

Winnipeg

The City of Winnipeg

2016 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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Winnipeg at a Glance



735,600[¤] | Population

15,800[¤] | Annual Population Change *(2015-2016)*

39.6[±] | Median Age

$37.6 billion[+] | GDP

1.2%[¤] | CPI

$45,000[+] | Personal Income Per Capita

455,400[+] | Labour Force

425,800[+] | Employment

6.5%[+] | Unemployment Rate

$288,190[*] | Average Home Assessment

$1,656[*] | Average Municipal Property Taxes *(excluding school taxes)*

3,605[‡] | Housing Starts

294,245[¤] | Total Households

3,995[*] | Total New Dwelling Units Created

6,917[*] | Total Residential Permits Issued

3,251[*] | Total Non-Residential Permits Issued

$977,900,000[*] | Residential Permit Values

$1,039,764,000[*] | Non-Residential Permit Values

¤ Statistics Canada

\+ Conference Board of Canada, Metropolitan Outlook (December 2016)

± Conference Board of Canada, Long Term Forecast 2015; City of Winnipeg

‡ CMHC Starts and Completions Survey (2016)

* City of Winnipeg

Message from the Mayor

To see and feel the changes transforming Winnipeg today, you can't just read about it: you have to **experience** it.

Our population is surging, at a pace not seen since the baby boom. Our Census Metropolitan Area is expected to exceed a million people, in 18 years. Our economy is diverse, strong, and growing; the Conference Board of Canada projects 2.4% GDP growth and 2.1% employment growth over the coming year.

Our downtown is thriving, with projects like True North Square, Centrepoint, and the Glasshouse Skylofts; and our innovators are breaking through to international success, with leadership from organizations like the North Forge Technology Exchange, and the Manitoba Technology Accelerator.

As a Council, we're working to keep this momentum going with fiscally prudent, responsible budgets; Winnipeg's first Open Government policy; and a determination to really **listen** to citizens, every day. Because – from innovation in business, to achievement in sport and the arts, to real conversations to make the community more inclusive for everyone – Winnipeggers have something to say to all Canadians.

That's why we want you to join us for Canada's 150th birthday, for this summer's 2017 Canada Summer Games. Come see and feel and experience Winnipeg, today.





Mayor Brian Bowman
City of Winnipeg

2014–2018

14th Council of the City of Winnipeg
Members and Appointments

(As at December 31, 2016)



Mayor Brian Bowman
Chairperson, Executive Policy Committee



Jeff Browaty
NORTH KILDONAN WARD
Chairperson, Winnipeg Police Board



Ross Eadie
MYNARSKI WARD



Scott Gillingham
ST. JAMES-BROOKLANDS-WESTON WARD
Chairperson, Standing Policy Committee on Finance
Council Liaison for Labour Relations



Janice Lukes
ST. NORBERT WARD



Marty Morantz
CHARLESWOOD-TUXEDO-WHYTE RIDGE WARD
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works



Matt Allard
ST. BONIFACE WARD
Acting Deputy Mayor
Council Francophone Liaison
Council Liaison for Veteran and Military Affairs
Council Representative for Capital Region and Liaison for Transmodal Connectivity



Shawn Dobson
ST. CHARLES WARD
Council Representative for the Mayor's Age Friendly and Senior's Advisory Committee



Jenny Gerbasi
FORT ROUGE-EAST FORT GARRY WARD
Deputy Mayor
Deputy Speaker
Chairperson, Winnipeg Housing Steering Committee
Secretary of Urban Indigenous Opportunities



Cindy Gilroy
DANIEL MCINTYRE WARD
Chairperson, Standing Policy Committee on Innovation

