and other (Note 11)	**176,317**	164,165
	1,358,643	1,275,184
Net Financial Liabilities	**(411,063)**	(325,605)
Non-Financial Assets		
Tangible capital assets (Note 13)	**5,537,163**	5,203,625
Inventories	**16,365**	15,977
Prepaid expenses and deferred charges	**5,198**	18,511
	5,558,726	5,238,113
Accumulated Surplus (Note 14)	**$ 5,147,663**	$ 4,912,508
Commitments and contingencies (Notes 10, 15 and 16)		

See accompanying notes and schedules to the consolidated financial statements

Approved on behalf of the Audit Committee:

Mayor

Chairperson
Standing Policy Committee On Finance

Consolidated Statement of Operations and Accumulated Surplus

For the years ended December 31 (in thousands of dollars)	Budget 2013 (Note 23)	Actual 2013	Actual 2012
Revenues			
Taxation (Note 16)	**$ 603,944**	**$ 611,813**	$ 587,578
Sales of services and regulatory fees (Note 17)	**512,215**	**507,869**	483,339
Government transfers (Note 18)	**162,272**	**161,337**	158,975
Investment income	**37,741**	**37,914**	40,865
Land sales and other revenue (Note 6)	**74,376**	**77,521**	32,897
Total Revenues	**1,390,548**	**1,396,454**	1,303,654
Expenses			
Protection and community services	**442,962**	**437,970**	416,265
Utility operations	**367,386**	**347,652**	338,028
Public works	**287,099**	**312,680**	283,042
Property and development	**138,885**	**131,994**	105,685
Finance and administration	**74,683**	**72,926**	71,390
Civic corporations	**63,868**	**54,783**	51,518
General government	**43,108**	**38,795**	33,795
Total Expenses (Note 19)	**1,417,991**	**1,396,800**	1,299,723
Annual Surplus (Deficit) Before Other	**(27,443)**	**(346)**	3,931
Other			
Government transfers related to capital (Note 18)	**133,192**	**130,921**	121,262
Developer contributions-in-kind related to capital (Note 13)	**52,200**	**91,883**	72,225
	185,392	**222,804**	193,487
Annual Surplus	**$ 157,949**	**222,458**	197,418
Accumulated Surplus, Beginning of Year			
As previously reported		**4,912,508**	4,715,090
Change in accounting policy (Note 2p) ii))		**12,697**	–
As restated		**4,925,205**	4,715,090
Accumulated Surplus, End of Year		**$ 5,147,663**	$ 4,912,508

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)	2013	2012
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Annual surplus	**$ 222,458**	$ 197,418
Non-cash charges to operations		
Amortization	**198,106**	188,432
Developer contributions-in-kind related to capital	**(91,883)**	(72,225)
Other	**9,251**	9,862
	337,932	323,487
Net change in non-cash working capital balances related to operations	**36,488**	(14,205)
Cash provided by operating activities	**374,420**	309,282
Capital		
Acquisition of tangible capital assets	**(452,055)**	(581,768)
Proceeds on disposal of tangible capital assets	**11,821**	4,462
Cash used in capital activities	**(440,234)**	(577,306)
Financing		
(Increase)/Decrease in sinking fund investments	**68,800**	(21,509)
Debenture and serial debt retired	**(112,450)**	(21,448)
Sinking fund and serial debenture issued	**60,000**	137,784
Service concession arrangements financing (retired)	**(1,415)**	109,362
Other	**(7,700)**	32,820
Cash provided by financing activities	**7,235**	237,009
Investing		
Increase of investments	**(3,801)**	(14,290)
Cash used in investing activities	**(3,801)**	(14,290)
Decrease in cash and cash equivalents	**(62,380)**	(45,305)
Cash And Cash Equivalents, Beginning of Year	**392,041**	437,346
Cash And Cash Equivalents, End of Year	**$ 329,661**	$ 392,041

See accompanying notes and schedules to the consolidated financial statements

Consolidated Statement of Change In Net Financial Liabilities

For the years ended December 31 (in thousands of dollars)	Budget 2013	Actual 2013	Actual 2012
Annual Surplus	**$ 157,949**	**$ 222,458**	$ 197,418
Amortization of tangible capital assets	**195,368**	**198,106**	188,432
Proceeds on disposal of tangible capital assets	**4,500**	**11,821**	4,462
Loss on sale of tangible capital assets	**925**	**473**	5,269
Change in inventories, prepaid expenses and deferred charges	**(3,500)**	**12,925**	(12,017)
Tangible capital assets received as contributions	**(52,200)**	**(91,883)**	(72,225)
Acquisition of tangible capital assets	**(466,250)**	**(452,055)**	(581,768)
Increase In Net Financial Liabilities	**(163,208)**	**(98,155)**	(270,429)
Net Financial Liabilities Beginning of Year			
As previously reported	**(325,605)**	**(325,605)**	(55,176)
Change in accounting policy (Note 2p) ii))	**–**	**12,697**	–
As restated	**(325,605)**	**(312,908)**	(55,176)
Net Financial Liabilities, End of Year	**$ (488,813)**	**$ (411,063)**	$ (325,605)

See accompanying notes and schedules to the consolidated financial statements

Notes to the Consolidated Financial Statements

December 31, 2013

(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:

- 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

ii) Government businesses

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

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) Cash equivalents

Cash equivalents consist of Crown corporation bonds; Canada treasury bills; provincial government bonds; City of Winnipeg municipal bonds; other municipal bonds; schedule 1 bank bonds and bankers' acceptances; schedule 2 bankers' acceptances; and asset-backed commercial paper. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

d) Land held for resale

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

e) Investments

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

f) Unamortized premium on debt

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

g) Solid waste landfills

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

h) 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.

