

2014 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.

Corporate Mission

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

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Zoo
Assiniboine Park









Message from the Mayor

Every year Heritage Winnipeg, like its counterparts in many cities across Canada and in the U.K., sponsors an amazing event called "Doors Open Winnipeg" – when heritage buildings all over the city are opened to the public, giving citizens an "up-close and personal" look at our architecture, history, and culture. This May, for the first time, citizens were invited to the Mayor's Office as part of this event. It hadn't been done before, but I thought, "Why not?"

This past October, Winnipeggers gave me, and the Members of the new City Council, a mandate for positive change at City Hall. I'm very humbled and grateful for this opportunity, and at the same time hugely energized. Together, we have a chance to do something new and ambitious. Every day, as we look at our challenges and opportunities over the next four years, I plan to ask: "Why not?"

Why can't we have a civic government that is more open and accessible? Why can't we have a city that grows and thrives beyond anyone's expectations? Why don't we work together to build our civic reputation and pride, both nationally and internationally? And why can't we work with our partners to develop a new growth revenue model that really works, gives Winnipeg its Fair Share, and gives us the tools to meet our full potential?

My answer is – we can and should do all these things. Thanks to a tremendous response from Winnipeggers, and a committed and collaborative new Council, we're off to a running start.

We want citizens to feel and know that this is ***their*** City Hall. In 2014, the City established an Open Data portal on our website, which provides access to such data as information regarding electoral wards and Councillors; building permits for major projects; library locations; and 311 inquiries and service requests. We continue to improve our website, generally, and are making much more extensive use of social media.

We have established a new Office of Public Engagement, to reach out to citizens. And, starting with the recently-adopted 2015 budget, but continuing and accelerating with the upcoming 2016 budget, we are working to make the City's budget process more open and accessible to Councillors and citizens. You can read more about the process, here: www.winnipeg.ca/Interhom/Budget/2015BudgetConsultation/

There is no doubt that Winnipeg is poised for further growth. The Conference Board of Canada expects our population to grow by 94,000 people in the next 10 years, and 189, 800 people in the next 21 years. They are forecasting economic growth of 2.5% in 2015 (the highest of any Western Canadian city after Vancouver) and 3.0% in 2016. They anticipate that 39,000 jobs will be created in Winnipeg over the next 5 years.

Our job is to support and encourage this renewed growth and vitality with our economic policy, and our investments in infrastructure and the community – a clear focus of our 2015 Capital and Operating Budgets. When it comes to infrastructure, Council approved a record level of investment in street renewal, triple the level of 2012. We will be taking a technological leap forward in managing traffic flows, with the establishment of a new Transportation Management Centre. And we are moving forward with Phase 2 of the Southwest Rapid Transitway.





At the same time, we are continuing to invest in vital services which matter to the community, adding $4.9 million to the budget of the Winnipeg Police Service, and $10.5 million to the budget of the Winnipeg Fire Paramedic Service. We've also allocated significant funds to strengthen neighbourhoods and enhance the quality of life in the community, such as funding to help reduce homelessness, increases to civic museums and arts funding, continued funding for our Aboriginal Youth Strategy, a commitment to a downtown dog park, and financial support for the Assiniboine Park Conservancy.

Significantly also, we've decreased the City's business tax rate from 5.7 per cent to 5.6 per cent, so nearly half of all businesses are eligible for a full rebate when they have an annual rental value of $30,000 or less. From continuing to make our fiscal policy more welcoming for business, to working with our partners in the BIZ associations, to celebrating the achievements of our innovation community at StartUp Winnipeg and on Innovation Alley – we are determined to fuel the creativity and enterprise that will make Winnipeg more and more compelling as a centre of new economic activity.

But what about our reputation and pride, as a city? It's my conviction that this is where the energy comes from, to help us move forward in everything we do, as a community. It's exciting to see Winnipeg regaining and surpassing its traditional lustre as a centre of sport, the arts, and entertainment, again. Still, we have to be honest with ourselves and acknowledge that there are wounds to be healed, and divisions to be mended, in our community.

To the extent that we can work together to begin this mending process, we'll be accomplishing something historic. This is why I've created the Mayor's Indigenous Advisory Circle, chaired by Wab Kinew, to help us build bridges between Indigenous and non-Indigenous people. And why we're inviting people from across the country to Winnipeg in September 2015, to the first-ever National Anti-Racism Summit. These are important first steps in a healing process that needs to take hold not just in Winnipeg, but across Canada.

Underpinning and essential to all our efforts is the quest for a Fair Share of new, long-term growth revenue, to help the City deal with our growing operational deficit: particularly our infrastructure deficit. This is a need that's been talked about for years, in cities across Canada; I believe the time is right to find a creative and durable solution, right here in Winnipeg. Over the coming months, you'll be hearing more about our efforts to work with partners and develop a funding formula that works.

The months since October 2014 have been a whirlwind of activity, and we're only getting started: there are many tough challenges ahead. I'm optimistic. I'm grateful to the citizens of Winnipeg, for their tremendous response and support. I'm grateful to the Members of Council, for their hard work and team spirit.

I'm looking forward to what all of us can accomplish together, in the year ahead.



Brian Bowman
MAYOR

Message from the Chief Administrative Officer

There is nothing more exciting than the opportunity to work with a great group of people, in a truly significant task, seeking to achieve goals that matter. This past April, I was honoured when our new Mayor and Council gave me the opportunity to work with them and the Winnipeg Public Service, as the City of Winnipeg's Chief Administrative Officer.

As a former City employee who has returned to the organization, I was familiar with the City's Public Service, and the issues facing Council, citizens, and staff. However, things have changed in important ways, as well: the City's needs are more acute, the available resources are ever more limited, and, most importantly, City Council has articulated a determination to find new, creative solutions to the challenges we face. It is the job of the Public Service to help Council seek out and implement solutions that work.

As CAO, it is my goal to support Council in the achievement of its aspirations for the community in a way that is financially responsible and that ensures quality service delivery, while helping the Public Service become more responsive and resilient in its work for Council and citizens, than ever before. The pages of this report detail the key investments, accomplishments, and initiatives of 2014, upon which we plan to build throughout 2015 and beyond.

As the Mayor and the Chair of the Standing Policy Committee on Finance noted in their introduction to this year's budget: "In the past, our City relied heavily on nonrecurring, one-time revenues to sustain 14 years of property tax cuts and freezes, contributing to a projected $73.4 million structural deficit to the City's tax-supported budget in 2016. New, long-term growth revenue will be required to address this growing operational deficit. It is clear we can no longer continue doing the same things, in the same way."

While the City seeks new ways to address its significant fiscal challenges, the Public Service will continue striving to provide the best possible financial planning and management. In 2014, both Standard & Poor's and Moody's Investors Service reaffirmed the City's credit rating at AA and Aa1, respectively. Moody's noted that a key factor in its rating was the City's disciplined fiscal planning, while Standard and Poor's made reference to the City's strong financial management.

This careful financial oversight will continue. As in the past, the Public Service will continue to seek more efficient ways of doing business across all its service areas, a task which will be given further impetus by Council's establishment of a $1 million Innovation Capital Fund in 2015. This fund will provide investment resources to foster the best ideas for improved efficiency, service delivery, and responsiveness, in City operations.

Service delivery is the reason the civic organization exists, and 2014 was a year in which the City faced unprecedented service challenges, particularly those caused by 2013/14's severe winter – during which we faced the fiercest prolonged cold since 1898. The problem of frozen pipes, particularly, required a tremendous and prolonged mobilization of City staff and resources to assist affected citizens. Staff notified 7,320 properties to run their water to prevent their pipes from freezing; provided round-the-clock thawing service, ultimately thawing frozen pipes at 1,807 properties; and installed lines to provide 1,009 properties with a temporary water supply.

The City has taken a number of key steps which will help us be better prepared should we be faced with another such winter. We have increased our inventory of thawing equipment (including custom-built hot-water thawing machines); trained more operators for this equipment; and installed 485 copper-wire ground straps at affected properties, which will allow for quicker thawing in future.





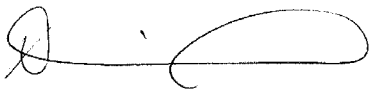
Despite the extraordinary challenges we faced in 2014, the City made progress in implementing many significant programs across our service-spectrum, consistent with Our**Winnipeg** and Council's direction. We continued to make strategic investments in infrastructure, beginning construction on the new South End Sewage Treatment Plant, completing the rehabilitation of the Portage Avenue Bridge at Sturgeon Creek, replacing 12.5 kilometres of water mains, and completing construction of the Active Transportation Corridor on Pembina Highway from Markham Road to University Crescent.

Improving public safety in the community is always a priority for the City. In 2014, the Winnipeg Fire Paramedic Service and the Winnipeg Police Service implemented a one-year pilot project for Tactical Emergency Medical Support (TEMS); TEMS paramedics deployed with the police tactical unit provide immediate on-site medical care in high-risk emergency situations. The City and the WPS, in partnership with Manitoba Status of Women, the Winnipeg Police Board, and community stakeholders, joined the United Nations Safe Cities Initiative, whose goal is the prevention and reduction of sexual violence against girls and women in urban public spaces. And Council's Interconnected Crime Prevention Strategy, LiveSAFE in Winnipeg – Crime Prevention through Social Development, continues to enhance community health and vitality through a myriad of programming opportunities for our children and youth.

There were a number of key advances in recreation and leisure for Winnipeggers in 2014. Renovations to the Margaret Grant Pool were completed, making it more accessible and user-friendly; construction began on the Garden City Community Centre and the Transcona East End Community Centre expansions; the state-of-the-art Mayfair Recreation Centre opened its doors to the public; and the Fort Garry and St. James Library renovations were completed.

Our**Winnipeg**'s vision of a greener, more sustainable City also moved ahead last year. Winnipeg Transit, working with the Province, Manitoba Hydro, New Flyer Industries, Mitsubishi Heavy Industries, Red River College, and Sustainable Development Technology Canada, introduced a demonstration project testing battery-electric transit buses in daily service. The new gas system at the Brady Road Resource Management Facility captured an amount of carbon dioxide equivalent to the emissions of over 23,000 automobiles. And, our yard waste composting increased by 28 per cent over 2013.

For a fuller picture of the range and scope of civic activity in 2014, I encourage you to spend some time with this Annual Report; or for the latest news about the City, to visit our website at: www.winnipeg.ca. We appreciate your feedback – just click on "Connect with us", at the bottom right-hand corner of the webpage. We will be listening for your comments and suggestions, and working to become a Public Service that is better-connected, and more responsive to, Council and the citizens we serve. As Winnipeg grows and thrives – we want to keep learning and improving so we keep pace, as a Public Service that reflects the needs of our community in 2015 – and beyond.



Doug McNeil
CHIEF ADMINISTRATIVE OFFICER





2010-2014

13th Council of The City Of Winnipeg Members and Appointments (for January-October 2014)

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





2014-2018

14th Council of The City of Winnipeg Members and Appointments (for November-December 2014)

Mayor Brian Bowman
Chairperson, Executive Policy Committee
Secretary of Urban Aboriginal Opportunities
Secretary of Intergovernmental Affairs

Matt Allard
ST. BONIFACE WARD

Jeff Browaty
NORTH KILDONAN WARD
Chairperson, Alternate Service Delivery Committee
Chairperson, Standing Policy Committee on Protection and Community Services

Shawn Dobson
ST. CHARLES WARD

Ross Eadie
MYNARSKI WARD

Jenny Gerbasi
FORT ROUGE-EAST FORT GARRY WARD
Deputy Speaker
Chairperson, Winnipeg Housing Steering Committee

Scott Gillingham
ST. JAMES-BROOKLANDS WARD
Chairperson, Winnipeg Police Board

Cindy Gilroy
DANIEL MCINTYRE WARD

Janice Lukes
ST. NORBERT WARD
Acting Deputy Mayor
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works
Councillor Responsible for the Capital Region

Brian Mayes
ST. VITAL WARD
Chairperson, Standing Policy Committee on Downtown Development, Heritage and Riverbank Management

Marty Morantz
CHARLESWOOD-TUXEDO WARD
Chairperson, Standing Policy Committee on Finance
Councillor Responsible for the Assiniboine Park Conservancy

John Orlikow
RIVER HEIGHTS-FORT GARRY WARD
Chairperson, Standing Policy Committee on Property and Development

Mike Pagtakhan
POINT DOUGLAS WARD
Deputy Mayor

Jason Schreyer
ELMWOOD-EAST KILDONAN WARD

Devi Sharma
OLD KILDONAN WARD
Speaker

Russ Wyatt
TRANSCONA WARD

2014 Senior Administrators

Deepak Joshi
Acting Chief Administrative Officer

Michael Jack
Acting Chief Operating Officer

Mike Ruta
Chief Financial Officer

Krista Boryskavich
Acting Director, Legal Services/Acting City Solicitor

Linda Burch
Director, Corporate Support Services

Mel Chambers
Director, Assessment and Taxation/City Assessor

Devon Clunis
Chief, Winnipeg Police Service

John Lane
Chief, Winnipeg Fire Paramedic Service

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 the 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 2014, Winnipeg's population was estimated at 709,300 – an increase of over 60,000 people over the past decade.

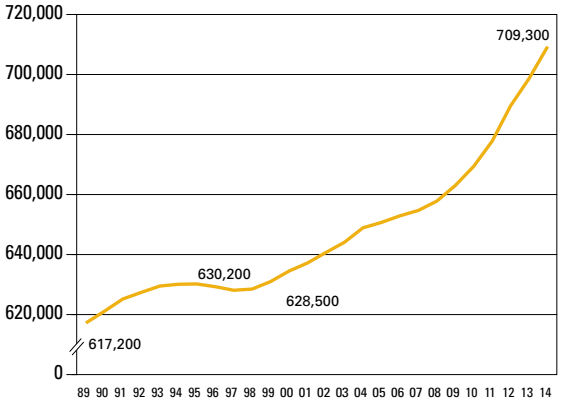
Over the last four years, the City has grown by about 10,000 people per year.

This results in an annual rate of growth of 1.4% per year which is significant.

The primary reason for this robust population growth, is historically high levels of immigration as a result of the province's skilled-worker nominee program.

ESTIMATED POPULATION OF THE CITY OF WINNIPEG

1989 to 2014



Source: Statistics Canada, Demography Division

POPULATION FORECAST

According to the Conference Board of Canada's August 2012 Population Forecast, Winnipeg's population is expected to grow by 94,000 people in the next 10 years; and 189,800 people in the next 21 years.

The Conference Board is forecasting over the next 5 years, Winnipeg's average population growth rate to be 1.3%. This will result in an additional 52,000 people by 2019 for the city region.

Relative to other large Canadian cities, Winnipeg has an average rate of growth.

This is a change from the past where Winnipeg was at the lower end of growth rates for cities.

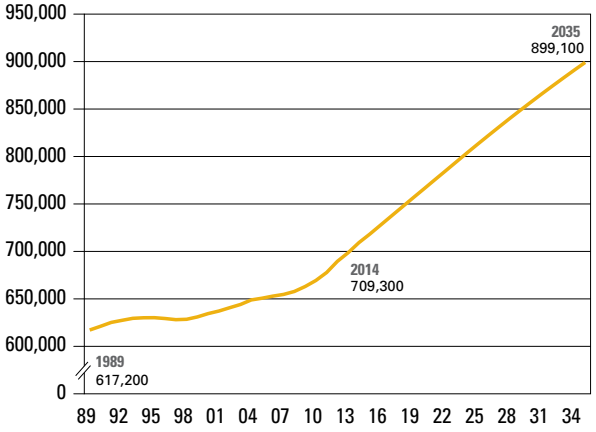
Interestingly, western cities have above average population growth rates relative to eastern Canadian cities.