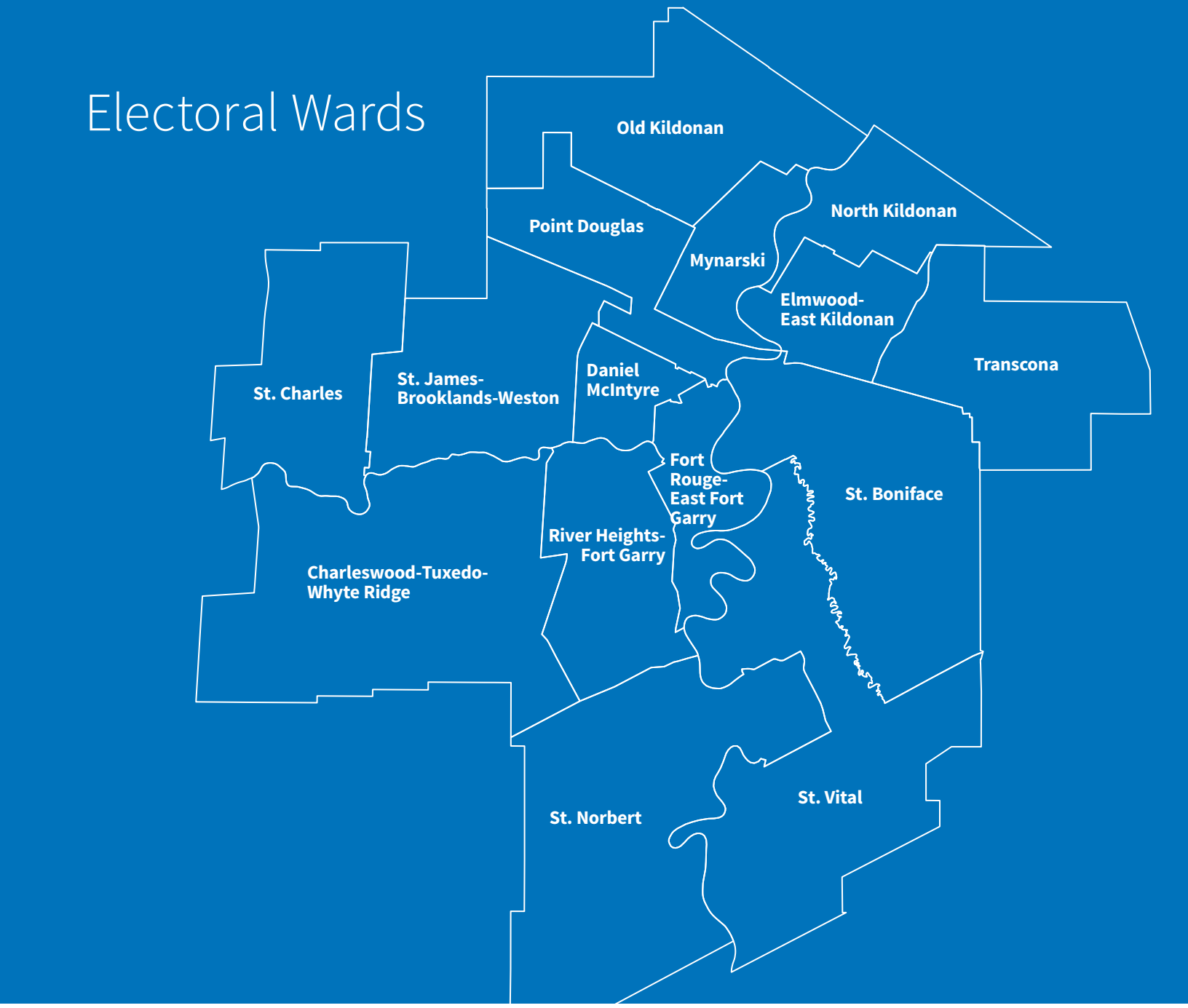


Brian Mayes
ST. VITAL WARD
Chairperson, Standing Policy Committee on Water and Waste, Riverbank Management and the Environment
Council Liaison for School Board and Youth Opportunities



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

Electoral Wards





Mike Pagtakhan
POINT DOUGLAS WARD
Chairperson, Standing Policy Committee on Protection, Community Services and Parks
Councillor Responsible for the Assiniboine Park Conservancy
Council Liaison for Project Management



Jason Schreyer
ELMWOOD-EAST KILDONAN WARD
Secretary of the End Homelessness Strategies



Devi Sharma
OLD KILDONAN WARD
Speaker



Russ Wyatt
TRANSCONA WARD

City of Winnipeg Governance

City Council (Council) is the governing body of the City of Winnipeg (the City) and the custodian of its powers, both legislative and administrative. The City may exercise only those powers granted to it by legislation.

Policy making at the local level is limited and controlled by provincial government statute. The City of Winnipeg Charter (the Charter) provides the majority of powers and authority to the City. However, other statutes extend additional authority to Council in its decision making process.