i) Deferred revenue

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

j) Employee benefit plans

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

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

2. Significant Accounting Policies (continued)

k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial liabilities for the year.

i) Tangible capital assets

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

Buildings	10 to 50 years
Vehicles	
Transit buses	18 years
Other vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Other	
Machinery and equipment	10 years
Land improvements	10 to 30 years
Water and waste plants and facilities	
Underground networks	50 to 100 years
Sewage treatment plants and lift stations	50 to 75 years
Water pumping stations and reservoirs	50 to 75 years
Flood stations and other infrastructure	50 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and other structures	25 to 75 years

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

In certain circumstances, capital project work is charged an administration fee equal to 1% 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 arrangements

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

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

2. Significant Accounting Policies (continued)

ii) Inventories

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

l) Tax Revenue

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

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

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

m) Government transfers

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

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

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

n) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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.

o) Budget

The 2013 budget is included on the consolidated statements of operations and accumulated surplus and change in net financial liabilities. The budget is compiled from the City Council-approved Operating Budget, estimates for controlled entities, adjustments to report the budget on a full accrual basis including capital revenue adjustments, assets capitalized on the statement of financial position, amortization of tangible capital assets and accruals for unfunded liabilities and administrative adjustments to provide for proper comparison to actuals presented herein.

p) Accounting Policy Changes

i) Government Transfers

The Public Sector Accounting Board issued an updated standard, PS 3410 Government Transfers. The new standard applies to the City for the fiscal year beginning January 1, 2013 and, as such, has been utilized for the preparation of these consolidated financial statements. Application of this standard has not resulted in any change to the opening balance of accumulated surplus.

2. Significant Accounting Policies (continued)

ii) Tax revenues

The Public Sector Accounting Board also issued a new accounting standard, PS 3510 Tax Revenue. The new standard applies to the City for the fiscal year beginning January 1, 2013 and, as such, has been utilized for the preparation of these consolidated financial statements. As permitted, this standard has been applied retroactively with an adjustment to the opening balance of the accumulated surplus. The impacts are the first-time accrual for local improvements and for property taxes not billed but owing as of the end of the fiscal year.

3. Cash and Cash Equivalents

	2013	2012
Cash	$ 19,334	$ 11,894
Cash equivalents	310,327	380,147
	$ 329,661	$ 392,041

The average effective interest rate for cash equivalents at December 31, 2013 is 1.3% (2012–1.3%).

Cash and cash equivalents exclude $315.5 million (2012–$109.7 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 $37.8 million (2012–$41.2 million).

4. Accounts Receivable

	2013	2012
Property, payments-in-lieu and business taxes receivable	$ 49,592	$ 37,960
Allowance for property, payments-in-lieu and business tax arrears	(3,694)	(3,351)
	45,898	34,609
Trade accounts and other receivables	148,427	110,503
Province of Manitoba	60,623	51,182
Government of Canada	15,933	21,280
Allowance for doubtful accounts	(10,279)	(8,995)
	214,704	173,970
	$ 260,602	$ 208,579

5. Investments

	2013	2012
Marketable securities		
Provincial bonds and bond coupons	**$ 5,750**	$ 6,713
Municipal bonds	**68,482**	75,726
	74,232	82,439
Manitoba Hydro long-term receivable	**220,238**	220,238
Other	**12,346**	1,172
	$ 306,816	$ 303,849

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2013 is $73.9 million (2012–$86.5 million) and their maturity dates range from 2014 to 2043.

b) Manitoba Hydro long-term receivable

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

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

6. Investment in Government Businesses

a) North Portage Development Corporation

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

6. Investment in Government Businesses (continued)

The condensed supplementary financial information of NPDC is as follows:

		2013		2012
Financial position				
Property, plant and equipment and investment in properties and infrastructure enhancements	**$**	**71,248**	$	75,171
Short-term investments		**14,878**		12,536
Other assets		**2,037**		3,565
	$	**88,163**	$	91,272
Deferred contributions from shareholders	**$**	**15,961**	$	17,179
Long-term mortgage payable		**11,355**		11,753
Current and other liabilities		**4,305**		5,337
		31,621		34,269
Net equity		**56,542**		57,003
	$	**88,163**	$	91,272
Comprehensive income				
Revenues	**$**	**10,826**	$	11,075
Expenses		**9,282**		9,472
Operating income before the following		**1,544**		1,603
Interest expense		**(691)**		(718)
Amortization		**(2,532)**		(2,381)
Other		**2,616**		883
Discontinued Operations		**(1,398)**		0
Net loss for the year	**$**	**(461)**	$	(613)

b) River Park South Developments Inc.

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

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

		2013		2012
Financial position				
Assets	**$**	**33,797**	$	27,004
Liabilities and Equity	**$**	**33,797**	$	27,004
Comprehensive income				
Land sales	**$**	**18,244**	$	19,212
Cost of sales		**8,836**		10,032
Operating income before the following		**9,408**		9,180
Interest and other income		**234**		149
Other expenses and adjustments		**(1,438)**		(1,359)
Net income for the year	**$**	**8,204**	$	7,970

c) Winnipeg Housing Rehabilitation Corporation

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

6. Investment in Government Businesses (continued)

The condensed supplementary financial information of WHRC is as follows:

	2013	2012
Financial position		
Capital assets	**$ 25,457**	$ 26,925
Current and other assets	**7,258**	6,505
	$ 32,715	$ 33,430
Long-term debt	**$ 23,150**	$ 24,568
Current and other liabilities	**4,304**	4,019
	27,454	28,587
Replacement Reserves	**4,377**	4,011
WHRC Building and Acquisition Reserve	**1,046**	1,026
Unrestricted deficit	**(162)**	(194)
	5,261	4,843
	$ 32,715	$ 33,430
Results of operations		
Revenues	**$ 7,784**	$ 7,656
Expenses	**7,752**	7,568
Excess of revenues over expenses for the year	**32**	88
Change to Replacement Reserves during the year	**366**	231
Change to WHRC Building and Acquisition Reserve during the year	**20**	33
Net income for the year	**$ 418**	$ 352

During the year, the City paid WHRC an operating grant of $195 thousand (2012–$200 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2012–$2.0 million). As at March 31, 2013, WHRC has utilized $167 thousand of this line of credit (2012–$585 thousand).