It should be noted that Saskatoon and Regina are the cities with the highest average growth rate forecasted for the next 5 years – quite a change from the past.

POPULATION FORECAST FOR THE CITY OF WINNIPEG

(Adjusted to New 2014 Population Base)

1989 to 2035

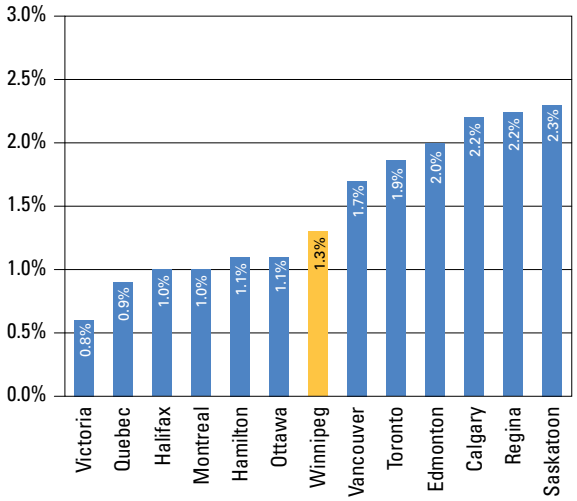


Source: Conference Board of Canada, Winnipeg Long-Term Forecast, August 2012

FORECASTED AVERAGE ANNUAL POPULATION

Growth Rates of Other Cities

2015 to 2019



Source: Conference Board of Canada, Metropolitan Outlook 1 - Spring 2015





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 2014, Winnipeg saw a net gain of 9,800 people.
- With the success of the Provincial Nominee Program, which began in 1999, Winnipeg's immigration has quadrupled and in 2014, over 13,000 immigrants arrived in the City.
- Winnipeg's immigration level is currently above the Conference Board's forecast.

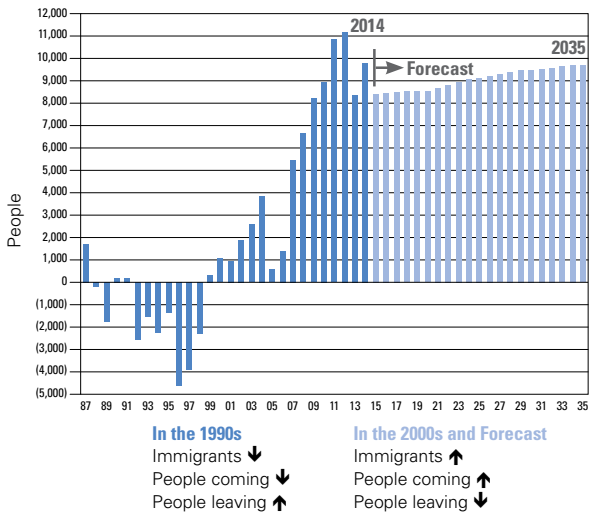
The trends in each of the three forms of migration are:

- **Intra-Provincial:** The net number of people moving to/from Winnipeg Central Metropolitan Area (CMA) and the rest of Manitoba has changed to a net loss of 140 people in 2014.
- **Inter-Provincial:** The net number of people moving to/from Winnipeg CMA and the other provinces has improved from -4,700 in 1997 to -3,100 in 2014.
- **International:** The net number of people moving to/from Winnipeg and other countries has increased significantly from 2,200 in 1997 to over 13,000 in 2014.

NET MIGRATION

Net number of people, Winnipeg CMA

1987 TO 2035



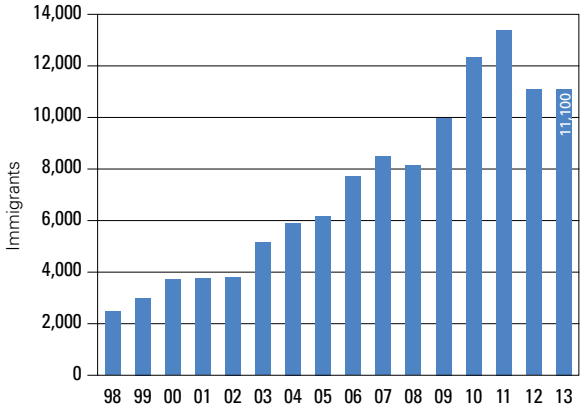
Source: CANSIM, and Conference Board of Canada, Long-Term Forecast, August 2012, actuals up to 2014

IMMIGRATION TO WINNIPEG

Number of people, Winnipeg CMA

January to December

1998 to 2013



Source: Citizenship and Immigration Canada, Facts and Figures 2013

Note: CMA is the Census Metropolitan Area and represents the economic region. For Winnipeg CMA, the economic region includes Winnipeg and 10 neighbouring rural municipalities.

HOUSING

"Another source of strength in the Winnipeg economy this year will be the construction sector, as housing starts are forecast to increase after declining last year."

Conference Board of Canada, Metropolitan Outlook 1 – Winter 2015

Housing starts in the last 3 years were relatively strong

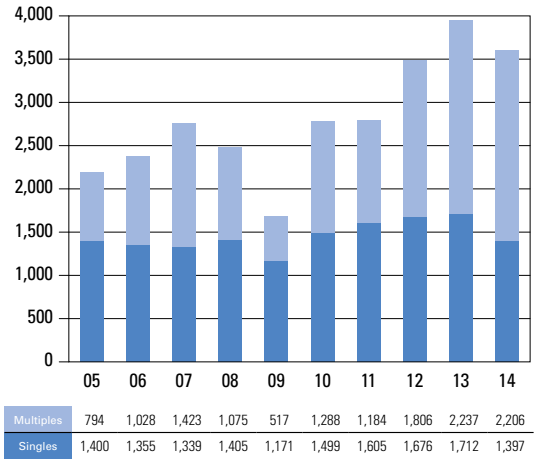
- In 2009, new home buyers were cautious due to the recession, but in 2010 the number of housing starts rebounded.
- From 2012 to 2014 there was a substantial increase in housing starts.
- Since 2012, multiple family dwellings outnumbered the amount of single family dwellings built. For example, in 2014, 61% of housing starts were multiples and the remaining 39% were singles.

Winnipeg's housing resale market returns to a 'balanced' market

- Winnipeg had seen a significant increase in house prices over the last decade, but price increases have moderated over the last few years.
- The price increase for 2014 was only 1.9%
- As well, CMHC forecasts for 2015 and 2016 a modest price increase of 1.3% and 1.4% respectively.

HOUSING STARTS

2005 TO 2014



	05	06	07	08	09	10	11	12	13	14
Multiples	794	1,028	1,423	1,075	517	1,288	1,184	1,806	2,237	2,206
Singles	1,400	1,355	1,339	1,405	1,171	1,499	1,605	1,676	1,712	1,397

Source: CMHC – Housing Now

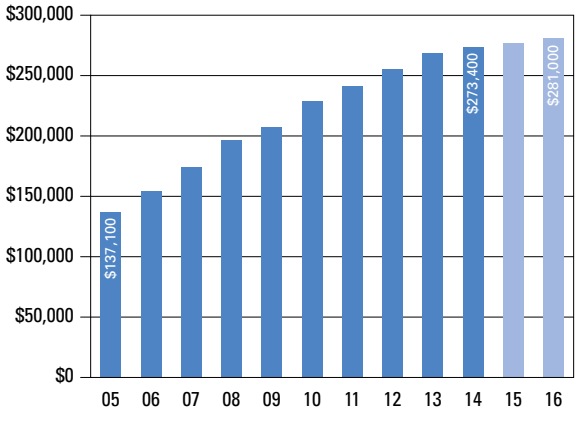
Although Winnipeg has experienced significant increases in the average price of a home, when compared to other larger cities across Canada, Winnipeg continues to be a city with one of the lowest housing prices in Canada.

A two-storey home in Vancouver costs 168% more than the same two-storey home in Winnipeg.

There has been a flattening of house prices across Canada – less variance. Historically lower priced cities like Regina, Saskatoon, Quebec City, Hamilton, Halifax and Winnipeg have seen significant increases recently. The exception is Vancouver and Toronto where house prices continue to remain high.

AVERAGE RESALE HOUSE PRICE IN WINNIPEG

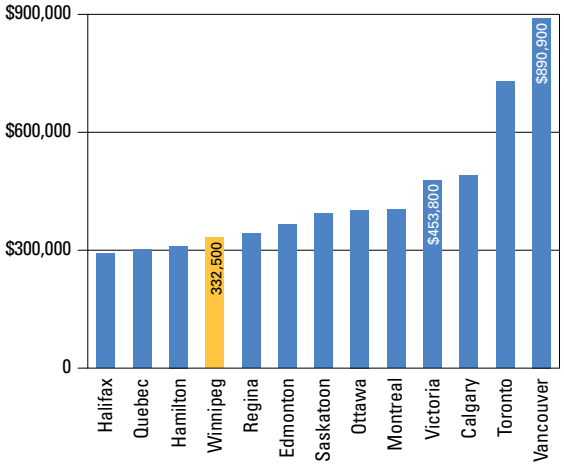
2005 TO 2016



Source: CMHC, Housing Market Outlook, Spring 2015

2014 AVERAGE RESALE PRICES IN OTHER CITIES

Standard two-storey house, 1500 Sq. Ft



Source: Royal LePage Survey Data, 2014, second quarter

ECONOMY

"Winnipeg's economy grew (by 2.1%) in 2014 as decent gains in the manufacturing, transportation and warehousing, and wholesale and retail trade sectors more than offset a declining public administration sector."

Conference Board of Canada, Metropolitan Outlook 1–Winter 2015

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

In 2014, Winnipeg's economic growth was similar to Canada's.

As a result of gains in manufacturing and construction, real GDP in Winnipeg is expected to increase by 2.5 per cent in 2015, the strongest economic growth in 8 years. This is in contrast to Canada's overall slower economic growth, at 1.9%.

Over the next 5 years:

- Winnipeg's economy is expected to create 39,000 jobs.
- Population in the Winnipeg region is forecasted to grow by over 52,000 people.
- With robust population growth, Winnipeg's housing construction is expected to continue at a steady pace similar to the last 3 years.
- GDP growth is forecast to average 2.3% per year.

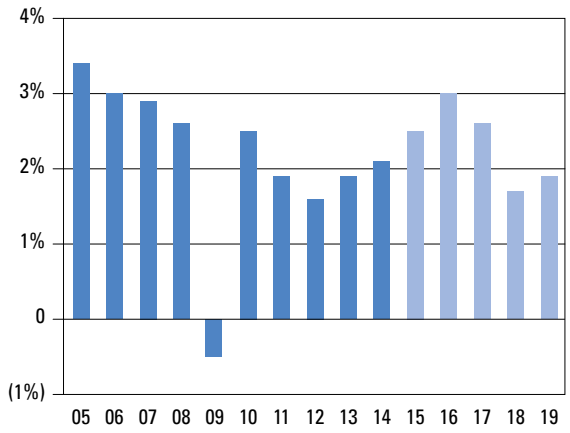
These are good numbers for Winnipeg.

WINNIPEG'S ANNUAL ECONOMIC GROWTH

Real Gross Domestic Product, annual % change

In constant 2002 dollars

2005 TO 2019



Source: Conference Board, Metropolitan Outlook, Spring 2015 - forecast

OTHER CITIES' REAL GDP ANNUAL GROWTH

City	12 - 14 Average	2015 Forecast	16 – 19 Forecasted Annual Average
Toronto	2.2%	3.1%	2.9%
Vancouver	3.2%	3.1%	3.1%
Halifax	1.5%	3.1%	2.0%
Hamilton	1.1%	2.7%	2.3%
Montreal	1.9%	2.6%	2.3%
Winnipeg	1.9%	2.5%	2.3%
Quebec City	1.5%	2.4%	2.2%
Victoria	0.0%	2.1%	2.1%
Regina	5.2%	1.9%	1.8%
Saskatoon	5.9%	1.8%	2.0%
Ottawa	0.4%	1.3%	2.3%
Edmonton	5.3%	-0.8%	2.0%
Calgary	4.0%	-1.2%	2.2%

Source: Conference Board, Metropolitan Outlook, Spring 2015 - forecast

ECONOMIC INDICATORS

Winnipeg CMA	2012	2013	2014	2015f	2016f	2017f	2018f	2019f
Real GDP (2007 $ millions)	33,522	34,148	34,853	35,738	36,814	37,784	38,424	39,143
% change	1.6%	1.9%	2.1%	2.5%	3.0%	2.6%	1.7%	1.9%
CPI % change	1.5%	2.3%	1.9%	1.0%	2.2%	2.0%	2.0%	2.1%
Retail Sales ($ millions)	10,164	10,348	10,692	11,004	11,441	11,919	12,370	12,776
% change	0.8%	1.8%	3.3%	2.9%	4.0%	4.2%	3.8%	3.3%
Personal Income per capita	$38,240	$38,350	$38,738	$39,789	$40,986	$42,281	$43,439	$44,632
% change	3.3%	0.3%	1.0%	2.7%	3.0%	3.2%	2.7%	2.7%
Labour Force	433,100	437,130	436,030	443,760	451,990	461,250	467,950	473,930
% change	2.7%	0.9%	-0.3%	1.8%	1.9%	2.0%	1.5%	1.3%
Employment	409,180	411,660	410,630	419,800	428,480	437,730	444,080	449,760
% change	3.1%	0.6%	-0.3%	2.2%	2.1%	2.2%	1.5%	1.3%
Unemployment Rate	5.5%	5.8%	5.8%	5.4%	5.2%	5.1%	5.1%	5.1%

Source: Conference Board, Metropolitan Outlook 1, Spring 2015 - forecast

"This year, the manufacturing sector will continue to benefit from a pickup in demand for transportation equipment with increased orders as bus maker New Flyer Industries and expansions at aerospace companies..."

Conference Board of Canada, Metropolitan Outlook 1 – Winter 2015

VALUE OF BUILDING PERMITS (IN MILLIONS OF DOLLARS)

	2008	2009	2010	2011	2012	2013	2014
Residential	$ 511	$ 414	$ 601	$ 623	$ 762	$ 768	$ 861
Non-Residential	$ 542	$ 697	$ 552	$ 536	$ 779	$ 1,014	$ 676
Total	$ 1,053	$ 1,111	$ 1,153	$ 1,159	$ 1,541	$ 1,782	$ 1,537

Source: City of Winnipeg Building Permit Survey

2015 City Government Major Capital Investments - six-year plan (in millions)

Sewage Disposal	$ 1,200
Roads and Bridges	$ 817
Water System	$ 204
Transit System	$ 198
Public Safety Infrastructure	$ 110
Community & Municipal Facilities	$ 97
Community Services	$ 95
Land Drainage & Flood Control	$ 32
Active Transportation Facilities	$ 28
Solid Waste Disposal	$ 27
Other	$ 87
	$ 2,895

Other Major Capital Investments (in millions)

Hydro: Keeyask Generating Station	$ 6,500
Manitoba Core Infrastructure (over 5 years)	$ 5,500
Seasons of Tuxedo	$ 500
Convention Centre	$ 180

Other projects by category (in millions)

Commercial	$ 1,098
Industrial	$ 392
Institutional	$ 1,229
Residential	$ 494

In 2014, Winnipeg saw over 1.5 billion dollars in building permit values.

- Residential permit values were up by 12%;
- The value in non-residential permits was down 33%;
- And, overall there was a 14% decrease in building permit values, but still historically at a high level.

The City Government Infrastructure Projects over the next six years total $2.9 billion, of which $561 million is for 2015.

These projects, along with other significant major new capital investments in Winnipeg and the rest of the Province, requires the construction industry to continue ramping up its 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.

Cost of Doing Business

KPMG's 2014 Competitive Alternatives examines location sensitive business costs in over 100 cities. Winnipeg has the lowest business cost of cities in Western Canada.