The composition of Council is legislated under Part 3 of the Charter and consists of 15 Councillors and the Mayor. Each Councillor represents an individual ward while the Mayor is elected by a vote of the city-at-large. Members of Council are accountable to the people of Winnipeg, and hold office for four year terms.

Councillors have a dual role: they are members of Council, – where decisions affecting the whole city are made; – and members of the Community Committees, – where decisions affecting local community issues are made.

Council exercises its powers either by by-law or resolution passed at a regular or special meeting when a quorum is present.

Pursuant to the Charter, Council has the authority to establish committees of Council, and Council may delegate a power, duty or function to a committee of Council.

Currently, there are six Standing Committees of Council whose chairpersons are appointed by the Mayor. These include the Standing Policy Committee on Finance; the Standing Policy Committee on Infrastructure Renewal and Public Works; the Standing Policy Committee on Protection, Community Services and Parks; the Standing Policy Committee on Property and Development, Heritage, and Downtown Development; the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment; and the Standing Policy Committee on Innovation.

These Standing Policy Committees provide policy advice to Council, and consider and report to Council through the Executive Policy Committee (EPC) on matters respecting their areas of jurisdiction.

The Standing Policy Committee chairpersons and the Mayor collectively form EPC, with the Mayor chairing the committee. EPC formulates and presents recommendations to Council respecting policies, plans, budgets, by-laws, and other matters that affect the city as a whole; ensures the implementation of policies adopted by Council; recommends to Council the appointment, suspension, or dismissal of statutory officers; supervises the Chief Administrative Officer; co-ordinates the work of committees of council; and receives reports of other committees of council and forwards them to Council with its own recommendations.

OPENNESS AND TRANSPARENCY

Winnipeggers seeking to be more engaged with their local government have more tools than ever at their disposal to access information and become involved in the political process. Council and committee meetings are live-streamed online, and are recorded for later viewing. Hansard and disposition documents created for and shared through the Decision Making Information System are available in machine-readable format.

Citizens are able to register as delegations where they can provide opinions and feedback on matters before committees and Council.

In 2016, the City completed a study that identified a number of opportunities to apply better data sharing, along with machine-readable format to the data that is shared with the public. Several opportunities were identified across City departments to improve data sharing using the City's Open Data Portal.

Open data is information that is widely available, in a format that can be read by a computer and is made available for anyone to use, transform, or republish without restriction. It normally only requires that the data source be cited. The practice of providing open data must respect all legislation and regulations regarding freedom of information and protection of privacy. In total, the City released 24 new datasets throughout 2016.

As part of its commitment to greater transparency and accountability, the City also publishes records of interest to the public both proactively and in response to requests submitted under *The Freedom of Information and Protection of Privacy Act* (FIPPA). The City processed 1,126 FIPPA applications in 2016.

Furthermore, steps were taken to hire the City's first Integrity Commissioner in 2016. A three-member panel of Council was assembled to review applications and to provide a recommendation of a candidate to EPC for Council's approval. The Office of Integrity Commissioner was established to provide a transparent, accessible, and open process through which Councillors and members of the public may report or receive information on perceived conflicts of interest by a sitting member of Council.

The Integrity Commissioner reports directly to Council, is appointed by Council for a minimum two-year renewable term, and is required to publish an annual report of its activities. They have the authority to investigate matters raised relating to members of Council, but does not have the authority to investigate City employees whose activities are currently covered by the City's Employee Code of Conduct.

For more information, please visit **winnipeg.ca**.



2017 Senior Administration. From Left: Georges Chartier, Dave Wardrop*, Michael Jack, Doug McNeil, Michael Ruta, Michael Legary*, and Felicia Wiltshire.

City of Winnipeg Administration

There are a number of civic departments and special operating agencies (SOAs) which provide a variety of services, including in the areas of public safety, transportation, environment, planning and development, and leisure and wellness.

STATUTORY OFFICERS

Council appoints four statutory officers: Chief Administrative Officer, Chief Financial Officer, City Clerk, and City Auditor. The Chief Administrative Officer is the administrative head of the City, and advises and informs Council on the operation and affairs of the City. They also ensure policies and programs are implemented, provide input on behalf of the administration to Council's goals, objectives, and strategies, supervise the City's employees, responsible for the care of the City's real property and other assets, and approve and coordinate administrative reports to the Standing Policy Committees, EPC, and Council, among other responsibilities.