Summary of investment in government businesses

	2013	2012
North Portage Development Corporation (1/3 share)	**$ 18,847**	$ 19,001
River Park South Developments Inc. (1/2 share)	**11,704**	7,602
Winnipeg Housing Rehabilitation Corporation	**5,261**	4,843
	$ 35,812	$ 31,446

Summary of results of operations

	2013	2012
North Portage Development Corporation (1/3 share)	**$ (154)**	$ (291)
River Park South Developments Inc. (1/2 share)	**4,102**	3,985
Winnipeg Housing Rehabilitation Corporation	**418**	352
	$ 4,366	$ 4,046

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

7. Accounts Payable and Accrued Liabilities

	2013	2012
Accrued liabilities	**$ 137,466**	$ 97,688
Trade accounts payable	**116,459**	94,843
Accrued interest payable	**9,756**	13,258
	$ 263,681	$ 205,789

8. Deferred Revenue

	2013	2012
Federal gas tax transfer	**$ 22,900**	$ 28,924
Province of Manitoba	**21,997**	15,433
Other	**16,204**	10,722
	$ 61,101	$ 55,079

9. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	2013	2012
1993-2013	Feb. 11	9.375	VN	6090/93	**$ –**	$ 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	183/04 and 72/06	**60,000**	60,000
2008-2036	July 17	5.200	VZ	72/06B and 32/07	**100,000**	100,000
2010-2041	June 3	5.150	WB	183/08	**60,000**	60,000
2011-2051	Nov. 15	4.300	WC	72/06, 183/08 and 150/09	**50,000**	50,000
2012-2051	Nov. 15	3.853	WC	93/11	**50,000**	50,000
2012-2051	Nov. 15	3.759	WC	120/09, 93/11 and 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.391	WC	93/11 and 84/13	**60,000**	–
					658,000	688,000
Equity in The Sinking Funds (Notes 9a and b)					**(195,237)**	(264,037)
Net sinking fund debentures outstanding					**462,763**	423,963
Other debt outstanding						
Serial and installment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.52% (2012–4.70%)					**34,621**	56,884
Bank loans, Province and other with varying maturities up to 2026 and a weighted average interest rate of 3.04% (2012–2.90%)					**109,263**	116,427
Capital lease obligations (Note 9c)					**26,056**	26,592
Service concession arrangement obligations (Notes 9d and 15d)					**157,344**	158,759
					790,047	782,625
Unamortized premium on debt (Note 9e)					**10,349**	10,536
					$ 800,396	$ 793,161

9. Debt (continued)

Debt segregated by fund/organization:

	2013	2012
General Capital Fund	**$ 456,709**	$ 430,019
Waterworks System	**147,823**	154,529
Transit System	**87,872**	91,180
Special operating agencies and other	**84,394**	86,525
Solid Waste Disposal	**11,651**	13,025
Sewage Disposal System	**1,598**	7,347
	$ 790,047	$ 782,625

Debt to be retired over the next five years:

	2014	2015	2016	2017	2018	2019+
Sinking fund debentures	$ 85,000	$ 88,000	$ –	$ 30,000	$ –	$ 455,000
Other debt	38,713	21,529	28,945	16,988	16,350	204,759
	$ 123,713	$ 109,529	$ 28,945	$ 46,988	$ 16,350	$ 659,759

a) As at December 31, 2013, sinking fund assets have a market value of $208.1 million (2011–$270.9 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 $28.3 million (2012–$28.1 million) and a market value of $28.7 million (2012–$29.4 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 between 1 to 3% on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

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

	Capital Leases
2014	$ 2,476
2015	2,476
2016	2,476
2017	2,502
2018	2,553
Thereafter	35,026
Total future minimum lease payments	47,509
Amount representing interest at a weighted average rate of 8.18%	(21,453)
Capital lease obligations	$ 26,056

9. Debt (continued)

d) Service concession arrangement obligations are as follows:

	2013	2012
DBF2 Limited Partnership–Chief Peguis Trail Extension	**$ 49,120**	$ 49,577
Plenary Roads Winnipeg GP–Disraeli Bridges	**108,224**	109,182
	$ 157,344	$ 158,759

Chief Peguis Trail Extension

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

The $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, 2013, $105.1 million was capitalized (Note 13). 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.

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.

Disraeli Bridges

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

The $195.0 million project will have been financed through sinking fund debentures (Series WC) of $25.0 million, a $109.4 million service concession arrangement obligation to PRW, Federal gas tax revenue of $50.0 million, and cash consideration paid by the City of $10.6 million. As at December 31, 2013, $188.9 million was capitalized for commissioned works (Note 13). A total amount of $19.5 million was capitalized for the pedestrian bridge and final roadwork completed in 2013. Monthly capital and interest performance-based payments totalling $9.8 million annually, for the service concession arrangement obligation to PRW commenced in October 2012, commensurate with commissioning the project and are payable to termination of the contract with PRW.