In fact, Winnipeg has lower business costs than all 74 U.S. cities examined. The U.S. – Canada exchange rate used in the study was 1.05. If the current exchange rate were used, Winnipeg would be even more competitive.



Waverley West Arterial Roads project

Service Highlights – 2014 Annual Report

INFRASTRUCTURE INVESTMENTS

A number of major projects were completed in 2014 to enhance services to Winnipeggers.

Public Works East Yard Received LEED Gold Certification

The new facility, located in the Elmwood area, combines the operations of several Public Works divisions and a new Winnipeg Fleet Management Agency facility into one location. Moving several functions to the new complex has allowed the City to vacate a number of properties which are beyond their useful life and will save an estimated $15 million over the next 30 years. Located on a former landfill site at 960 Thomas Avenue, the East Yard complex consists of five buildings including a field office, garage, shops, and storage facilities. The project was completed on time and on budget.

South End Sewage Treatment Plant

Construction began on a $335.6 million project at the south end sewage treatment plant to add a biological nutrient removal (nitrogen and phosphorus) treatment process and expand the plant capacity to accommodate future population growth in the catchment area of the plant.

Bridge Planning and Operations

2014 saw the rehabilitation of the Portage Avenue Bridge (Sturgeon Creek), and the rehabilitation of bridge abutments and approach roadworks for the Nairn Avenue Overpass.

Building and Maintaining Roadways

The Waverley West Arterial Roads project including a new flyover bridge was completed in 2014.

Work on the Plessis Road Rail Underpass Project continued, and construction began on the Polo Park Infrastructure Improvement Project.

Active Transportation

Construction of the Active Transportation Corridor was completed on Pembina Highway from Markham Road to University Crescent.

Water Main Renewals

This year, $16 million was invested to replace 12.5 kilometres of water mains that were at the end of their life cycle.

A $5.9 million project was completed to rehabilitate the Midtown feeder main, a critical water distribution system pipe that carries water across the Assiniboine River between north and south Winnipeg. This 900 millimetre diameter (about 3 feet) water pipe has been in service since 1956 and was at the end of its service life. This bridge is unique in Winnipeg as its sole purpose is to carry the feeder main over the Assiniboine River. Restoration work included replacing the steel water pipe, strengthening and modifying the bridge structure, and riverbank stabilization.



LEFT: Transit Customer Service Centre



CUSTOMER SERVICE

Transit Customer Service Centre

In March, the Winnipeg Transit Millennium Library Customer Service Centre opened to provide additional in-person customer service at a frequented transit transfer point.

Handi-Transit Fare Payment System

In June, Winnipeg Transit implemented a Handi-Transit Fare Payment from Account system which allows registrants to deposit monies into an account to cover fares which are automatically withdrawn for a ride. Enhanced payment options are available (telephone & internet banking) so that customers are no longer required to leave their home to purchase/carry tickets or passes.

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 25 years. Our**Winnipeg** was created with the input of more than 40,000 Winnipeggers through the most creative and collaborative process ever undertaken in our city – SpeakUpWinnipeg. In late 2014, the third annual *Our**Winnipeg** Report to the Community* was released, providing an update on Our**Winnipeg** related activities connected to key areas of the plan over the last year.

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 2014, significant planning and development activity was undertaken for many of the Transformative Areas identified in the Strategy:

- Five plans for *New Communities* were approved by Council in 2014. In addition, work in other precincts is underway (Red River Ex, Westport Festival). These areas will continue to accommodate a large share of projected growth and development over the life of Our**Winnipeg**.
- One Area Master Plan was approved for the Bishop Grandin Crossing *Major Redevelopment Site*. These sites provide considerable opportunities for the development of complete communities with significant residential and employment densities.
- A Secondary Plan amendment was processed for the North Henderson Highway Regional Mixed Use Corridor.
- The planning process for the Corydon-Osborne Neighbourhood Plan, in a *Mature Community and Community Mixed Use Corridor* was completed, together with a complementary amendment to the Osborne Village Neighbourhood Plan.
- Secondary Plan amendments were completed in two recent communities (South St. Boniface, Waverley West).



RIGHT: Electric bus in service with Winnipeg Transit



Corporate Waste Reduction Strategy

In 2014, the Corporate Waste Reduction Strategy was developed through a series of approaches including:

- Review of best practices, existing policies and management systems in the City of Winnipeg;
- Interviews to understand current recycling and waste management processes, and get a clear understanding of current practices, barriers, and successes to build upon.

Landfill Gas System

In its first full year of operation, the new landfill gas system at the Brady Road Resource Management Facility captured and flared 109,740 tonnes of carbon dioxide. This is equivalent to avoiding the carbon dioxide emissions of 23,046 passenger cars.

Yard Waste Composting

This year, almost 30,000 metric tonnes of yard waste was composted on the new nine-hectare compost pad at the Brady Road Resource Management Facility. This represents a 28 per cent increase over the full first year of curbside collection (in 2013).

Biosolid Composting

Construction was completed on a new three-hectare pilot facility at the Brady Road Resource Management Facility that will compost about 20 per cent of the more than 50,000 tonnes of the nutrient-rich end product of sewage treatment (biosolids) produced each year at the City's three sewage treatment plants.

Electric Buses

In November, Winnipeg Transit introduced the latest in zero-emissions bus technology to its fleet, using up to four New Flyer Xcelsior® battery-electric transit buses in daily service as part of an electric bus demonstration to test their performance in a real-life service environment. This is expected to significantly reduce greenhouse gas and air contaminant emissions. The project is a collaboration involving the City of Winnipeg, the Province of Manitoba, Manitoba Hydro, New Flyer Industries, Mitsubishi Heavy Industries, Red River College, and Sustainable Development Technology Canada.

Tree Inventory, Surveillance, Replacement

In January, the Urban Forestry Branch's new Tree Inventory (TI) program launched. The TI database has been very useful for determining the number and location of elm trees to plan Dutch elm disease management, determining the number of Schubert chokecherries to deal with the black knot epidemic, determining the number of high risk trees that are still standing, and determining the total number of ash trees to plan for emerald ash borer. In 2014, $1 million was spent to replace trees lost on public rights-of-way and parks, including $500,000 for the removal and replacement of City-owned Schubert chokecherries that have succumbed to black knot.



LEFT: Winnipeg Fire Paramedic Service responding to a call

RIGHT: On-scene collaboration between Winnipeg Police Service and Winnipeg Fire Paramedic Service



SAFETY AND EMERGENCY RESPONSE

Tactical Emergency Medical Support (TEMS)

In June, the Winnipeg Fire Paramedic Service and Winnipeg Police Service partnered to create a new Tactical Emergency Medical Support (TEMS) unit, which provides on-site medical care in high-risk emergency situations. TEMS paramedics are deployed with the police tactical unit and provide immediate advanced medical life support to injured victims, bystanders, police and suspects while arranging for evacuation of the injured in a safe and timely way.

Evidence-based Policing Techniques

This year, the Winnipeg Police Service expanded the use of Smart Policing Initiatives (SPI) as a strategic, proactive approach to policing. Crime analysis assists in identifying crime patterns and high crime activity areas, as well as persons of interest in Winnipeg. The WPS has demonstrated substantial success with this initiative, as this form of intelligence-led policing increases the efficiency of general patrol officers by focusing patrols in targeted crime areas.

Excellence in Law Enforcement Standards

In March, a team of assessors from the Commission on Accreditation for Law Enforcement Agencies (CALEA), conducted an on-site review of the Winnipeg Police Service, examining all aspects of policy, procedures, management, operations and support services. This was the seventh on-site review since the Winnipeg Police Service was first certified as an accredited policy agency in 1992. In July, a CALEA panel unanimously voted to reaccredit the Winnipeg Police Service for another three-year period, as it met or exceeded all of the standards which signify international best practices in policing. The assessors noted that the Winnipeg Police Service excels in many areas, particularly on the topic of dealing with the community's diverse population, enhancing services, and developing strong relationships with these communities.

Skates and Badges in Central Park

In March, more than 200 people joined the Winnipeg Police Service at the fifth annual Skates and Badges event at the historic and recently renewed Central Park. Hosted by the Winnipeg Police Service, Central Neighbourhoods Development Corporation and West End BIZ, the event featured a learn-to-skate event for inner-city youth and families. This event builds bridges across different cultures, age groups and communities.

School Resource Officers

The School Resource Officer (SRO) Program currently exists in three School Divisions in Winnipeg: the St. James–Assiniboia School Division, Winnipeg School Division and Pembina Trails School Division. The tri-partite approach, with commitments from the Province of Manitoba, The City of Winnipeg, and each involved school division, allows police officers to provide a visible law enforcement presence to develop open lines of communication and strong working relationships with youth, schools and communities.



RIGHT: Adoptable dog Sasha



PARTNERSHIPS, PROGRAMS AND INITIATIVES

Safe Drinking Water

A number of measures were taken to help reduce discoloured water and protect the quality of Winnipeg's drinking water, including: cleaning approximately 647 kilometres of water mains, or about 25 per cent of the water mains in Winnipeg, cleaning and inspecting the three in-town water supply reservoirs, making some changes at the drinking water treatment plant (e.g., changing one of the treatment products, changing the filtration process), and reducing the number of hydrants available for use by other parties from 138 to 31.

Frozen Pipes

The winter of 2014 was the coldest since 1898, with prolonged periods of frigid temperatures and deeper-than-usual frost penetration. The frost plunged eight to nine feet below pavement surfaces, causing the highest number of frozen water pipes in over 35 years. The comprehensive response plan which was implemented to address this atypical emergency event:

- Provided round-the-clock thawing service to 1,807 properties,
- Installed approximately 32 kilometres of NSF approved drinking water hose lines to provide 1,009 properties with a temporary water supply,
- Installed 485 ground straps to allow the three DBH electrical machines to thaw long, complex frozen pipes using an electric current,
- Expanded the thawing equipment inventory, including custom built hot water thawing machines,
- Notified 7,320 properties to run their water to prevent the water pipe from freezing.

Basement Flood Protection Subsidy

In 2014, 472 property owners improved their basement flood protection by taking advantage of the Basement Flood Protection Subsidy Program, funded by the City of Winnipeg and the Province, to add an in-line backwater valve and sump pit drainage system.

Residential Toilet Replacement Credit

1,683 property owners took advantage of the Residential Toilet Replacement Credit Program and improved their water use efficiency by replacing an older less efficient toilet with a WaterSense labelled toilet.

Red River College Collaboration

Red River College veterinarians and Registered Animal Health Technologist students came to Animal Services on a weekly basis to complete veterinary checkups of dogs at the facility. Not only is this beneficial for Animal Services, the program also gives hands-on experience to the students with all different types of dogs.

Immigrant and Refugee Community Organization of Manitoba (IRCOM)

Animal Services visits the Immigrant and Refugee Community Organization of Manitoba (IRCOM) quarterly to introduce new immigrants to dogs as companion animals and learn about dog behaviour as well as safety around dogs.



RIGHT: Pedestrian countdown signals on Portage Avenue



Pedestrian Countdown Signals

More than 80 new pedestrian countdown signals were installed city-wide. These signals provide pedestrians with information about the time available when crossing a street.

International Association of Women Police Conference

The 52nd Annual International Association of Women Police Training Conference was held in Winnipeg in September. The Winnipeg Police Service partnered with Manitoba law enforcement agencies to organize and host this event. The conference theme was 'The Strength of Many Embracing Human Rights.' Conference attendees from around the globe gathered in full dress uniform to march on the streets of Winnipeg for the opening ceremony Parade of Nations held in conjunction with the Manitoba Police and Peace Officers Memorial honouring fallen officers.

WPS Half Marathon

The Winnipeg Police Service held its tenth annual WPS Half Marathon, an annual race that has grown in popularity and has quickly become a cornerstone of the Manitoba running calendar. One million dollars has been raised for the Canadian Cancer Society, Manitoba Division, since the race's inception ten years ago.

United Nations Safe Cities Initiative

Winnipeg has joined municipalities around the globe as a site of the United Nations Safe Cities Initiative. United Nations Safe Cities in Winnipeg is a joint partnership of the Province of Manitoba, the City of Winnipeg, the Winnipeg Police Board, the Winnipeg Police Service, and community stakeholders in coordination with United Nations Women. The goal of the Safe City initiative is to generate innovative approaches to preventing and reducing sexual violence against women and girls in urban public spaces, enabling women and girls to move more freely and safely within their cities. Winnipeg is the first Canadian municipality to join the initiative, and will focus on identifying key areas within the city to develop, apply and evaluate interventions to improve safety and raise awareness about sexual violence.

Block by Block

Block by Block is a collaboration between the City of Winnipeg, Province of Manitoba, Winnipeg Regional Health Authority (WRHA), Winnipeg School Division, Winnipeg Police Service, and community-based organizations. The program's goals include reductions in violent crime and victimization, and improved health, social, and employment outcomes for residents. The first project piloted under this initiative, named Thunderwing, began in 2014. Thunderwing works with families living within the William Whyte and Dufferin neighborhoods in Winnipeg's North End. Thunderwing coordinates and mobilizes existing resources across sectors to give families the support they need to prevent and permanently stabilize crisis situations. Thunderwing is currently assisting several families through system mobilization and support teams.

Public Consultations with Winnipeg Police Board

The Winnipeg Police Board and Winnipeg Police Service worked together to develop the next Strategic Plan for the Service. Public workshops were held to solicit community input on public safety issues and priorities in each of the four policing districts, as well as meetings with Aboriginal and Newcomer communities in Winnipeg. During the consultation process, Chief Clunis discussed strategies related to the philosophy of "Crime Prevention through Social Development."



RIGHT: University of Winnipeg's United Health and Recreation Complex



Community By-law Enforcement

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 livability.

As of December 31, 2014, the number of vacant buildings had decreased 38 per cent from 577 (2010) to 358. In 2014, 144 'new' vacant buildings were added to the list while 176 were removed.

LiveSAFE

LiveSAFE is the City's collaborative, community-based crime prevention strategy that seeks to address the root causes of crime in Winnipeg. This year, 7,602 hours of inner city programming was provided at various recreation centres including Turtle Island Recreation Centre, Burton Cummings Community Centre, Broadway Neighbourhood Centre, Norquay Community Centre, Ralph Brown Community Centre and Pritchard Park. With additional funding support of $500,000 from the Province of Manitoba, the City of Winnipeg enhanced the following initiatives:

Sports in Inner City Neighbourhoods (SPIN)

- SPIN provides inner-city children aged 6-17 with free access to sports opportunities (soccer, basketball, ball hockey, water polo and softball) offering them a fun way to learn basic skill development, sportsmanship, teamwork, leadership, and fair play in a friendly, supportive environment.
- 2,765 inner-city Winnipeg children participated in the program for free at 24 sites in 2014.

SPIN Sports Clubs

This year, a pilot program called SPIN Sport Clubs was launched. The pilot program involved the Broadway Neighbourhood Centre, Burton Cummings Community Centre and the University of Winnipeg's United Health and Recreation Complex. These community development and recreation services-staffed sport clubs were created to offer sport programs on a reliable weekly schedule starting September 2014 to build relationships with the participants and their families, while serving as a bridge between SPIN and the next level of competitive sport opportunities.

Youth Mentorship Program

3,105 volunteer program hours were completed by youth from St. John's High School, Children of the Earth High School, R.B. Russell Vocational High School, Maples Collegiate, Hugh John Macdonald School, Dakota Collegiate and Daniel McIntyre High School. Youth are mentored by University of Manitoba students in Kinesiology and Recreation Management to learn how to plan and deliver an after-school drop-in program for early years students in an inner-city school or recreation centre.