The Chief Financial Officer reports to the Chief Administrative Officer, and supervises the Assessment and Taxation and Corporate Finance departments, monitors the financial status of the City, and provides advice on fiscal policy and strategy.

The City Auditor is independent of the City's Public Service. They conduct examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring the Public Service's accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations.

Independent of the City's Public Service, the City Clerk supports the work of Council, EPC, Standing Policy Committees, Community Committees, the Mayor and Mayor's Office, and members of Council, as well as liaises with the Chief Administrative Officer and senior administrators.

SENIOR ADMINISTRATION

In an effort to create more efficiency at City Hall, in 2016 the Chief Administrative Officer realigned the reporting structures for senior management to create a more even distribution of responsibilities at the senior administration level and to improve the flow of information within the administration.

The Chief Administrative Officer now has six direct reports, up from three previously – the Chief Corporate Services Officer (formerly called the Chief Operating Officer), the Chief Financial Officer, and the Director, Customer Service & Communications. The Chief Asset & Project Management Officer, Chief Innovation Officer, and Chief Transportation & Utilities Officer are the new direct reports.

The realignment focused on three key priorities:

- **Innovation**—a focus on innovation by realigning Business Technology Services, Data & Application Services, and IT Project Management.
- **Infrastructure**—a stronger focus on Infrastructure by aligning departments with strong infrastructure demands.
- **Customer Service**—focusing efforts on strengthening customer service and public education by aligning the Office of Public Engagement, 311 Contact Centre, and French Language Services with Corporate Communications.

The Chief Corporate Services Officer is responsible for five departments (Legal Services; Community Services; Planning Property & Development; Winnipeg Police Service; and, Winnipeg Fire Paramedic Service) and two SOAs (Animal Services and Golf Services). Key divisions such as Indigenous Relations, Human Resources, and Labour Relations are now reporting directly to the Chief Corporate Services Officer.

The Chief Asset & Project Management Officer position was created to co-ordinate and facilitate the review of work by civic departments, consultants, contractors, internal technical, clerical, financial, and department leads, involved in all City capital projects completed on behalf of the City.

The Chief Innovation Officer is responsible for setting the strategic direction of organizational innovation through technology to enhance the City's service delivery capabilities. This position provides leadership for service delivery activities and operational transformation activities across the City, ensuring the best possible use of the City's existing technology resources, systems, platforms, and applications, while finding new ways to meet service challenges, planning for future needs, and responding to economic opportunities.

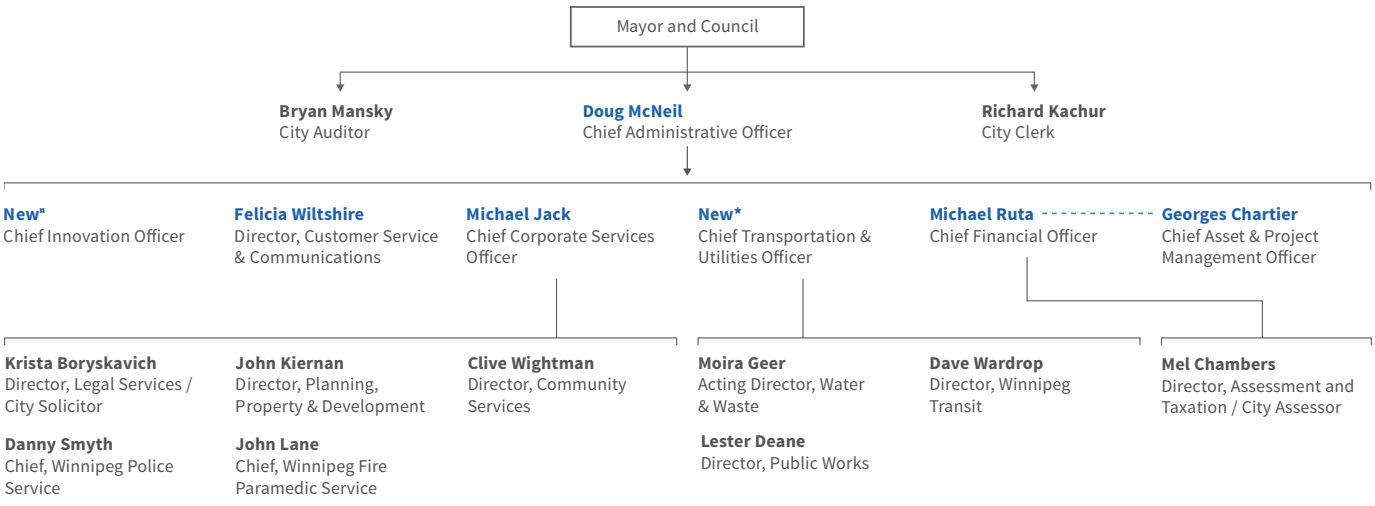
The Chief Transportation & Utilities Officer is responsible for the three large infrastructure departments (Water & Waste; Winnipeg Transit; and Public Works) along with two SOAs (Winnipeg Parking Authority and Fleet Management Agency).