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

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

e) Included in the Consolidated Statement of Financial Position are investments of $12.5 million (2012–$12.8 million) that will be used for making semi-annual debt service payments on the sinking fund debentures issued in 2012.

f) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2013 is $54.7 million (2012–$53.6 million) and cash paid for interest during the year is $58.2 million (2012–$53.8 million).

10. Other Liabilities

	2013	2012
Environmental liabilities	$ 27,127	$ 20,000
Developer deposits	11,071	8,599
Expropriation and other	18,950	28,391
	$ 57,148	$ 56,990

Included in environmental liabilities is $25.1 million (2012–$19.3 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, risk adjusted, long term borrowing rate of 6.0% (2012–6.0%).

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, 2013, the reserve had a balance of $5.0 million (2012–$4.6 million).

11. Accrued Employee Benefits and Other

	2013	2012
Retirement allowance–accrued obligation	$ 94,702	$ 94,554
Unamortized net actuarial loss	(5,406)	(8,295)
Retirement allowance–accrued liability	89,296	86,259
Vacation	48,159	46,392
Workers' compensation	22,969	16,963
Compensated absences	9,410	8,568
Other	6,483	5,983
	$ 176,317	$ 164,165

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 of the obligation was calculated as of July 31, 2011. The results of this valuation were extrapolated to the financial reporting date of December 31, 2013 using year-end assumptions.

11. Accrued Employee Benefits and Other (continued)

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

		2013		2012
Retirement allowance–accrued liability				
Balance, beginning of year	**$**	**86,259**	$	83,851
Current service cost		**5,309**		5,130
Interest cost		**3,465**		3,471
Amortization of net actuarial loss		**1,513**		1,745
Benefit payments		**(7,250)**		(7,938)
Balance, end of year	**$**	**89,296**	$	86,259

Retirement allowance expense consists of the following:

		2013		2012
Current service cost	**$**	**5,309**	$	5,130
Interest cost		**3,465**		3,471
Amortization of net actuarial loss		**1,513**		1,745
	$	**10,287**	$	10,346

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

	2013	2012
Discount rate on liability	**3.70%**	3.60%
General increases in pay	**3.50%**	3.50%

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

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

12. Pension Costs and Obligations

a) Winnipeg Civic Employees' Benefits Program

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

During 2013, members contributed 9.0% of their Canada Pension Plan earnings and 11.2% of pensionable earnings in excess of Canada Pension Plan earnings. Members' contribution rates are scheduled to increase to 9.5% of their Canada Pension Plan earnings and 11.8% of pensionable earnings in excess of Canada Pension Plan earnings in 2014 and future years. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Program was prepared as at December 31, 2012, which indicated an excess of actuarial value of program assets over actuarial liabilities of $115.6 million. The Pension Trust Agreement specifies how actuarial surpluses can be used but does not attribute actuarial surpluses to individual employers. However, a portion of actuarial surpluses is allocated to a City Account that the City and other participating employers may use to finance reductions in their contributions. In the event of unfavourable financial experience, additional amounts may be transferred from the City Account to cover a funding deficiency.

The balance of the City Account at December 31, 2013 was $54.0 million (2012–$60.1 million).

Total contributions by the City to the Program in 2013 were $26.1 million (2012–$ 23.1 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, 2012. 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 66.2% to 47.0% of the inflation rate.

An actuarial valuation of the Plan as of December 31, 2013 is to be prepared and filed with the Pension Commission of Manitoba in 2014. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. It is anticipated that the actuarial valuation will show that the Plan has a solvency deficiency at December 31, 2013 under this wind-up scenario, which would need to be addressed by the City over a period not to exceed five years either by an increase in contributions starting in 2014, or by obtaining a letter of credit with face value equal to the value of additional contributions cumulatively otherwise required. City Council has previously approved the letter of credit option and the City has obtained a letter of credit with respect to December 2012 valuation. To the extent that the current letter of credit exceeds the revised and updated funding requirements, the face value of the letter of credit may be reduced. At December 31, 2013, the letter of credit amount was $39.7 million.

12. Pension Costs and Obligations (continued)

The results of the December 31, 2012 actuarial valuation of the Plan were extrapolated to December 31, 2013. In accordance with the terms of the Plan, extrapolated deficiencies are resolved through transfers from the contribution stabilization reserve and reductions in the rate of cost-of-living adjustments to pensions. The principal long-term assumptions on which the extrapolation was based were: discount rate of 6.00% per year (2012–6.00%); inflation rate of 2.00% per year (2012–2.00%); and general pay increases of 3.25% per year (2012–3.50%). 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:

	2013	2012
Plan assets:		
Fair value, beginning of year	**$ 953,291**	$ 894,619
Employer contributions	**20,954**	17,129
Employee contributions and transfers	**11,880**	11,376
Benefits and expenses paid	**(43,122)**	(43,229)
Net investment income	**177,259**	73,396
Fair value, end of year	**1,120,262**	953,291
Actuarial adjustment	**(72,467)**	27,121
Actuarial value, end of year	**$ 1,047,795**	$ 980,412
Accrued pension obligation:		
Beginning of year	**$ 980,412**	$ 933,487
Current period benefit cost	**33,429**	32,689
Benefits and expenses paid	**(43,122)**	(43,229)
Interest on accrued pension obligation	**58,534**	57,459
Actuarial loss	**18,542**	6
End of year	**$ 1,047,795**	$ 980,412
Expenses related to pensions:		
Current period benefit cost	**$ 33,429**	$ 32,689
Amortization of actuarial gains	**(613)**	(2,546)
Less: employee contributions and transfers	**(11,880)**	(11,376)
Pension benefit expense	**20,936**	18,767
Interest on accrued benefit obligation	**58,534**	57,459
Expected return on plan assets	**(58,516)**	(59,097)
Pension interest expense	**18**	(1,638)
Total expenses related to pensions	**$ 20,954**	$ 17,129

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 2013 were $21.0 million (2012–$17.1 million). Total employee contributions to the Plan in 2013 were $11.9 million (2012–$11.4 million). Benefits paid from the Plan in 2013 were $42.2 million (2012–$42.2 million).