The Youth Mentorship Program received two prestigious awards in 2014: the MacJannet Award and the Reh-Fit Foundation Healthy Living Award. The MacJannet Prize is an international award that recognizes and celebrates university programs that act as models of excellent global citizenship and civic engagement: programs that raise awareness and encourage community engagement within higher education. This year the foundation received 59 nominations from 50 universities in 21 countries around the world. The Healthy Living Award recognizes individuals and organizations who have contributed to the overall health and wellness of people in their community.





RIGHT: Artapalooza 2014

Community Art Program

- 6,203 inner-city youth participated in 772 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, Pritchard Park, and Sinclair Park Community Centre.
- Twenty-four recreation leaders were hired from the community to deliver the program.

Turnabout Program

This program, provided by the Province of Manitoba in partnership with police agencies, 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 and to reduce the number of children under 12 coming into contact with the law. This year, the City provided free recreational opportunities to 46 families. These opportunities included 156 facility passes and access to 41 recreation programs.

RECREATION AND LEISURE



Playgrounds

Twenty-seven community playgrounds were renewed with new equipment in 2014 and 13 parks were revitalized with landscaping improvements.

Aquatic Services

Five new neighbourhood spray pads were opened in 2014 at:

- Sturgeon Heights Community Centre
- West Kildonan Community Centre
- Westdale Outdoor Pool
- Ducharme Park Wading Pool
- East End Cultural and Leisure Centre Wading Pool

Margaret Grant Pool Renovations

Margaret Grant Pool reopened in 2014 after renovations to create a more user-friendly and accessible environment were completed. Improvements include: retiled pool and pool deck, reconfigured and renovated public change rooms, two new specialty change rooms with ceiling-mounted lift systems, new Portable Aqua Lift (PAL), accessible bi-level water fountains, accessible front reception desk, accessible showers in change rooms, and two accessible public restrooms.





Arena Strategy

This year, construction began on the Garden City Community Centre expansion, which will include a twin-pad arena and multi-use facility, and the Transcona East End Community Centre expansion, which will result in a triplex arena facility, thanks to a Council-approved tripartite funding partnership with the community centres and the Province.

Community Centre Renovation Fund

The program, approved by 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.

Nineteen community centres were approved for grants in 2014.

Mayfair Recreation Centre

In August, the new 3,600-square-foot state-of-the-art, fully accessible Mayfair Recreation Centre opened to the public for services and programs to enrich families. Additional features include: a servery, multi-purpose skate change area, multi-purpose activity space, basketball nets, storage for Winnipeg Harvest, and newly resurfaced asphalt courts and new rink lighting.

The facility's design and construction earned a Manitoba Hydro Power Smart Designation.

Funding for the centre was provided by Building Communities Initiative II ($1.5 million), cost-shared equally by the City and the Province. The City also provided an additional $800,000 to this project.

Fort Garry Library Renovations

The Fort Garry Library reopened in February after extensive renovations to the building and its furnishings. Improvements included an enlarged program room, additional study and leisure reading spaces, upgraded washroom accessibility, new carpeting, lighting, paint, and furniture.

St. James Library Renovations

The St. James Library reopened in the Fall after a main floor renovation which saw new carpeting, painting and furniture.

New Service for Persons with Print Disabilities

In May, Library Services became a member of the Centre for Equitable Library Access (CELA). This new organization, in partnership with the CNIB, allows qualified users to register for service with the library and receive access to material in braille, daisy book format, descriptive video, and e-magazine/newspaper formats.





LEFT: Peguis Pavilion at Kildonan Park

RIGHT: St. Vital Duck Pond Pavilion

New Check It Out Mobile Library Stop Opened

In a continuing effort to reach beyond the walls of the physical library, the library's Outreach Services unit expanded its mobile service to Blake Garden's Neighborhood Resource Centre in the Weston area. This fourth site in the library's service delivery hosts unique library programs twice a month and is an opportunity for local residents to check out a large selection of material in their local community.

Peguis Pavilion at Kildonan Park

The Peguis Pavilion in Kildonan Park officially reopened in the summer. Both the upper and lower levels of the pavilion were fully refurbished to offer a more enjoyable experience for park visitors. Renovations included updated accessible washrooms, improved mechanical systems, a new elevator, redesign of the surrounding landscaping, the addition of two ramps to access the upper and lower levels of the pavilion, and a new restaurant. A quick-service café is located in the front foyer of the Pavilion for those looking for specialty coffee, ice cream or wood-fired pizza.

St. Vital Duck Pond Pavilion

St. Vital Duck Pond Pavilion opened in the fall. The 2,300-square-foot facility, located in the centre of the park adjacent to the duck pond, features improved washroom facilities, and improved accessibility. It will act as both a covered picnic shelter in the summer, and a heated skate change building in the winter.



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 with the audited consolidated financial statements ("Statements") and their accompanying notes and schedules. The Statements, as well as the accompanying materials, are prepared in accordance with Canadian public sector accounting standards for governments, established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

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 the methods by which 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 determining the government's financial well-being.
Consolidated Statement of Operations and Accumulated Surplus	Provides information on 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 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 controlled by the City. This includes departments, special operating agencies, and utility operations of the City, 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 accountable and is used to report on resources that have been segregated for specific activities or objectives. The City, like other local governments, establishes these funds to demonstrate its accountability of the resources allocated for the services the particular fund delivers.

The General Revenue Fund reports on tax-supported operations, which include services provided by the City such as police, fire, ambulance, library and street maintenance. The General Capital Fund exists 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 accounts 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 service units of the City.

The SOAs have been given the authority to provide public services, internal services, and regulatory and enforcement programs. SOA status is granted when it is in the City's interest that the service delivery model remains within the government, but it requires greater flexibility to operate in a more business-like manner. Each SOA is governed by its own operating charter and each prepares an annual business plan for adoption by City Council.

City Council has approved the establishment of several 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, Winnipeg Enterprises Corporation, Winnipeg Arts Council Inc., and CentreVenture Development Corporation. Previously, Economic Development Winnipeg Inc. ("EDWI") was included in this category. As a result of further analysis performed this past year, it was concluded that the City does not control EDWI, but it does share joint control with the Province of Manitoba. Accordingly, EDWI is treated as a government partnership and is proportionately consolidated. 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 investments 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 measured by 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, 2014, the City reports:

(in thousands of dollars)	2014	2013	Variance
Cash and cash equivalents	$ 335,726	$ 329,661	$ 6,065
Other financial assets	688,470	617,919	70,551
Financial assets	1,024,196	947,580	76,616
Liabilities	1,534,092	1,358,643	(175,449)
Net financial position	(509,896)	(411,063)	(98,833)
Non-financial assets	5,870,236	5,558,726	311,510
Accumulated surplus	$ 5,360,340	$ 5,147,663	$ 212,677

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

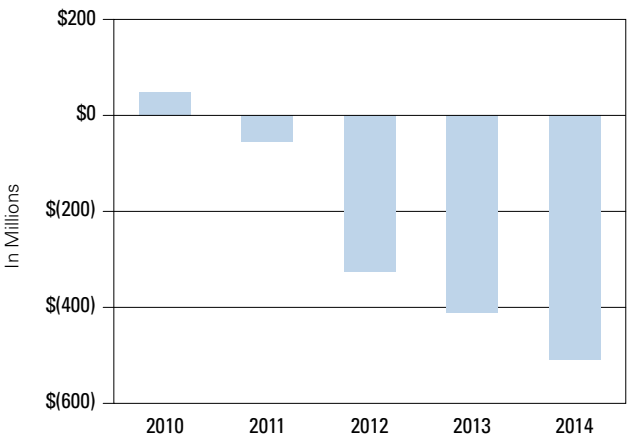
Cash Resources

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 meeting short-term obligations rather than for other purposes like investing. During 2014, the City's cash increased by $6.1 million. This increase resulted primarily because cash arising from financing and operating activities exceeded cash used to construct and purchase tangible capital assets.

Net Financial Position

Net financial position is the difference between financial assets and liabilities, which indicate the affordability of additional spending. As at December 31, 2014, the City was in a net financial liability position of $509.9 million (2013–$411.1 million). The change in net financial position during the year resulted primarily from increased debt balances.

NET FINANCIAL POSITION



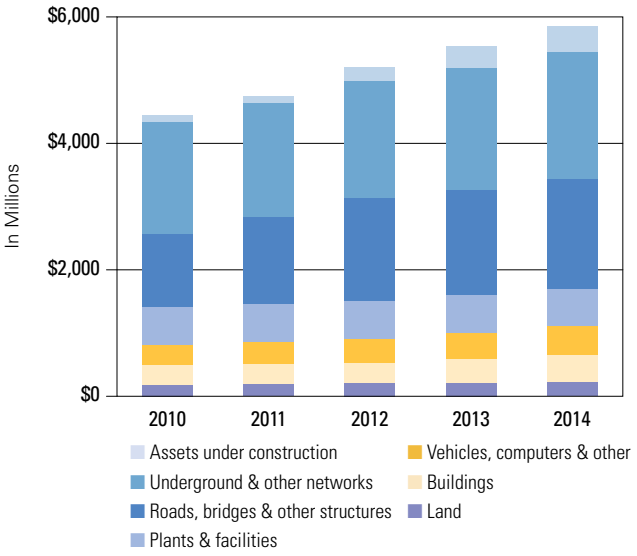
Non-Financial Assets

Non-financial assets of the City are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed and 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 chart to the right, 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 with fiscal responsibility. On December 17, 2013, City Council adopted the 2014 annual capital budget and the 2015 to 2019 five-year forecast. The six-year plan projected $2.7 billion in City capital projects, with $379.5 million authorized in 2014. Some of the projects included in the 2014 capital budget are:

- $84.2 million for regional and local street renewal including an additional $10 million for Polo Park Area Infrastructure Improvements.
- Investments in Parks and Recreation, including $1.8 million for active transportation facilities, $1.0 million for reforestation improvements, $1.0 million for athletic fields improvements and a new parks and recreation enhancement program authorized at $6.3 million.

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, $344.0 million of anticipated provincial funding and $482.9 million of cash funding.

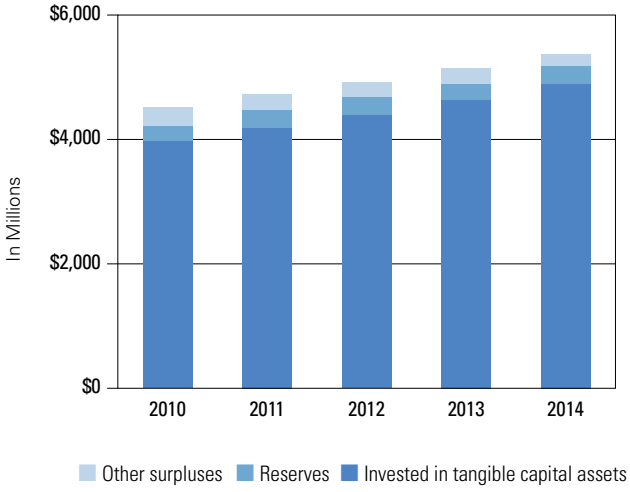
During 2014, the City acquired $518.4 million of tangible capital assets (2013–$543.9 million), including contributed roads and underground networks totaling $64.5 million (2013–$91.9 million). These were capitalized at their fair value at the time of receipt. As well, of the assets acquired, $279.8 million was for tax-supported projects (54%). Spending on tax-supported projects was primarily on roads, 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 (2014- 91%; 2013- 90%). Investment in tangible capital assets is not readily accessible for use in funding ongoing operations.

ACCUMULATED SURPLUS



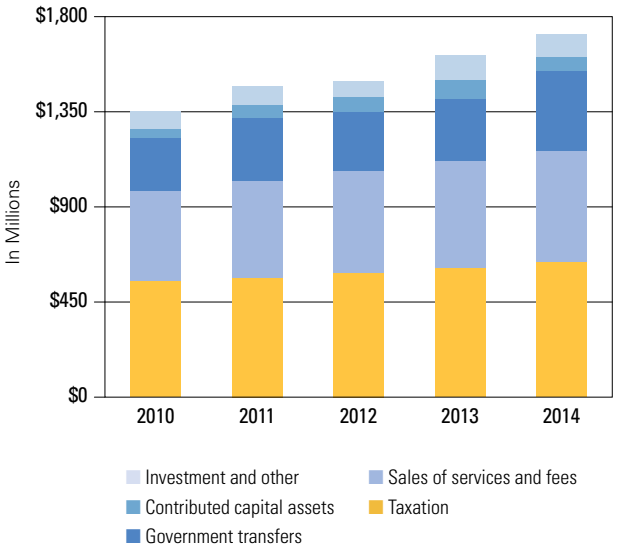
The City's accumulated surplus, through its investment in tangible capital assets, has grown over the period, indicating a strong foundation upon which services will continue to be delivered in the future.

CONSOLIDATED STATEMENT OF OPERATIONS

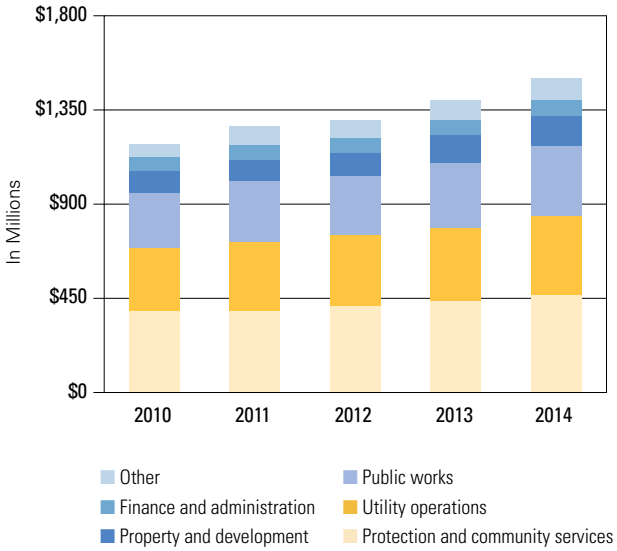
Financial statements should show how and where the government realizes its revenues. They provide information that is useful in gaining an understanding of a government's revenue sources and their contribution to operations. They also report the nature and purpose of a government's expenses in the period,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

Beyond government transfers, the City has a good balance of revenue sources, with the majority 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 22%.

REVENUE



EXPENSES



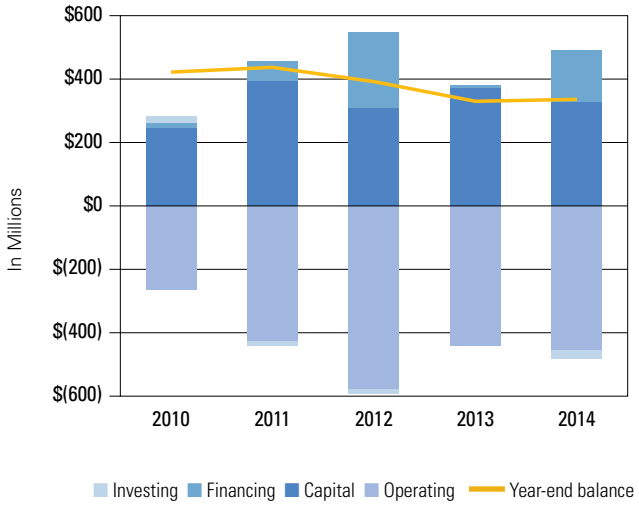
As the table above indicates, the City's protection and community services and public works expenses have increased over the five-year period presented, indicating City Council's priorities of public safety and roads.

CONSOLIDATED STATEMENT OF CASH FLOWS

A government finances its activities and meets its obligations by generating revenues, through external borrowing and using 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 four years, financed largely through operations, which include 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 include the service concession arrangement, are noted for that year in the chart to the right.