The Director of Customer Service and Communications is responsible for the divisions that communicate with the public and media on behalf of the City (311 Contact Centre; Corporate Communications; Office of Public Engagement; French Language Services; Web & Social Media; and Marketing & Branding).

2016 ADMINISTRATION ORGANIZATION CHART

(As at December 31, 2016)

*,¤ = Positions filled in 2017.



Message from the Chief Administrative Officer



Doug McNeil, P.Eng.
Chief Administrative Officer

Throughout 2016, the goal of the Public Service was three-fold: to make the most of taxpayers' dollars; to help Council plan and build for the future effectively; and to provide excellent service to citizens, at all times.

Implementation of Council's balanced, disciplined budgetary approach resulted in both Moody's Investors Service and Standard and Poor's reaffirming Winnipeg's credit rating, at Aa2 and AA/Stable, respectively – with the agencies citing the City's "disciplined fiscal planning" and "strong financial management."

In 2017, we're working to ensure Council's plans for sustained street renewal, community safety, transit development, water and wastewater utility upgrades, active transportation enhancements, and community development, are implemented both efficiently and cost-effectively. We continue finding efficiencies across the organization, and our Asset Management Program is helping us allocate scarce resources better.

We've recently realigned and reinforced our Public Service reporting structure, to strengthen our management team's focus on the key priorities of innovation, infrastructure, and customer service. Our capacity for communication and consultation with citizens has been enhanced, and we're expanding our activities in the field of Open Data.

All of these measures are important preparations for upcoming discussions about *OurWinnipeg*, as mandated by *The City of Winnipeg Charter*. As we prepare to support Council and citizens in developing a new blueprint for the community's future, we want to ensure that the Public Service is more attentive, and more accessible, than ever before.

As always, we recognize that the heart of the Public Service's mission is in the quality of the service we provide to the public, each and every day. I want to thank all the staff who gave their very best in 2016. I appreciate your commitment, and the opportunity to serve Council and residents, with you.

Citizen Satisfaction Survey Highlights

The City conducts an annual citizen satisfaction survey to solicit opinions on its performance in the delivery of key services. In 2016, 600 Winnipeggers, aged 18 and older, provided their thoughts on what the City is doing well and what needs improvement.

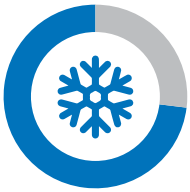
94% rate **quality of life** as very good or good

79% rate **customer service** as very good or good

68% rate **value of tax dollar** as very good or good

Citizen Satisfaction with City services

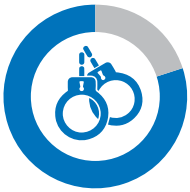
85% rate **overall City services** as very good or good



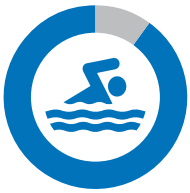
73%
are very satisfied or somewhat satisfied with **snow removal**



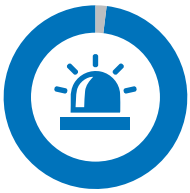
96%
are very satisfied or somewhat satisfied with **condition of major parks***



80%
are very satisfied or somewhat satisfied with **efforts in crime control**



90%
are very satisfied or somewhat satisfied with **City-operated recreation programs***



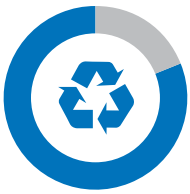
98%
are very satisfied or somewhat satisfied with **fire & rescue response to fire emergencies**



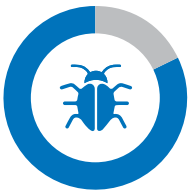
77%
are very satisfied or somewhat satisfied with **public transit***