12. Pension Costs and Obligations (continued)

The expected rate of return on Plan assets in 2013 was 6.00% (2012–6.25%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2013 was 18.70% (2012–8.27%).

Since the City's contribution to the Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Consolidated Statement of Financial Position. As noted above, the Plan provides that within certain prescribed constraints, in the event of a funding deficiency, a transfer from the contribution stabilization reserve and amendments to the rate of cost- of-living adjustments to pensions will be utilized to resolve the deficiency. The above extrapolation anticipates that the funding deficiency at December 31, 2013 will be resolved through a further reduction in the rate of cost-of-living adjustment.

c) Councillors' Pension Plan

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

On November 2, 1992, the pension plan provided to members of City Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. In 2013, the City paid out $0.3 million (2012–$0.4 million). An actuarially determined pension obligation of $3.9 million (2012–$3.9 million) has been reflected in the Consolidated Statement of Financial Position.

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

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

d) Group Life Insurance Plan

Employees of the City who are members of the Civic Employees' Pension Plan or the Winnipeg Police Pension Plan must become members of the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan, 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, 2013. The principal long-term assumptions on which the valuation was based were: discount rate of 4.30% per year (2012–3.80%); and general pay increases of 3.50% per year (2012–3.50%). The accrued group life insurance obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the funded status of the plan is as follows:

		2013		2012
Group life insurance plan assets, at actuarial value	**$**	**140,793**	$	135,613
Accrued post-retirement life insurance obligations	**$**	**116,087**	$	119,377

13. Tangible Capital Assets

	Net Book Value	
	2013	2012
General		
Land	**$ 211,130**	$ 211,731
Buildings	**386,293**	321,653
Vehicles	**179,281**	176,634
Computer	**33,057**	35,271
Other	**200,427**	164,657
Infrastructure		
Plants and facilities	**587,634**	594,574
Roads	**1,129,322**	1,102,727
Underground and other networks	**1,931,198**	1,864,604
Bridges and other structures	**541,214**	522,596
	5,199,556	4,994,447
Assets under construction	**337,607**	209,178
	$ 5,537,163	$ 5,203,625

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

During the year, $nil (2012–$nil) of tangible capital assets were written-down. Interest capitalized during 2013 was $3.4 million (2012–$3.0 million). In addition, roads and underground networks contributed to the City totalled $91.9 million in 2013 (2012–$72.2 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $286.0 million (2012–$274.1 million) 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:

	2013	2012
Invested in tangible capital assets	**$ 4,637,548**	$ 4,397,884
Reserves		
Capital Reserves		
Environmental Projects	**67,338**	58,927
Sewer System Rehabilitation	**17,821**	29,630
Rapid Transit Infrastructure	**8,856**	9,882
Transit Bus Replacement	**7,157**	6,678
Other	**13,376**	9,790
	114,548	114,907
Special Purpose Reserves		
Perpetual Maintenance Fund–Brookside Cemetery	**14,430**	13,935
Destination Marketing	**11,568**	12,729
Insurance (Note 20)	**7,980**	6,604
Land Operating	**7,071**	4,803
Multi-Family Dwelling Tax Investment	**7,006**	6,073
Land Dedication	**5,049**	4,850
Commitment	**4,093**	4,598
General Purpose	**3,204**	15,921
Other	**17,462**	20,706
	77,863	90,219
Stabilization Reserve		
Financial Stabilization	**85,753**	80,404
Total Reserves	**278,164**	285,530
Surplus		
Manitoba Hydro long-term receivable	**220,238**	220,238
Sewage Disposal System	**77,573**	76,878
Waterworks System	**44,324**	56,422
North Portage Development Corporation	**18,847**	19,001
CentreVenture Development Corporation	**13,485**	13,980
Solid Waste Disposal	**6,643**	8,034
Equipment and Material Services	**3,267**	3,247
Other	**57,762**	21,977
Unfunded expenses		
Canadian Museum for Human Rights grant	**(10,778)**	(10,756)
Environmental liabilities	**(27,127)**	(19,980)
Accrued employee benefits and other	**(172,283)**	(159,947)
Total Surplus	**231,951**	229,094
	$ 5,147,663	$ 4,912,508

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, 2013 are as follows:

a) Operating leases

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

	Operating Leases
2014	$ 5,510
2015	4,912
2016	4,737
2017	4,398
2018	4,083
2019 and thereafter	41,794
	$ 65,434

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, 2013 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, 2013 is $7.4 million (2012–$6.6 million).

d) Service concession arrangements

(i) As disclosed in Note 9d, the City will pay PRW a monthly performance-based maintenance payment related to the Disraeli Bridges Project contract. The monthly payment totalling $1.7 million annually is to be adjusted by CPI and is payable commencing October 2012 until the termination of the contract with PRW in October 2042.