CASH FLOWS

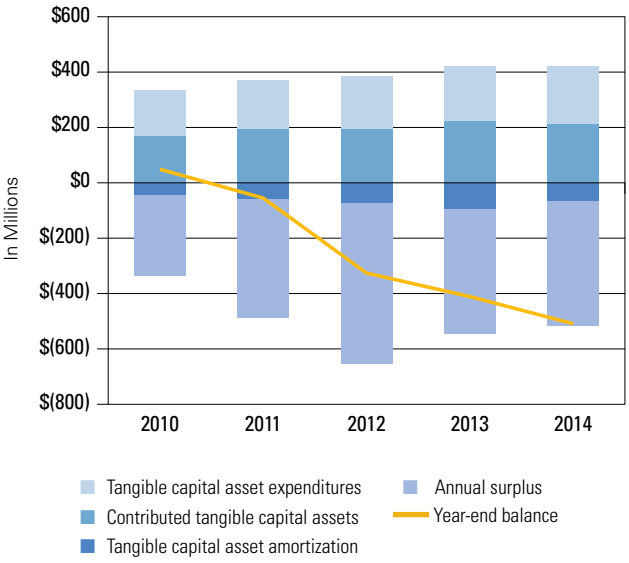


CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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 chart to the right. With the investments being made exceeding financial assets generated through operations, the City has partially financed this difference through the assumption of more debt.

CHANGE IN NET FINANCIAL LIABILITIES



In their report, Standard and Poor's stated, "In part, the ratings reflect our assessment of the city's very strong economic performance, exceptional liquidity position, and strong financial management, which a moderate debt burden and average budgetary performance offset." The Agency further noted that, "Winnipeg demonstrates strong financial management, which has a positive impact on its credit profile.

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 2014, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating was: "strong economic fundamentals, and exceptional liquidity position" as well as "strong financial management". However, S&P noted these strengths are offset somewhat by moderate-but-rising debt burden, and large capital expenditure requirements that limit the otherwise strong budgetary flexibility. Moody's Investors Service announced in February 2014 it would also be maintaining the City's credit rating at Aa1, but in August 2014 the outlook was downgraded from stable to negative, reflecting a similar change to the Province of Manitoba's outlook.

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

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 measure 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 accounts receivable balance has increased $39 million since the prior year, largely as a result of amounts owed by the Federal and Provincial governments for funding of capital investments, as well as ambulance services.

The largest component of accounts receivable is trade accounts and other receivables at 50% (2013–57%). Approximately 37% of trade accounts and other receivables result from services rendered in the Waterworks System and Sewage Disposal System. Management has determined credit risk to be low on these outstanding receivables and has provided an allowance for doubtful accounts of $400 thousand (2013–$400 thousand).

As at December 31, 2014, property, payments-in-lieu and business tax receivables, net of the estimated allowance for uncollectible amounts, represented 16% (2013–18%) of total receivables. Taxation revenue is 37% (2013–38%) of total consolidated revenues.

TAXES RECEIVABLE

As at December 31 (in thousands of dollars)	2014	2013	2012	2011	2010
Taxes receivable	$ 54,825	$ 49,592	$ 37,960	$ 34,747	$ 34,387
Allowance for tax arrears	(6,183)	(3,694)	(3,351)	(2,629)	(3,080)
	$ 48,642	$ 45,898	$ 34,609	$ 32,118	$ 31,307

Investments

INVESTMENTS

As at December 31 (in thousands of dollars)	2014	2013
Marketable securities		
Provincial	$ 8,095	$ 5,750
Municipal	90,863	68,482
	98,958	74,232
Manitoba Hydro long-term receivable	220,238	220,238
Other	18,855	12,346
	$ 338,051	$ 306,816
Market value of marketable securities	$ 104,357	$ 73,892

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 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, 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

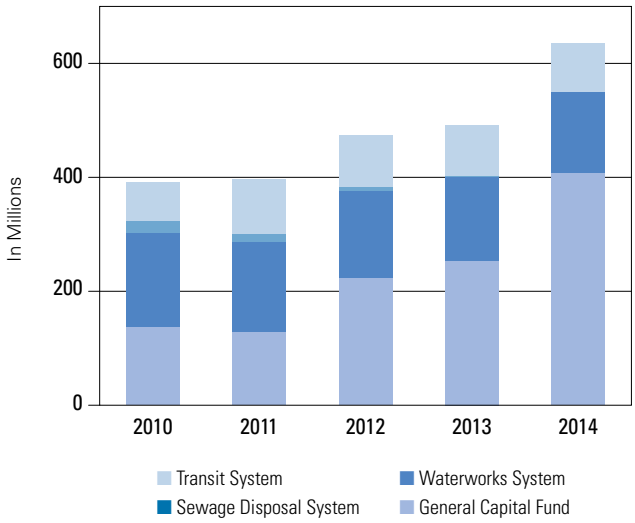
As at December 31 (in thousands of dollars)	2014	2013
Sinking fund debentures	$ 745,568	$ 658,000
Equity in sinking funds	(125,630)	(195,237)
	619,938	462,763
Serial and instalment debt	24,240	34,621
Bank, Province of Manitoba and other loans	117,168	109,263
Capital lease obligations	25,474	26,056
Service concession arrangement obligations	155,814	157,344
	942,634	790,047
Unamortized premium on debt	18,435	10,349
	$ 961,069	$ 800,396

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. This fund is managed by the City for sinking fund arrangements since 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.

The Sinking Fund Trustees of the City of Winnipeg also manage debt related to Winnipeg Hydro, which will be fully retired by 2029. As part of the sales agreement with Manitoba Hydro, this sinking fund is required to hold Manitoba Hydro Electric Board bonds issued by Manitoba Hydro. These bonds were issued to enable 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 has. The bonds are guaranteed by the Province of Manitoba.

NET SINKING FUND DEBENTURES, SERIAL AND INSTALMENT DEBT



During 2014, the City issued three sinking fund debentures. Two of the issues were for $60 million each, both maturing on June 1, 2045, and carrying interest rates of 4.1% and 3.7%. The third issue was for $52.6 million carrying a 3.9% interest rate with a November 15, 2051 maturity date.

The City has also incurred serial and instalment debt having varying maturities up to 2019, and carrying a weighted average interest rate of 4.5% (2013–4.5%). Annual interest and principal payments are made on the debt.

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:

Debt Service Coverage Ratio	2014	2013	2012	2011	2010
Free Cash and Liquid Assets/ Debt Service	578.3%	427.4%	528.9%	646.6%	577.20%

In its recent credit rating report, Standard and Poor's commented that the City maintains exceptional liquidity, which they report is expected to continue.

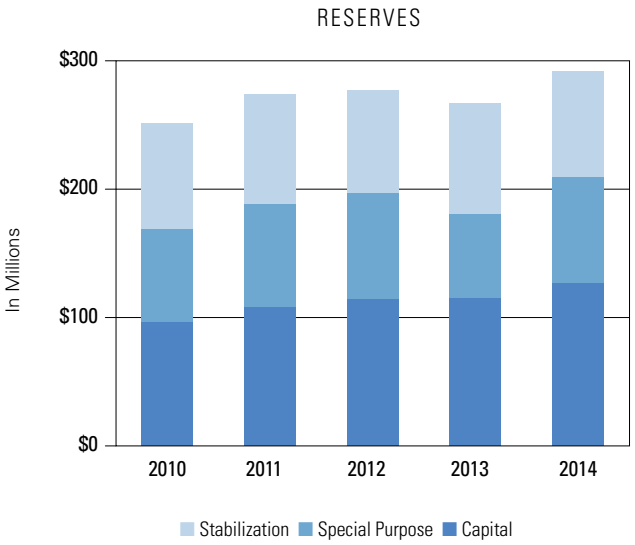
Reserves

Reserve balances have increased overall by $25.2 million (2013–$7.4 million decrease) from the prior year. The City's Special Purpose Reserves and Capital Reserves balances increased by $16.7 million and $12.5 million respectively, while the Financial Stabilization Reserve decreased by $4.0 million.

The Financial Stabilization Reserve's accumulated surplus is projected to be $4.2 million (including projected net interest revenue) over its targeted level of 8% of the General Revenue Fund's adopted 2014 budget expenses. The City Council adopted 2015 budget provides for a transfer of up to $4.2 million into the General Revenue Fund.

In adopting the 2015 budget, City Council also approved a reduction in the targeted level in the Financial Stabilization Reserve to 6% of the General Revenue Fund's adopted budget expenses. As a result of this change in target rate, an additional transfer of $5.0 million to the General Revenue Fund was approved.

During 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 with 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 frontage levy in 2014 was $3.75 per frontage foot, which under the long-term reserve funding plan is proposed to increase annually commencing in 2022 by $1.00 per frontage foot for approximately 13 years.



In the 2014 budget, a similar dedicated 1% property tax increase was introduced to fund a new Regional Street Renewal Reserve. Approximately 80% of the traffic volume in the City occurs on 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 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 2014, 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 2014, the City recorded consolidated revenues of $1.717 billion (2013–$1.619 billion), which included government transfers and developer contributions-in-kind related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.504 billion (2013–$1.397 billion). As a result, the City's accumulated surplus increased by $0.213 billion (2013–$0.222 billion).

Consolidated revenues before government transfers and developer contributions-in-kind totalled $1.442 billion (2013–$1.369 billion). As a result, the City reported a deficit before these other items of $61.6 million (2013–$0.3 million). This deficit is a result of full accrual accounting. Items such as environmental liabilities and future-oriented employee benefit liabilities, such as unused vacation and sick leave, are recorded on an accrual basis but are budgeted on a pay as you go basis. Similarly, amortization is recorded over the life of the tangible capital asset; however, the budget is developed to consider the cash flows associated with constructing the asset and servicing any associated debt.

CONSOLIDATED REVENUES

For the years ended December 31 (in thousands of dollars)	Budget 2014		Actual 2014		Actual 2013		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 633,537	38%	$ 640,801	37%	$ 611,813	38%	$ 7,264	$ 28,988
Sales of services and regulatory fees	537,737	33%	526,330	31%	507,869	31%	(11,407)	18,461
Government transfers - Operating	163,884	10%	169,017	10%	161,337	10%	5,133	7,680
Investment, land sales and other revenues	91,469	6%	106,086	6%	115,435	7%	14,617	(9,349)
Revenue before Other	1,426,627		1,442,234		1,396,454		15,607	45,780
Government transfers - Capital	150,869	9%	209,830	12%	130,921	8%	58,961	78,909
Developer contributions-in-kind	66,000	4%	64,472	4%	91,883	6%	(1,528)	(27,411)
	216,869		274,302		222,804		57,433	51,498
	$ 1,643,496		$ 1,716,536		$ 1,619,258		$ 73,040	$ 97,278

Revenues were $97.3 million higher in 2014 due to several factors. One of the major reasons was increased taxation revenues. Included in taxation revenues are municipal realty taxes, which increased by $24.0 million year-over-year due to assessment roll growth and a 2.95% increase in property tax rates.

Sales of services and regulatory fees rose over the prior year due to an $8.9 million increase reported in water and sewer sales resulting from increased rates. Park revenues from Assiniboine Park Conservancy also contributed.

The decreased sales of services and regulatory fees compared to budget are mostly a result of lower than projected consumption rates for sewer and water.

The decreased investment, land sales and other revenues can be primarily attributed to less land sales concluding than the prior year. The increase over budget is a result of increased donor contributions to Assiniboine Park Conservancy.

Government transfers related to tangible capital assets increased in 2014, mainly because of the completion of the International Polar Bear Conservation Centre ("IPBCC") funded by the Province of Manitoba. Legally, the Province of Manitoba owns this asset and until completion, also assumed the construction risk. Upon IPBCC's completion and opening in 2014, the risks and benefits of ownership were primarily transferred to Assiniboine Park Conservancy and as such, IPBCC represents an asset of the City.

This year, Winnipeg has experienced a sudden and dramatic increase in frozen water pipes due to prolonged periods of frigid temperatures and deeper-than-usual frost penetration into the ground. This is Winnipeg's coldest winter since 1898 and the frost is currently at an average of about eight to nine feet deep below pavement surfaces.

CONSOLIDATED EXPENSES

For the years ended December 31 (in thousands of dollars)	Budget 2014		Actual 2014		Actual 2013		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 461,328	31%	$ 466,817	31%	$ 437,970	32%	$ (5,489)	$ 28,847
Utility operations	376,922	25%	378,584	25%	347,652	25%	(1,662)	30,932
Public works	320,049	22%	331,243	22%	312,680	22%	(11,194)	18,563
Property and development	134,102	10%	146,274	10%	131,994	9%	(12,172)	14,280
Finance and administration	80,580	5%	76,553	5%	72,926	5%	4,027	3,627
Civic corporations	73,309	4%	58,185	4%	54,783	4%	15,124	3,402
General government	46,809	3%	46,203	3%	38,795	3%	606	7,408
	$ 1,493,099		$ 1,503,859		$ 1,396,800		$ (10,760)	$ 107,059

Consolidated expenses grew by $107.1 million or 7.7% from the previous year and were $10.8 million over 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 increased over the prior year. One of the reasons for this is the extreme winter weather conditions experienced which caused increased frozen services and watermain repairs. Transit increases in salaries and benefits as well as increased service costs also contributed.

The same weather conditions resulted in higher public works expenses from 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 and budget due to a grant for the University of Winnipeg soccer complex, interest expense on debt and City facilities' repairs and maintenance. Increased amortization of tangible capital assets also contributed to the variance from prior year.

CONSOLIDATED EXPENSES BY OBJECT

For the years ended December 31 (in thousands of dollars)	2014		2013		Variance
Salaries and benefits	$ 779,586	52%	$ 730,133	52%	$ 49,453
Goods and services	428,012	28%	376,614	27%	51,398
Amortization	208,074	14%	198,106	14%	9,968
Interest	53,715	4%	54,732	4%	(1,017)
Other expenses	34,472	2%	37,215	3%	(2,743)
	$ 1,503,859		$ 1,396,800		$ 107,059

Increases in salaries and benefits expense resulted primarily from general pay increases to employees and growth in staff.

Goods and services expenses increased over the prior year largely due to increased costs related to snow clearing and ice control, increased frozen services, increased watermain repairs and increased expenses related to the cost of land sold.

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. Based on analysis performed in 2009, investment of $7.4 billion is required over the next 10 years. To assist in addressing this issue, the City is using 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. In January 2015, City Council approved an Asset Management Policy. This policy will guide the City in incorporating best practices in asset management, in support of delivering services. Asset management will align the elements of governance, process and technology to deliver established levels of service at an acceptable level of risk. It is the process of thinking and carrying out business in a robust and transparent fashion. In fulfilling the policy's requirements, the following documents will be delivered:

- Strategic Asset Management Plan: This document defines the City's commitment and approach to achieving Council's approved policy. This will be approved by the CAO and submitted to Council as information.
- Asset Management Administrative Standard: This document establishes the City's approach to managing the City's physical assets.
- Customer Levels of Service: This document defines the level to which front-line infrastructure supported services will be delivered. These will be approved by Council.
- Asset Management Plans: Corporate and Departmental Asset Management Plans document how assets are managed (with multi-disciplinary management techniques, including technical and financial) through their life cycle in support of the delivery of services.
- State of the Infrastructure Report: This document (which may be part of the Asset Management Plan) will provide information on the state of the City's physical assets for use in external reporting, and in the annual budget and the long range financial planning process. This report will be approved by the CAO for all service areas and submitted to Council as information.

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, the Chief Peguis Trail Extension and the Disraeli Bridges, there have been challenges on others, for example the Fire Paramedic Stations Construction Project and the Winnipeg Police Headquarters 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 by doing the following:

- The Public Service has been vigilant in the establishment of Major Capital Project Steering Committees to 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 Winnipeg Police Headquarters 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, and has made significant progress in addressing the recommendations.
- A comprehensive Project Management manual was implemented in 2014. The manual details best practice processes and procedures and defines how projects are to be delivered.

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, 2014, and the forecasted peak based on the City Council-approved borrowing and 2015 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As At December 31, 2014	Forecasted Peak
Debt as a % of revenue			
City	85.0%	51.9%	77.3%
Tax-supported and other funds	60.0%	53.9%	58.5%
Self-supporting utilities	220.0%	47.9%	137.8%
Debt-servicing as a % of revenue			
City	11.0%	5.8%	6.6%
Tax-supported and other funds	10.0%	5.8%	5.8%
Self-supporting utilities	20.0%	5.9%	11.8%
Debt per capita			
City	$ 2,400	$ 1,313	$ 2,006
Tax-supported and other funds	$ 1,050	$ 886	$ 932
Self-supporting utilities	$ 1,300	$ 210	$ 1,046

Note: "City" includes "tax-supported and other funds", "Self-supporting utilities" and consolidated entities; "Tax-supported and other funds" includes Municipal Accommodations, and Fleet Management; and "Self-supporting utilities" includes Transit System, 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.

The city has 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, 2014 is $23.2 million (2013–$7.4 million). The increase in guarantees during the year is related to arena projects at two community centres. Some of the capital projects related to the guarantees are in progress at year-end, meaning that the full line of credit has not been used. The at risk amount is $43.3 million. The City does not anticipate incurring future payments on these guarantees.

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 and the discount rate used to value liabilities. As well, it includes 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.

Pension Plans

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 were effective January 1st.

The future service cost of the Winnipeg Civic Employees' Benefits Program in 2014 was 20.7% 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, 2014, the market value of this pension fund's assets was $1,231.9 million (2013–$1,120.2 million), which is $99.8 million more (2013–$72.5 million more) 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.

The date of the next actuarial valuation of the Plan required to be prepared and filed with the Manitoba Office of the Superintendent–Pension Commission is December 31, 2016. 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. As of the last valuation date, December 31, 2013, the plan had a solvency deficiency under this wind-up scenario. This deficiency had to be addressed over the five years following the valuation date 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 $29.0 million with respect to the December 2013 valuation.

Group Life Insurance Plans

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. 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 agreed to grandfather the tax-exempt status assumed by the present GLIP and, acknowledging that the City was actively working to address this issue, recently granted an extension until the end of December 2015.

The City has been working with its tax and actuarial advisors to restructure the GLIP. As a result, a proposal to maintain the tax-exempt status for the GLIP was developed and approved by Council in September 2014. The proposal derived to maintain the tax-exempt status establishes a City controlled municipal corporation and creates a new by-law to operate and provide oversight to the GLIP. Approval from the Province of Manitoba to create the municipal corporation is required under S. 212 of the City of Winnipeg Charter. As well, the City has sought CRA's approval of this plan. The Board of Trustees of the Winnipeg Civic Employees' Benefits Program and the Winnipeg Police Pension Board have each given notice that they will be resigning from all aspects of responsibility for the GLIP effective June 30, 2015, unless otherwise agreed.

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 2014 capital budgets for the utilities and their 2015 to 2019 capital forecasts anticipate $917.8 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 the compliance requirements.

Other major funding sources for these improvements will be provided by the Environmental Projects Reserve (which had a balance of $73.0 million at December 31, 2014), the Canada Strategic Infrastructure Fund, the Green Infrastructure Fund and accumulated surplus.

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.

Labour Negotiations

For the year ended December 31, 2014, 52% (2013–52%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,206, the majority being represented by the eight unions and associations noted as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,381	January 17, 2015
CUPE	4,598	December 27, 2014
MGEU	351	February 13, 2014
UFFW	923	December 24, 2016
WAPSO	663	October 17, 2015
WFPSOA	45	August 23, 2014
WPA	1,972	December 23, 2016
WPSOA	32	December 24, 2016
Other (non-union/association)	241	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 bargaining units are resolved through compulsory arbitration at the request of either or both parties.

To assure systems and processes that are more transparent to City Council and citizens, work is well underway to address recommendations made in the City Auditor's report on the *New Fire Paramedic Stations Construction Project*.

Corporate Risk Management Division

The City has a separate Risk Management Division reporting to the Chief Financial Officer. This division provides services designed to control and minimize the adverse financial effects of accidental or unforeseen events. 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. Identifying, understanding, and evaluating the City's risks allows the City to measure and prioritize them, and respond with appropriate actions to manage the risk through loss prevention and reduction strategies, insurance programs and contractual transfer.

FINANCIAL ACCOUNTABILITY

Audit Department

In 2014, a significant portion of the Department's time was dedicated to overseeing four highly sensitive major reviews conducted by external firms simultaneously.

- The Real Estate Management Review started in 2013 was completed in July 2014.
- A legal opinion provided by an out-of-province law firm on the Fire Paramedic Stations Construction Project Report. This opinion was presented to Council in May 2014.
- An external firm was contracted to conduct an audit of the Winnipeg Police Headquarters Construction Project, which was presented to Council in July 2014.
- The Audit Department contracted with a firm to conduct a Quantity Survey of the Winnipeg Police Headquarters Project, which was also presented to Council in July 2014.

In May 2014, the Department released the Workplace Safety Audit. The 311 Contact Centre Audit and the Waverly West Arterial Roads Project were underway in 2014 and released in 2015. A review of the Community By-Law Enforcement Services Division was also in progress at the end of 2014.

The 2015 Budget builds on the City's long-term plan to grow a modern, thriving city with quality of life improvements for all Winnipeggers that include renewal of our infrastructure, and a focus on creating a safe and vibrant community we are all proud to call home.

Budget Process

Executive Policy Committee ("EPC"), which is a committee of City Council, is responsible for budget development. The budget is presented to City Council for consideration and adoption. 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 projection years. The 2015 budget document includes a 2014 consolidated budget section that is prepared on the same basis as the consolidated financial statements.

LOOKING FORWARD

2015 Operating and Capital Budgets

On March 23, 2015, City Council adopted both budgets for The City of Winnipeg – the 2015 capital and operating budgets. In addition, the 2016-2020 capital forecast was approved in principle and the 2016 and 2017 operating projections were received as the preliminary financial plan for those years.

The 2015 capital budget and the 2016 to 2020 five-year forecast includes $2.9 billion in City capital projects, with $560.5 million authorized in 2015. Some of the projects included in the 2015 capital budget are $103.3 million for regional and local streets renewal, funding for a transportation management centre, and a downtown dog park. The six-year capital investment plan includes $96.8 million for community and municipal facilities including pools, arenas, and recreation amenities; $95.2 million for community services, including libraries; $32.2 million for land drainage and flood control; $27.9 million for active transportation facilities; and $26.6 million for the solid waste disposal system. Section 284(2) of The City of Winnipeg Charter requires that before December 31 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 2015 operating budget continues with 1.0% tax increases for each of the Local Street Renewal and Regional Street Renewal Reserves. As well, a 0.3% property tax increase was approved for operations. The 2015 budget plan decreases business tax rates from 5.7% to 5.6% and provides for the continuation of the small business tax credit program. The program provides a full municipal business tax rebate to business with a rental value of $30 thousand or less (2014–$24 thousand) impacting 48.6% of Winnipeg 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 31 of each fiscal year.

All municipalities are facing budget pressures in delivering quality public services. Winnipeg, in keeping taxes affordable, has included one-time revenues and deferral of spending and maintenance costs in City budgets. This is not a sustainable model and it is the goal of the City to have new long-term growth revenue sources in the future to address the growing structural operating deficit.

GENERAL REVENUE FUND–BUDGET

For the years ended December 31 (in thousands of dollars)	2015	2014	2013	2012	2011
Revenues					
Property tax	$ 529,168	$ 510,569	$ 482,885	$ 459,564	$ 435,934
Government transfers	118,290	113,763	113,050	113,265	106,106
Sale of goods and services	59,008	64,486	67,788	62,761	58,146
Business tax	58,366	59,688	58,371	57,584	57,584
Street renewal frontage levy	49,129	41,731	41,400	41,300	41,000
Transfer from other funds	45,779	56,787	46,586	52,309	38,203
Regulation fees	45,329	43,227	40,852	37,634	36,540
Other taxation	24,290	25,390	21,963	28,772	30,726
Interest	13,387	11,228	11,432	11,394	9,245
Other	51,351	42,315	38,345	35,377	33,840
	994,097	969,184	922,672	899,960	847,324
Expenses					
Police service	263,978	259,113	242,548	220,184	202,173
Public works	204,447	187,638	181,976	169,043	170,157
Fire paramedic service	178,321	167,801	167,888	154,750	143,013
Community services	118,569	122,838	111,691	112,793	100,479
Corporate	46,866	60,284	48,825	59,166	63,891
Planning, property and development	48,513	40,554	42,064	41,221	38,353
Water and waste	30,923	31,110	33,703	44,052	34,695
Corporate support services	34,092	33,038	31,147	31,312	30,899
Assessment and taxation	20,520	19,623	18,209	25,572	23,841
Street lighting	12,522	11,970	11,618	11,100	10,685
City clerk's	12,948	13,465	10,930	10,897	10,316
Corporate finance	9,130	9,310	9,412	8,547	8,074
Other departments	13,268	12,440	12,661	11,323	10,748
	994,097	969,184	922,672	899,960	847,324
	$ –	$ –	$ –	$ –	$ –

Prior year figures have not been reclassified to conform with the 2015 figures.

Accounting Pronouncements

PSAB has 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 June 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, 2016.
- In March 2015, PSAB issued two new standards: Section 2200 Related Party Disclosures and Section 3240 Inter-entity Transactions. The standards address recognition, measurement, and disclosure of related party transactions. The new standards are effective for fiscal years beginning on or after April 17, 2017.

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, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and members of City Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian public sector accounting standards.



Michael Ruta, FCA
Chief Financial Officer
June 10, 2015

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, 2014 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.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Canada provides services to KPMG LLP

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, 2014, 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
June 10, 2015
Winnipeg, Canada

Consolidated Statement of Financial Position

As at December 31 (in thousands of dollars)	2014	2013
Financial Assets		
Cash and cash equivalents (Note 3)	**$ 335,726**	$ 329,661
Accounts receivable (Note 4)	**299,753**	260,602
Land held for resale	**16,219**	14,689
Investments (Note 5)	**338,051**	306,816
Investment in government businesses (Note 6)	**34,447**	35,812
	1,024,196	947,580
Liabilities		
Accounts payable and accrued liabilities (Note 7)	**262,927**	263,681
Deferred revenue (Note 8)	**52,115**	61,101
Debt (Note 9)	**961,069**	800,396
Other liabilities (Note 10)	**73,190**	57,148
Accrued employee benefits and other (Note 11)	**184,791**	176,317
	1,534,092	1,358,643
Net Financial Liabilities	**(509,896)**	(411,063)
Non-Financial Assets		
Tangible capital assets (Note 13)	**5,844,504**	5,537,163
Inventories	**18,706**	16,365
Prepaid expenses and deferred charges	**7,026**	5,198
	5,870,236	5,558,726
Accumulated Surplus (Note 14)	**$ 5,360,340**	$ 5,147,663
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 2014 (Note 20)	Actual 2014	Actual 2013
Revenues			
Taxation (Note 16)	**$ 633,537**	**$ 640,801**	$ 611,813
Sales of services and regulatory fees (Note 17)	**537,737**	**526,330**	507,869
Government transfers (Note 18)	**163,884**	**169,017**	161,337
Land sales and other revenue (Note 6)	**56,602**	**70,393**	77,521
Investment income	**34,867**	**35,693**	37,914
Total Revenues	**1,426,627**	**1,442,234**	1,396,454
Expenses			
Protection and community services	**461,328**	**466,817**	437,970
Utility operations	**376,922**	**378,584**	347,652
Public works	**320,049**	**331,243**	312,680
Property and development	**134,102**	**146,274**	131,994
Finance and administration	**80,580**	**76,553**	72,926
Civic corporations	**73,309**	**58,185**	54,783
General government	**46,809**	**46,203**	38,795
Total Expenses (Note 19)	**1,493,099**	**1,503,859**	1,396,800
Annual Deficit Before Other	**(66,472)**	**(61,625)**	(346)
Other			
Government transfers related to capital (Note 18)	**150,869**	**209,830**	130,921
Developer contributions-in-kind related to capital (Note 13)	**66,000**	**64,472**	91,883
	216,869	**274,302**	222,804
Annual Surplus	**$ 150,397**	**212,677**	222,458
Accumulated Surplus, Beginning of Year		**5,147,663**	4,925,205
Accumulated Surplus, End of Year		**$ 5,360,340**	$ 5,147,663

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)	2014	2013
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Annual surplus	**$ 212,677**	$ 222,458
Non-cash charges to operations		
Amortization	**208,074**	198,106
Developer contributions-in-kind related to capital	**(64,472)**	(91,883)
Other	**27,384**	9,251
	383,663	337,932
Net change in non-cash working capital balances related to operations	**(54,590)**	36,488
Cash provided by operating activities	**329,073**	374,420
Capital		
Acquisition of tangible capital assets	**(453,942)**	(452,055)
Proceeds on disposal of tangible capital assets	**1,496**	11,821
Cash used in capital activities	**(452,446)**	(440,234)
Financing		
Decrease in sinking fund investments	**69,607**	68,800
Debenture and serial debt retired	**(95,381)**	(112,450)
Sinking fund and serial debenture issued	**180,473**	60,000
Service concession arrangements retired	**(1,530)**	(1,415)
Other	**7,504**	(7,700)
Cash provided by financing activities	**160,673**	7,235
Investing		
Increase of investments	**(31,235)**	(3,801)
Cash used in investing activities	**(31,235)**	(3,801)
Increase (decrease) in cash and cash equivalents	**6,065**	(62,380)
Cash and Cash Equivalents, Beginning of Year	**329,661**	392,041
Cash and Cash Equivalents, End of Year	**$ 335,726**	$ 329,661

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 2014 (Note 20)	Actual 2014	Actual 2013
Annual Surplus	**$ 150,397**	**$ 212,677**	$ 222,458
Amortization of tangible capital assets	**209,278**	**208,074**	198,106
Loss on sale of tangible capital assets	**634**	**1,503**	473
Proceeds on disposal of tangible capital assets	**8,100**	**1,496**	11,821
Change in inventories, prepaid expenses and deferred charges	**(785)**	**(4,169)**	12,925
Tangible capital assets received as contributions	**(66,000)**	**(64,472)**	(91,883)
Acquisition of tangible capital assets	**(603,625)**	**(453,942)**	(452,055)
Increase In Net Financial Liabilities	**(302,001)**	**(98,833)**	(98,155)
Net Financial Liabilities, Beginning of Year	**(411,063)**	**(411,063)**	(312,908)
Net Financial Liabilities, End of Year	**$ (713,064)**	**$ (509,896)**	$ (411,063)

See accompanying notes and schedules to the consolidated financial statements

Notes to the Consolidated Financial Statements

December 31, 2014

(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
- The Convention Centre Corporation
- Winnipeg Arts Council Inc.
- Winnipeg Enterprises Corporation
- Winnipeg Public Library Board

ii) Government partnerships

Economic Development Winnipeg Inc. is reported as a government partnership with the proportionate consolidation method being used. Accordingly, fifty percent of the assets, liabilities, revenues and expenses have been included.

iii) 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).

iv) 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.

v) 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.

2. Significant Accounting Policies (continued)

b) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

c) 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	3 to 40 years
Land improvements	10 to 100 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 revenues

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 in 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 2014 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 actual results presented herein.

3. Cash and Cash Equivalents

	2014	2013
Cash	$ 6,423	$ 19,334
Cash equivalents	329,303	310,327
	$ 335,726	$ 329,661

The average effective interest rate for cash equivalents at December 31, 2014 is 1.3% (2013–1.3%).

Cash and cash equivalents exclude $48.5 million (2013–$315.5 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 $35.8 million (2013–$37.8 million).