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

e) Veolia agreement

On April 20, 2011, the City entered into an agreement with VWNA Winnipeg Inc. ("Veolia") for the provision of expert advice to the City to assist with construction and operating improvements to the City's sewage treatment system (the "Program"). The agreement 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 is to provide services to the City and representatives of Veolia are working collaboratively with representatives of the City providing advice and recommendations to the City in respect of the City's (i) management and operation of the Facilities for the handling and treatment of wastewater; (ii) assessment, planning and delivery of upgrades and capital modification to the Facilities; and (iii) assessment, planning and delivery of operational improvements to the Facilities during the term of this agreement. The Program does not include the City's supply of water or its waterworks system or work relating to the collection system or land drainage system.

15. Commitments and Contingencies (continued)

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

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

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

Compensation to Veolia under the Agreement includes the following components:

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

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

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

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

The agreement only guarantees payment to Veolia in respect of the Direct Costs incurred 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.

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 offer services for the homeless. As at December 31, 2013, the forgivable loans totalled $5.7 million (2012–$6.2 million).

16. Taxation

	2013	2012
Municipal and school property taxes	$ 985,893	$ 932,410
Payments-in-lieu of property (municipal and school) and business taxes	47,147	42,883
	1,033,040	975,293
Payments to Province and school divisions	(550,039)	(521,322)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	483,001	453,971
Business tax and license-in-lieu of business taxes	56,326	56,783
Local improvement and frontage levies	42,488	42,776
Electricity and natural gas sales taxes	18,995	17,984
Amusement and accommodation taxes and mobile home licence	11,003	16,064
	$ 611,813	$ 587,578

The property tax roll includes school taxes of $521.5 million (2012–$495.0 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2013 totalled $28.5 million (2012–$26.3 million) and are treated the same as school taxes. School taxes and payments-in-lieu of school taxes are remitted to the Province and school divisions based upon a formula and schedule set by the Province. If property taxes are reduced due to an assessment reduction, the City is required by legislation to fund the repayment of both the municipal and school taxes with applicable interest.

Business taxes does not included the amount of levy imposed for business improvement zones of $4.2 million.

17. Sales of Services and Regulatory Fees

	2013	2012
Water sales and sewage services	$ 235,875	$ 230,040
Other sales of goods and services	129,962	116,201
Transit fares	76,482	72,672
Regulatory fees	65,550	64,426
	$ 507,869	$ 483,339

18. Government Transfers

	2013	2012
Operating		
Province of Manitoba		
Ambulance, libraries and other	**$ 62,049**	$ 60,822
Building Manitoba Fund	**56,604**	56,604
Transit	**33,534**	33,164
Unconditional	**19,888**	19,888
Support	**12,425**	11,893
Support for provincial programs	**(23,650)**	(23,650)
	160,850	158,721
Government of Canada		
Other	**487**	254
Total Operating	**161,337**	158,975
Capital		
Province of Manitoba		
Building Manitoba Fund		
Manitoba Winnipeg Infrastructure Funding	**15,100**	11,903
Road Improvements	**12,935**	13,627
Winnipeg Convention Centre	**11,518**	1,384
Other	**14,247**	29,716
	53,800	56,630
Manitoba Housing Renewal Corporation	**5,379**	6,557
	59,179	63,187
Government of Canada		
Federal gas tax revenue	**46,476**	50,577
Other capital funding	**25,266**	7,498
	71,742	58,075
Total Capital	**130,921**	121,262
	$ 292,258	$ 280,237

In accordance with the recommendations of the Public Sector Accounting Board, government transfers, to the extent a liability does not exists, 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

	2013	2012
Salaries and benefits	**$ 730,133**	$ 695,849
Goods and services	**376,614**	344,217
Amortization of tangible capital assets	**198,106**	188,432
Interest	**54,732**	53,587
Other expenses	**37,215**	17,638
	$ 1,396,800	$ 1,299,723

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. The department also contributes to the information needs of the City's citizens through the provision of library services.

Planning

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

Public Works and Water

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

21. Segmented Information (continued)

Transit System Fund

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

Water and Waste Funds

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

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

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

22. Funds Held in Trust

Trust funds administered by the City for the benefit of external parties, which total $0.3 million (2012–$0.4 million), are not included in the consolidated financial statements.

23. Budget

On December 17, 2013, City Council approved the 2014 budget for the City of Winnipeg, including operating budgets for tax supported, utility, special operating agency and reserve operations as well as a capital budget. Included in the 2014 budget document is a 2013 consolidated budget (Appendix 11) that considers a number of adjustments for inter-fund transaction eliminations, tangible capital asset based revenues and amortization, controlled entity operations and the accrual of unfunded expenses. The resulting 2013 consolidated budget presented in the budget has been utilized in these consolidated financial statements.

24. Comparative Figures

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

Consolidated Schedule of Tangible Capital Assets SCHEDULE 1

As at December 31 (in thousands of dollars)