4. Accounts Receivable

	2014	2013
Property, payments-in-lieu and business taxes receivable	$ 54,825	$ 49,592
Allowance for property, payments-in-lieu and business taxes receivable	(6,183)	(3,694)
	48,642	45,898
Trade accounts and other receivables	148,857	148,427
Province of Manitoba	89,774	60,623
Government of Canada	24,574	15,933
Allowance for doubtful accounts	(12,094)	(10,279)
	251,111	214,704
	$ 299,753	$ 260,602

5. Investments

	2014	2013
Marketable securities		
Provincial bonds and bond coupons	$ 8,095	$ 5,750
Municipal bonds	90,863	68,482
	98,958	74,232
Manitoba Hydro long-term receivable	220,238	220,238
Other	18,855	12,346
	$ 338,051	$ 306,816

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2014 is $104.4 million (2013–$73.9 million) and their maturity dates range from 2015 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.

5. Investments (continued)

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.

The condensed supplementary financial information of NPDC is as follows:

		2014		2013
Financial position				
Property, plant and equipment and investment in properties and infrastructure enhancements	**$**	**69,755**	$	71,248
Short-term investments		**15,487**		14,878
Other assets		**1,344**		2,037
	$	**86,586**	$	88,163
Deferred contributions from shareholders	**$**	**14,802**	$	15,961
Long-term mortgage payable		**10,991**		11,355
Current and other liabilities		**3,686**		4,305
		29,479		31,621
Net equity		**57,107**		56,542
	$	**86,586**	$	88,163
Comprehensive income				
Revenues	**$**	**10,560**	$	10,826
Expenses		**8,957**		9,282
Operating income before the following		**1,603**		1,544
Interest expense		**(655)**		(691)
Amortization		**(2,199)**		(2,532)
Other		**1,815**		2,616
Discontinued operations		**–**		(1,398)
Net income (loss) for the year	**$**	**564**	$	(461)

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.

6. Investment in Government Businesses (continued)

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

	2014	2013
Financial position		
Assets	**$ 30,327**	$ 33,797
Liabilities and equity	**$ 30,327**	$ 33,797
Comprehensive income		
Land sales	**$ 9,903**	$ 18,244
Cost of sales	**4,251**	8,836
Operating income before the following	**5,652**	9,408
Interest and other income	**182**	234
Other expenses and adjustments	**(1,033)**	(1,438)
Net income for the year	**$ 4,801**	$ 8,204

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.

The condensed supplementary financial information of WHRC is as follows:

	2014	2013
Financial position		
Capital assets	**$ 23,898**	$ 25,457
Current and other assets	**7,411**	7,258
	$ 31,309	$ 32,715
Long-term debt	**$ 21,596**	$ 23,150
Current and other liabilities	**4,323**	4,304
	25,919	27,454
Replacement Reserves	**4,313**	4,377
WHRC Building and Acquisition Reserve	**1,063**	1,046
Unrestricted net assets (deficit)	**14**	(162)
	5,390	5,261
	$ 31,309	$ 32,715
Results of operations		
Revenues	**$ 10,780**	$ 9,600
Expenses	**10,604**	9,568
Excess of revenues over expenses for the year	**176**	32
Change to Replacement Reserves during the year	**(64)**	366
Change to WHRC Building and Acquisition Reserve during the year	**17**	20
Net income for the year	**$ 129**	$ 418

During the year, the City paid WHRC an operating grant of $180 thousand (2013–$195 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2013–$2.0 million). As at March 31, 2014, WHRC has utilized $55 thousand of this line of credit (2013– $167 thousand).

6. Investment in Government Businesses (continued)

Summary of investment in government businesses

		2014		2013
North Portage Development Corporation (1/3 share)	$	19,036	$	18,847
River Park South Developments Inc. (1/2 share)		10,021		11,704
Winnipeg Housing Rehabilitation Corporation		5,390		5,261
	$	34,447	$	35,812

Summary of results of operations

		2014		2013
North Portage Development Corporation (1/3 share)	**$**	**188**	$	(154)
River Park South Developments Inc. (1/2 share)		**2,400**		4,102
Winnipeg Housing Rehabilitation Corporation		**129**		418
	$	**2,717**	$	4,366

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

		2014		2013
Accrued liabilities	**$**	**135,774**	$	137,466
Trade accounts payable		**118,971**		116,459
Accrued interest payable		**8,182**		9,756
	$	**262,927**	$	263,681

8. Deferred Revenue

		2014		2013
Federal gas tax transfer	**$**	**22,440**	$	22,900
Province of Manitoba		**13,405**		21,997
Other		**16,270**		16,204
	$	**52,115**	$	61,101

9. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	2014	2013
1994-2014	Jan. 20	8.000	VQ	6300/94	**$ –**	$ 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**	60,000
2014-2045	June 1	4.100	WD	144/11, 23/13 and 149/13	**60,000**	–
2014-2045	June 1	3.713	WD	144/11, 23/13 and 149/13	**60,000**	–
2014-2051	Nov. 15	3.893	WC	93/11 and 145/2013	**52,568**	–
					745,568	658,000
Equity in The Sinking Funds (Notes 9a and b)					**(125,630)**	(195,237)
Net sinking fund debentures outstanding					**619,938**	462,763
Other debt outstanding						
Serial and instalment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.50% (2013–4.52%)					**24,240**	34,621
Bank loans, Province and other with varying maturities up to 2026 and a weighted average interest rate of 2.90% (2013–3.04%)					**117,168**	109,263
Capital lease obligations (Note 9c)					**25,474**	26,056
Service concession arrangement obligations (Notes 9d and 15d)					**155,814**	157,344
					942,634	790,047
Unamortized premium on debt (Note 9e)					**18,435**	10,349
					$ 961,069	$ 800,396

Debt segregated by fund/organization:

	2014	2013
General Capital Fund	**$ 625,415**	$ 466,150
Waterworks System	**139,569**	145,696
Transit System	**88,389**	90,907
Special operating agencies and other	**97,457**	84,394
Solid Waste Disposal	**10,239**	11,651
Sewage Disposal System	**–**	1,598
	$ 961,069	$ 800,396

9. Debt (continued)

Debt to be retired over the next five years:

	2015	2016	2017	2018	2019	2020+
Sinking fund debentures	$ 88,000	$ –	$ 30,000	$ –	$ –	$ 627,568
Other debt	38,643	37,601	19,592	18,637	17,444	190,779
	$ 126,643	$ 37,601	$ 49,592	$ 18,637	$ 17,444	$ 818,347

a) As at December 31, 2014, sinking fund assets have a market value of $152.1 million (2013–$208.1 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $40.0 million (2013–$28.3 million) and a market value of $42.3 million (2013–$28.7 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
2015	$ 2,476
2016	2,476
2017	2,502
2018	2,553
2019	2,563
Thereafter	32,463
Total future minimum lease payments	45,033
Amount representing interest at a weighted average rate of 8.18%	(19,559)
Capital lease obligations	$ 25,474

d) Service concession arrangement obligations are as follows:

	2014	2013
DBF2 Limited Partnership–Chief Peguis Trail Extension	**$ 48,625**	$ 49,120
Plenary Roads Winnipeg GP–Disraeli Bridges	**107,189**	108,224
	$ 155,814	$ 157,344

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 $107.8 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 $6.2 million. As at December 31, 2014, $105.3 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.

9. Debt (continued)

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the full $107.8 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 a monthly performance-based maintenance payment to DBF2 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. The contract was executed in March 2010 and terminates in October 2042. The Disraeli Bridges were 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, 2014, $188.9 million was capitalized for commissioned works (Note 13). 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 a monthly performance-based maintenance payment to PRW as disclosed in Note 15d.

e) Included in the Consolidated Statement of Financial Position are investments of $21.2 million (2013–$12.5 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 2014 is $53.7 million (2013–$54.7 million) and cash paid for interest during the year is $55.3 million (2013–$58.2 million).

10. Other Liabilities

		2014		2013
Environmental liabilities	**$**	**36,176**	$	27,127
Expropriation		**25,800**		19,500
Developer deposits and other		**11,214**		10,521
	$	**73,190**	$	57,148

Included in environmental liabilities is $30.5 million (2013–$25.1 million) for the estimated total landfill closure and post-closure care expenses. The estimated liability for these expenses is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the City's average, risk adjusted, long-term, borrowing rate of 5.0% (2013–6.0%).

Landfill closure and post-closure care requirements have been defined in accordance with The Environment Act and include final covering and landscaping of the landfill, pumping of ground, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 100-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 94% of its total capacity and its remaining life is approximately 94 years, after which perpetual post-closure maintenance is required.

10. Other Liabilities (continued)

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, 2014, the reserve had a balance of $5.3 million (2013–$5.0 million).

11. Accrued Employee Benefits and Other

		2014		2013
Retirement allowance–accrued obligation	**$**	**95,978**	$	94,702
Unamortized net actuarial loss		**(5,142)**		(5,406)
Retirement allowance–accrued liability		**90,836**		89,296
Vacation		**50,924**		48,159
Workers' compensation		**26,869**		22,969
Compensated absences		**10,329**		9,410
Other		**5,833**		6,483
	$	**184,791**	$	176,317

Under the retirement allowance programs, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). In addition, adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 11.5 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

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, 2014. The results of this valuation were extrapolated to the financial reporting date of December 31, 2014 using year-end assumptions.

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

		2014		2013
Retirement allowance–accrued liability				
Balance, beginning of year	**$**	**89,296**	$	86,259
Current service cost		**5,284**		5,309
Interest cost		**3,527**		3,465
Amortization of net actuarial loss		**1,116**		1,513
Benefit payments		**(8,387)**		(7,250)
Balance, end of year	**$**	**90,836**	$	89,296

Retirement allowance expense consists of the following:

		2014		2013
Current service cost	**$**	**5,284**	$	5,309
Interest cost		**3,527**		3,465
Amortization of net actuarial loss		**1,116**		1,513
	$	**9,927**	$	10,287

11. Accrued Employee Benefits and Other (continued)

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

	2014	2013
Discount rate on liability	**2.90%**	3.70%
General increases in pay	**2.50–3.00%**	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 (the "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 Benefits Program is accounted for similar to a defined contribution benefits program. The Benefits Program provides pension and disability benefits to all City of Winnipeg employees, other than police officers, and to employees of certain other participating employers.

Members' contribution rates increased 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 for future years. 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. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2013, which indicated an excess of actuarial value of program assets over actuarial liabilities of $116.4 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, 2014 was $41.6 million (2013–$54.0 million).

Total contributions by the City to the Benefits Program in 2014 were $28.9 million (2013–$26.1 million), which were expensed as incurred.

b) Winnipeg Police Pension Plan

The Winnipeg Police Pension Plan (the "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. Within the Plan, 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. Thereafter, actuarial surpluses 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, 2013. The valuation revealed a funding surplus, which, in accordance with the terms of the Plan, was resolved through an increase in the contribution stabilization reserve and by increasing the rate of cost-of-living adjustments to pensions from 47.0% to 47.8% of the inflation rate.

12. Pension Costs and Obligations (continued)

An actuarial valuation of the Plan as of December 31, 2014 is to be prepared but it is not required to be filed with the Office of the Superintendent–Pension Commission. 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. As of the date of the last valuation of the Plan, the actuarial valuation showed 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 yearly renewable letter of credit with face value equal to the value of additional contributions cumulatively otherwise required. City Council has previously secured the letter of credit option and has obtained a letter of credit with respect to December 2013 valuation.

The results of the December 31, 2013 actuarial valuation of the Plan were extrapolated to December 31, 2014. 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 5.75% per year (2013–6.00%); inflation rate of 2.00% per year (2013–2.00%); and general pay increases of 3.50% per year (2013–3.25%). 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:

	2014	2013
Plan assets:		
Fair value, beginning of year	**$ 1,120,262**	$ 953,291
Employer contributions	**23,141**	20,954
Employee contributions and transfers	**12,778**	11,880
Benefits and expenses paid	**(44,237)**	(43,122)
Net investment income	**119,924**	177,259
Fair value, end of year	**1,231,868**	1,120,262
Actuarial adjustment	**(99,758)**	(72,467)
Actuarial value, end of year	**$ 1,132,110**	$ 1,047,795
Accrued pension obligation:		
Beginning of year	**$ 1,047,795**	$ 980,412
Interest on accrued pension obligation	**62,638**	58,534
Current period benefit cost	**36,586**	33,429
Actuarial loss	**29,328**	18,542
Benefits and expenses paid	**(44,237)**	(43,122)
End of year	**$ 1,132,110**	$ 1,047,795
Expenses related to pensions:		
Current period benefit cost	**$ 36,586**	$ 33,429
Amortization of actuarial gains	**(687)**	(613)
Less: employee contributions and transfers	**(12,778)**	(11,880)
Pension benefit expense	**23,121**	20,936
Interest on accrued benefit obligation	**62,638**	58,534
Expected return on plan assets	**(62,618)**	(58,516)
Pension interest expense	**20**	18
Total expenses related to pensions	**$ 23,141**	$ 20,954

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.

12. Pension Costs and Obligations (continued)

Total contributions made by the City to the Plan in 2014 were $23.1 million (2013–$21.0 million). Total employee contributions to the Plan in 2014 were $12.8 million (2013–$11.9 million). Benefits paid from the Plan in 2014 were $43.4 million (2013–$42.2 million).

The expected rate of return on Plan assets in 2014 was 6.00% (2013–6.00%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2014 was 10.74% (2013–18.70%).

As the City's contribution to the Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Consolidated Statement of Financial Position. 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, 2014 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 2014, the City paid out $0.3 million (2013–$0.3 million). An actuarially determined pension obligation of $3.9 million (2013–$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, 2013 and the results were extrapolated to December 31, 2014. The principal long-term assumptions on which the valuation was based were: discount rate of 3.30% per year (2013–4.3%); and general pay increases of 3.50% per year (2013–3.50%). 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:

		2014		2013
Group life insurance plan assets, at actuarial value	**$**	**141,522**	$	138,092
Accrued post-retirement life insurance obligations	**$**	**117,731**	$	92,741

13. Tangible Capital Assets

	Net Book Value	
	2014	2013
General		
Land	**$ 221,050**	$ 211,130
Buildings	**438,862**	386,293
Vehicles	**161,326**	179,281
Computer	**31,566**	33,057
Other	**265,613**	200,427
Infrastructure		
Plants and facilities	**581,533**	587,634
Roads	**1,202,340**	1,129,322
Underground and other networks	**1,993,372**	1,931,198
Bridges and other structures	**548,418**	541,214
	5,444,080	5,199,556
Assets under construction	**400,424**	337,607
	$ 5,844,504	$ 5,537,163

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

During the year, $nil (2013–$nil) of tangible capital assets were written-down. Interest capitalized during 2014 was $3.7 million (2013–$3.4 million). In addition, roads and underground networks contributed to the City totalled $64.4 million in 2014 (2013–$91.9 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $281.1 million (2013–$286.0 million) of tangible capital assets that were acquired through service concession arrangements.

14. Accumulated Surplus

Accumulated surplus consists of the following:

	2014	2013
Invested in tangible capital assets	**$ 4,890,347**	$ 4,637,548
Reserves (Schedule 2)	**291,645**	266,460
Manitoba Hydro long-term receivable (Note 5)	**220,238**	220,238
Other surplus accumulated in utility operations, consolidated entities and other	**150,767**	197,793
Equity in government businesses (Note 6)	**34,447**	35,812
Unfunded expenses to be funded from future revenues:		
Accrued employee benefits and other	**(180,624)**	(172,283)
Environmental liabilities	**(36,176)**	(27,127)
Canadian Museum for Human Rights grant	**(10,304)**	(10,778)
	$ 5,360,340	$ 5,147,663

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, 2014 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
2015	$ 8,406
2016	7,663
2017	7,173
2018	6,813
2019	5,374
2020 and thereafter	75,923
	$ 111,352

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, 2014 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, 2014 is $23.2 million (2013–$7.4 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 was 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. Representatives of Veolia are working collaboratively with representatives of the City providing advice and recommendations in respect of the City's (i) management and operation of the Facilities (ii) assessment, planning and delivery of upgrades and capital modification to the Facilities; and (iii) assessment, planning and delivery of operational improvement 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 setting 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 capital projects and operations 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 the 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 achieving or completing 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 in providing services as indicated in Item 1 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 requires 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 provides 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, 2014, the forgivable loans totalled $5.3 million (2013–$5.7 million).

16. Taxation

	2014	2013
Municipal and school property taxes	**$ 1,037,506**	$ 985,893
Payments-in-lieu of property (municipal and school) and business taxes	**49,356**	47,147
	1,086,862	1,033,040
Payments to Province and school divisions	**(579,245)**	(550,039)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	**507,617**	483,001
Business taxes and license-in-lieu of business taxes	**58,818**	56,326
Local improvement and frontage levies	**43,180**	42,488
Electricity and natural gas sales taxes	**20,109**	18,995
Amusement and accommodation taxes and mobile home licenses	**11,077**	11,003
	$ 640,801	$ 611,813

The property tax roll includes school taxes of $549.1 million (2013–$521.5 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2014 totalled $30.1 million (2013–$28.5 million) and are treated the same as school taxes. School taxes and payments-in-lieu of school taxes are remitted to the Province and school divisions based upon a formula and schedule set by the Province. If property taxes are reduced due to an assessment reduction, the City is required by legislation to fund the repayment of both the municipal and school taxes with applicable interest.

Business taxes do include the amount of levy imposed for business improvement zones of $4.3 million (2013–$4.2 million).

17. Sales of Services and Regulatory Fees

	2014	2013
Water sales and sewage services	**$ 244,762**	$ 235,875
Other sales of goods and services	**132,908**	129,962
Transit fares	**78,091**	76,482
Regulatory fees	**70,569**	65,550
	$ 526,330	$ 507,869

18. Government Transfers

	2014	2013
Operating		
Province of Manitoba		
Ambulance, libraries and other	**$ 57,598**	$ 62,049
Building Manitoba Fund	**57,104**	56,604
Transit	**37,854**	33,534
Unconditional	**26,494**	19,888
Support	**13,079**	12,425
Support for provincial programs	**(23,650)**	(23,650)
	168,479	160,850
Government of Canada	**538**	487
Total Operating	**169,017**	161,337
Capital		
Province of Manitoba		
Building Manitoba Fund		
Manitoba Winnipeg Infrastructure Agreement	**36,662**	–
Winnipeg Convention Centre	**22,550**	11,518
Road Improvements	**16,690**	12,935
Manitoba Winnipeg Infrastructure Funding	**4,022**	15,100
Other	**13,950**	14,247
	93,874	53,800
International Polar Bear Conservation Centre	**30,000**	–
Building Canada Fund	**9,487**	–
Manitoba Housing Renewal Corporation	**1,227**	5,379
	134,588	59,179
Government of Canada		
Federal gas tax revenue	**41,014**	46,476
Other capital funding	**34,228**	25,266
	75,242	71,742
Total Capital	**209,830**	130,921
	$ 378,847	$ 292,258

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

	2014	2013
Salaries and benefits	**$ 779,586**	$ 730,133
Goods and services	**428,012**	376,614
Amortization of tangible capital assets	**208,074**	198,106
Interest	**53,715**	54,732
Other expenses	**34,472**	37,215
	$ 1,503,859	$ 1,396,800

20. Budget

On March 23, 2015 Council approved the 2015 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 2015 budget document is a 2014 consolidated budget 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 2014 consolidated budget presented in the budget has been utilized in these consolidated financial statements.

21. Property and Liability Insurance

The City purchases comprehensive insurance coverage for property and liability with a self-insured retention level of $250 thousand per claim for most of the policies. The City has established an Insurance Reserve Fund (Schedule 2) that enables the City to carry a large self-insured retention level which mitigates the effect of poor claims experience in any given year.

22. Segmented Information

The City of Winnipeg is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, ambulance, public transit and water. For management reporting purposes the City's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Protection

Protection is comprised of the Police Service and Fire Paramedic Service departments. The mandate of the Police Service department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Paramedic Service department is responsible for providing fire suppression service; fire prevention programs; and training and education related to prevention, detection or extinguishment of fires. It is also responsible for pre-hospital emergency paramedical care and the transport of 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.

Transit System Fund

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

22. Segmented Information (continued)

Water and Waste Funds

The Water and Waste department consists of three distinct utilities–water, wastewater and solid waste disposal. The department provides drinking water to citizens of Winnipeg, 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 3).

23. Funds Held in Trust

Trust funds administered by the City for the benefit of external parties, which total $0.3 million (2013–$0.3 million), are not included in the 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	**2014**	2013
Cost												
Balance, beginning 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
Add: Additions during the year	11,248	75,490	7,893	6,602	90,964	10,452	127,960	104,319	20,669	62,817	**518,414**	543,938
Less: Disposals during the year	1,328	298	2,833	536	115	100	2,247	4,637	–	–	**12,094**	24,336
Balance, end of year	221,050	765,015	372,983	154,747	404,884	851,027	2,229,020	3,003,363	775,942	400,424	**9,178,455**	8,672,135
Accumulated amortization												
Balance, beginning of year	–	303,530	188,642	115,624	113,608	253,041	973,985	972,483	214,059	–	**3,134,972**	2,948,908
Add: Amortization	–	22,916	25,596	7,964	25,766	16,453	54,919	40,995	13,465	–	**208,074**	198,106
Less: Accumulated amortization on disposals	–	293	2,581	407	103	–	2,224	3,487	–	–	**9,095**	12,042
Balance, end of year	–	326,153	211,657	123,181	139,271	269,494	1,026,680	1,009,991	227,524	–	**3,333,951**	3,134,972
Net Book Value of Tangible Capital Assets	$ 221,050	$ 438,862	$ 161,326	$ 31,566	$ 265,613	$ 581,533	$1,202,340	$1,993,372	$ 548,418	$ 400,424	**$5,844,504**	$5,537,163

Consolidated Schedule of Reserves SCHEDULE 2

As at December 31 (in thousands of dollars)

	2014	2013
Reserves		
Capital Reserves		
Environmental Projects	**$ 73,006**	$ 67,338
Transit Bus Replacement	**16,766**	7,157
Sewer System Rehabilitation	**15,328**	17,821
Rapid Transit Infrastructure	**8,914**	8,856
Brady Landfill Site Rehabilitation	**5,280**	4,959
Water Main Renewal	**3,562**	3,787
Waste Diversion	**1,312**	952
Computer Replacement	**1,221**	1,248
Local Streets Renewal	**850**	500
Golf Course	**496**	1,325
Regional Street Renewal	**188**	–
Federal Gas Tax Revenue	**128**	605
	127,051	114,548
Special Purpose Reserves		
Land Operating *	**21,313**	(4,633)
Perpetual Maintenance Fund–Brookside Cemetery	**14,938**	14,430
Destination Marketing	**8,036**	11,568
Land Dedication	**7,115**	5,049
Multi-Family Dwelling Tax Investment	**5,536**	7,006
Insurance (Note 21)	**5,244**	7,980
Workers Compensation	**5,217**	4,726
Commitment	**3,739**	4,093
Economic Development Investment	**3,697**	2,341
Housing Rehabilitation Investment	**2,158**	3,125
Insect Control Urgent Expenditures	**2,004**	3,000
Permit	**1,014**	2,001
General Purpose	**937**	3,204
Perpetual Maintenance Fund–St. Vital Cemetery	**880**	850
Perpetual Maintenance Fund–Transcona Cemetery	**615**	596
Heritage Investment	**304**	823
Wading and Outdoor Pool Extended Season	**63**	–
	82,810	66,159
Stabilization Reserve		
Financial Stabilization	**81,784**	85,753
Total Reserves	**$ 291,645**	$ 266,460

* This excludes the investment held for the River Park South Developments Inc. government business partnership.

	2014	2013
Reserve balance as disclosed above	**$ 21,313**	$ (4,633)
Investment held in River Park South Developments Inc. (Note 6)	**10,021**	11,704
	$ 31,334	$ 7,071

Consolidated Schedule of Segment Disclosure—Service SCHEDULE 3

For the Year-ended December 31, 2014 (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	$ 272,844	$ 87,468	$ –	$ 201,950	$ 75,236	$ –	$ –	$ 17,024	$ (13,721)	$ 640,801
Sales of services and regulatory fees	58,117	15,272	22,420	6,344	12,831	81,194	279,726	103,838	(53,412)	526,330
Government transfers (Note 18)	72,305	10,297	–	19,385	15,915	45,275	8,527	240,051	(32,908)	378,847
Transfer from other funds	7,366	2,208	17,963	16,619	4,791	44,666	44,893	355,979	(494,485)	–
Other	16,125	4,342	1,933	9,132	28,991	479	33,696	106,740	(30,880)	170,558
	426,757	119,587	42,316	253,430	137,764	171,614	366,842	823,632	(625,406)	1,716,536
Expenses (Note 19)										
Salaries and benefits	367,909	38,468	23,290	74,447	41,480	98,267	66,804	55,135	13,786	779,586
Goods and services	37,357	8,705	3,015	135,157	16,980	51,469	115,252	111,961	(51,884)	428,012
Interest	498	655	76	9,288	244	6,419	11,366	36,146	(10,977)	53,715
Transfer to other funds	16,008	52,027	14,632	50,876	61,213	6,766	89,337	25,419	(316,278)	–
Other	4,985	19,732	1,303	(16,338)	17,847	19,909	41,359	221,937	(68,188)	242,546
	426,757	119,587	42,316	253,430	137,764	182,830	324,118	450,598	(433,541)	1,503,859
Annual Surplus	$ –	$ –	$ –	$ –	$ –	$ (11,216)	$ 42,724	$ 373,034	$ (191,865)	$ 212,677

Consolidated Schedule of Segment Disclosure—Service SCHEDULE 3

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 Financial Statements
Five-Year Review

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	2014	2013	2012	2011	2010
1. Population (as restated per Statistics Canada)	**709,253**	698,696	689,575	677,830	669,440
Unemployment rate (as restated per Statistics Canada)					
Winnipeg	**5.8%**	6.0%	5.6%	5.8%	5.7%
National average	**6.9%**	7.1%	7.3%	7.5%	7.5%
2. Average annual headcount	**10,206**	10,143	10,080	10,039	9,942
3. Number of taxable properties	**223,411**	220,942	218,973	216,997	215,224
Payments-in-lieu of taxes					
Number of properties	**988**	1,042	1,317	1,181	1,238
4. Assessment (see note)					
Residential	**$ 59,439,781**	51,599,866	50,738,087	44,052,618	43,431,201
Commercial and industrial	**15,102,472**	13,501,469	13,310,247	12,054,712	12,033,087
Farm and golf	**313,569**	245,037	244,951	179,736	183,279
	$ 74,855,821	65,346,372	64,293,285	56,287,066	55,647,567
Assessment per capita (in dollars)	**$ 105,542**	93,526	93,236	83,040	83,126
Commercial and industrial as a percentage of assessment	**20.18%**	20.66%	20.70%	21.42%	21.62%
5. Tax arrears	**$ 54,825**	49,592	37,960	34,747	34,387
6. Tax arrears–per capita (in dollars)	**$ 77.30**	70.98	55.05	51.26	51.37
7. Municipal mill rate	**13.372**	14.600	14.056	15.295	15.295
Adjustment for tax increase	**3.0%**	3.9%	3.5%	0.0%	0.0%
Adjustment for general assessment	**-11.0%**	0.0%	-11.2%	0.0%	-39.9%
8. Winnipeg consumer price index (per Statistics Canada) (annual average)					
2002 base year 100	**124.9**	122.6	119.9	118.1	114.8
Percentage increase	**1.9%**	2.3%	1.5%	2.9%	0.8%
9. Consolidated revenues					
Taxation	**$ 640,801**	611,813	587,578	563,779	550,994
User charges	**526,330**	507,869	483,339	460,452	425,164
Government transfers	**378,847**	292,258	280,237	298,086	251,886
Interest and other revenue	**170,558**	207,318	145,987	147,293	125,812
	$ 1,716,536	1,619,258	1,497,141	1,469,610	1,353,856
10. Consolidated expenses by function					
Municipal operations	**$ 1,067,090**	994,365	910,177	891,823	851,469
Public utilities	**378,584**	347,652	338,028	334,154	301,637
Civic corporations	**58,185**	54,783	51,518	47,257	31,532
	$ 1,503,859	1,396,800	1,299,723	1,273,234	1,184,638
11. Growth in accumulated surplus	**$ 212,677**	222,458	197,418	196,376	169,218

Note: Current provincial legislation requires that a general assessment be performed every two years. A general assessment occurred in 2010, 2012 and 2014. 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 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	2014	2013	2012	2011	2010
12. Consolidated expenses by object					
Salaries and benefits	**$ 779,586**	730,133	695,849	664,221	623,232
Goods and services	**428,012**	376,614	344,217	357,008	324,119
Amortization	**208,074**	198,106	188,432	175,765	165,857
Interest	**53,715**	54,732	53,587	43,954	46,233
Other expenses	**34,472**	37,215	17,638	32,286	25,197
	$ 1,503,859	1,396,800	1,299,723	1,273,234	1,184,638
13. Payments to school authorities	**$ 579,245**	550,039	521,322	497,237	497,907
14. Debt					
Tax-supported	**$ 687,586**	557,781	560,073	334,359	274,838
Transit	**97,125**	103,936	109,709	110,449	81,408
City-owned utilities	**198,737**	248,719	296,868	285,799	290,605
Other	**84,816**	74,848	80,012	70,321	68,238
Total gross debt	**1,068,264**	985,284	1,046,662	800,928	715,089
Less: Sinking Funds	**125,630**	195,237	264,037	242,528	218,687
Total net long-term debt	**$ 942,634**	790,047	782,625	558,400	496,402
Percentage of total assessment	**1.26%**	1.21%	1.22%	0.99%	0.89%
15. Acquisition of tangible capital assets	**$ 518,414**	543,938	653,993	486,320	333,851
16. Net financial (liabilities) assets	**$ (509,896)**	(411,063)	(325,605)	(55,176)	48,603
17. Accumulated surplus					
Invested in tangible capital assets	**$ 4,890,347**	4,637,548	4,397,884	4,197,895	3,983,440
Reserves					
Capital	**127,051**	114,548	114,907	107,716	97,376
Special Purpose	**82,810**	77,863	90,219	81,981	71,973
Stabilization	**81,784**	85,753	80,404	85,305	81,582
	291,645	278,164	285,530	275,002	250,931
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**185,214**	221,901	199,539	205,043	236,686
Unfunded expenses	**(227,104)**	(210,188)	(190,683)	(183,088)	(172,581)
	178,348	231,951	229,094	242,193	284,343
	$ 5,360,340	5,147,663	4,912,508	4,715,090	4,518,714
18. Government-specific indicators					
Assets-to-liabilities	**4.49**	4.79	4.85	5.62	6.00
Financial assets-to-liabilities	**0.67**	0.70	0.75	0.95	1.05
Public debt charges-to-revenues	**0.03**	0.04	0.04	0.03	0.03
Own-source revenues-to-taxable assessment	**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues	**0.22**	0.18	0.19	0.20	0.19

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University of Winnipeg United Health and Recreation Complex
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Peguis Pavilion at Kildonan Park
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StorefrontMB

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Winnipeg Design Festival -
Street Chess by Mengying LI, Qian Jiang, and Zenghong Yang, 2014
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