	General					Infrastructure					Totals	
	Land	Buildings	Vehicles	Computer	Other	Plants and Facilities	Roads	Under-ground and Other Networks	Bridges and Other Structures	Assets Under Con-struction	**2013**	2012
Cost												
Balance, beginning of year	$ 211,731	$ 605,712	$ 347,202	$ 141,058	$ 257,458	$ 831,443	$2,024,665	$2,800,233	$ 723,853	$ 209,178	**$8,152,533**	$7,565,150
Add: Additions during the year	10,094	86,144	27,703	7,623	57,071	9,232	79,188	106,344	32,110	128,429	**543,938**	653,993
Less: Disposals during the year	10,695	2,033	6,982	–	494	–	546	2,896	690	–	**24,336**	66,610
Balance, end of year	211,130	689,823	367,923	148,681	314,035	840,675	2,103,307	2,903,681	755,273	337,607	**8,672,135**	8,152,533
Accumulated amortization												
Balance, beginning of year	–	284,059	170,568	105,787	92,801	236,869	921,938	935,629	201,257	–	**2,948,908**	2,817,355
Add: Amortization	–	21,132	24,117	9,837	21,301	16,172	52,564	39,635	13,348	–	**198,106**	188,432
Less: Accumulated amortization on disposals	–	1,661	6,043	–	494	–	517	2,781	546	–	**12,042**	56,879
Balance, end of year	–	303,530	188,642	115,624	113,608	253,041	973,985	972,483	214,059	–	**3,134,972**	2,948,908
Net Book Value of Tangible Capital Assets	$ 211,130	$ 386,293	$ 179,281	$ 33,057	$ 200,427	$ 587,634	$ 1,129,322	$1,931,198	$ 541,214	$ 337,607	**$5,537,163**	$5,203,625

Consolidated Schedule of Segment Disclosure—Service SCHEDULE 2

For the year ended December 31, 2013 (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	$ 266,048	$ 76,022	$ 986	$ 185,279	$ 78,151	$ –	$ –	$ 19,955	$ (14,628)	$ 611,813
Sales of services and regulatory fees	55,355	15,617	26,774	5,900	12,547	80,882	269,130	94,159	(52,495)	507,869
Government transfers (Note 18)	70,832	10,218	3,377	19,168	12,238	45,103	7,252	165,393	(41,323)	292,258
Transfer from other funds	8,058	2,404	11,211	19,458	6,066	69,556	37,753	330,017	(484,523)	–
Other	15,768	4,242	2,248	9,205	13,385	1,041	30,915	150,309	(19,795)	207,318
	416,061	108,503	44,596	239,010	122,387	196,582	345,050	759,833	(612,764)	1,619,258
Expenses (Note 19)										
Salaries and benefits	350,379	37,197	22,418	72,211	37,444	93,602	60,574	55,377	931	730,133
Goods and services	34,965	8,202	3,426	121,639	14,423	45,967	101,159	97,617	(50,784)	376,614
Interest	612	392	793	10,551	(89)	6,893	15,550	32,951	(12,921)	54,732
Transfer to other funds	24,758	43,010	15,763	43,451	46,842	11,065	84,140	15,448	(284,477)	–
Other	5,347	19,702	2,196	(8,842)	23,767	19,432	34,376	200,812	(61,469)	235,321
	416,061	108,503	44,596	239,010	122,387	176,959	295,799	402,205	(408,720)	1,396,800
Annual Surplus	$ –	$ –	$ –	$ –	$ –	$ 19,623	$ 49,251	$ 357,628	$ (204,044)	$ 222,458

Consolidated Schedule of Segment Disclosure—Service SCHEDULE 2

For the year ended December 31, 2012 (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	$ 238,241	$ 76,910	$ 1,908	$ 165,578	$ 103,051	$ –	$ –	$ 14,619	$ (12,729)	$ 587,578
Sales of services and regulatory fees	52,641	16,391	27,116	5,712	11,661	75,228	256,549	90,521	(52,480)	483,339
Government transfers (Note 18)	65,604	10,718	2,989	19,647	12,969	45,055	14,842	152,169	(43,756)	280,237
Transfer from other funds	8,718	2,824	11,896	22,359	4,879	67,418	32,328	319,524	(469,946)	–
Other	14,500	4,279	2,004	8,546	12,217	1,292	36,907	84,333	(18,091)	145,987
	379,704	111,122	45,913	221,842	144,777	188,993	340,626	661,166	(597,002)	1,497,141
Expenses (Note 19)										
Salaries and benefits	325,106	36,870	20,847	68,063	36,300	89,389	59,692	49,788	9,794	695,849
Goods and services	36,159	8,395	4,943	106,481	12,600	43,324	94,729	86,976	(49,390)	344,217
Interest	1,382	284	1,351	12,525	653	7,370	19,109	28,106	(17,193)	53,587
Transfer to other funds	12,785	45,710	15,785	41,950	70,164	13,593	82,131	172,909	(455,027)	–
Other	4,272	19,863	2,987	(7,177)	25,060	17,210	35,666	169,717	(61,528)	206,070
	379,704	111,122	45,913	221,842	144,777	170,886	291,327	507,496	(573,344)	1,299,723
Annual Surplus	$ –	$ –	$ –	$ –	$ –	$ 18,107	$ 49,299	$ 153,670	$ (23,658)	$ 197,418

Consolidated Financial Statements
Five-Year Review

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	2013	2012	2011	2010	2009
1. Population (as restated per Statistics Canada)	**699,300**	689,300	677,800	669,400	663,000
Unemployment rate (as restated per Statistics Canada)					
Winnipeg	**6.0%**	5.6%	5.8%	5.7%	5.5%
National average	**7.2%**	7.3%	7.5%	7.5%	8.3%
2. Average annual headcount	**10,143**	10,080	10,039	9,942	9,827
3. Number of taxable properties	**220,393**	218,973	216,997	215,224	213,574
Payments-in-lieu of taxes – Number of properties	**1,042**	1,317	1,181	1,238	903
4. Assessment (see note)					
Residential	**$ 50,851,841**	50,738,087	44,052,618	43,431,201	24,048,221
Commercial and industrial	**11,843,015**	13,310,247	12,054,712	12,033,087	8,242,789
Farm and golf	**223,708**	244,951	179,736	183,279	128,611
	$ 62,918,564	64,293,285	56,287,066	55,647,567	32,419,621
Assessment per capita (in dollars)	**$ 89,974**	93,273	83,044	83,131	48,898
Commercial and industrial as a percentage of assessment	**18.82%**	20.70%	21.42%	21.62%	25.43%
5. Tax arrears	**$ 49,592**	37,960	34,747	34,387	30,036
6. Tax arrears–per capita (in dollars)	**$ 70.92**	55.07	51.26	51.37	45.30
7. Municipal mill rate	**14.600**	14.056	15.295	15.295	25.448
Adjustment for tax increase	**3.9%**	3.5%	0.0%	0.0%	0.0%
Adjustment for general assessment	**0.0%**	-11.2%	0.0%	-39.9%	0.0%
8. Winnipeg consumer price index (per Statistics Canada) (annual average)					
2002 base year 100	**122.6**	119.9	118.1	114.8	113.9
Percentage increase	**2.3%**	1.5%	2.9%	0.8%	0.5%
9. Consolidated revenues					
Taxation	**$ 611,813**	587,578	563,779	550,994	534,571
User charges	**507,869**	483,339	460,452	425,164	413,243
Government transfers	**292,258**	280,237	298,086	251,886	256,823
Interest and other revenue	**207,318**	145,987	147,293	125,812	139,011
	$ 1,619,258	1,497,141	1,469,610	1,353,856	1,343,648
10. Consolidated expenses by function					
Municipal operations	**$ 994,365**	910,177	891,823	851,469	842,003
Public utilities	**347,652**	338,028	334,154	301,637	278,848
Civic corporations	**54,783**	51,518	47,257	31,532	29,582
	$ 1,396,800	1,299,723	1,273,234	1,184,638	1,150,433
11. Growth in accumulated surplus	**$ 222,458**	197,418	196,376	169,218	193,215

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

Consolidated Financial Statements
Five-Year Review

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	2013	2012	2011	2010	2009
12. Consolidated expenses by object					
Salaries and benefits	$ 730,133	695,849	664,221	623,232	598,576
Goods and services	376,614	344,217	357,008	324,119	314,746
Amortization	198,106	188,432	175,765	165,857	155,382
Interest	54,732	53,587	43,954	46,233	49,588
Other expenses	37,215	17,638	32,286	25,197	32,141
	$ 1,396,800	1,299,723	1,273,234	1,184,638	1,150,433
13. Payments to school authorities	$ 550,039	521,322	497,237	497,907	474,445
14. Debt					
Tax-supported	$ 557,781	560,073	334,359	274,838	294,449
Transit	103,936	109,709	110,449	81,408	22,088
City-owned utilities	248,719	296,868	285,799	290,605	288,899
Other	74,848	80,012	70,321	68,238	73,081
Total gross debt	985,284	1,046,662	800,928	715,089	678,517
Less: Sinking Funds	195,237	264,037	242,528	218,687	199,025
Total net long-term debt	$ 790,047	782,625	558,400	496,402	479,492
Percentage of total assessment	1.26%	1.22%	0.99%	0.89%	1.48%
15. Acquisition of tangible capital assets	$ 543,938	653,993	486,320	333,851	384,110
16. Net financial (liabilities) assets	$ (411,063)	(325,605)	(55,176)	48,603	36,903
17. Accumulated surplus					
Invested in tangible capital assets	$ 4,637,548	4,397,884	4,197,895	3,983,440	3,803,787
Reserves					
Capital	114,548	114,907	107,716	97,376	98,329
Special Purpose	77,863	90,219	81,981	71,973	81,941
Stabilization	85,753	80,404	85,305	81,582	78,397
	278,164	285,530	275,002	250,931	258,667
Surpluses					
Manitoba Hydro long-term receivable	220,238	220,238	220,238	220,238	226,640
Other surpluses	221,901	199,539	205,043	236,686	230,630
Unfunded expenses	(210,188)	(190,683)	(183,088)	(172,581)	(170,228)
	231,951	229,094	242,193	284,343	287,042
	$ 5,147,663	4,912,508	4,715,090	4,518,714	4,349,496
18. Government-specific indicators					
Assets-to-liabilities	4.79	4.85	5.62	6.00	6.05
Financial assets-to-liabilities	0.70	0.75	0.95	1.05	1.04
Public debt charges-to-revenues	0.04	0.04	0.03	0.03	0.04
Own-source revenues-to-taxable assessment	0.02	0.02	0.02	0.02	0.03
Government transfers-to-revenues	0.18	0.19	0.20	0.19	0.19



Winnipeg Fringe Theatre Festival

Information on The City of Winnipeg is available at www.winnipeg.ca.

Inquiries may also be directed to **311** | Outside Winnipeg: **1-877-311-4974**.

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Culture Days Manitoba

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glow-in-the-park(ing lot) by Heretical Objects Arts Collective
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Winnipeg's skyline

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Portage Avenue

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The sun sets over Provencher Bridge

PAGE 25
Autumn leaves in the West Alexander neighbourhood

Leif Norman

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SnowMAZEing Family Fun Day at Millennium Library

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Transcona Centennial Spray Pad

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Canada Day celebrations
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Hockey game near the Forks
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Nature Playground at Assiniboine Park
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Outdoor movies at Memorial Park
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Pedestrians in the downtown

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Condos on Portage Avenue
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The Disraeli cycling and pedestrian bridge

Shaun Babakhanians - Caspian Projects Inc.

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Transit's new 135,000-square-foot garage

Animal Services Agency

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Adoptable dog Payton

Art City

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Art City WHALE Parade (June 2013)
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Winnipeg Fringe Theatre Festival

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Winnipeg Fringe Theatre Festival
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