83%
are very satisfied or somewhat satisfied with **garbage collection**



81%
are very satisfied or somewhat satisfied with **recycling program**



82%
are very satisfied or somewhat satisfied with **insect control**

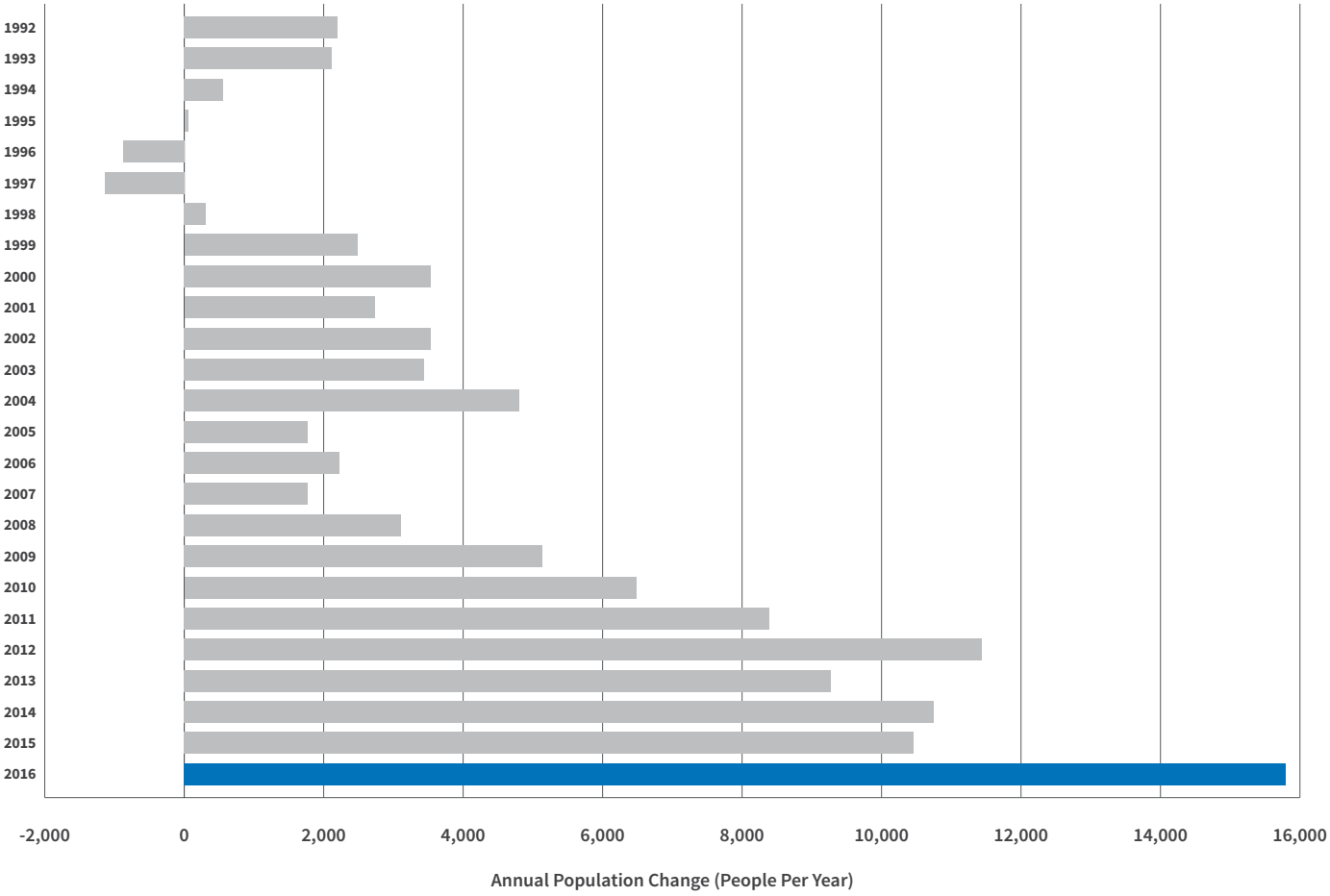
*Those who have indicated they have used the service.



City of Winnipeg Service Highlights

Winnipeg is growing. The city is in the early stages of a cycle of strong growth, a pace not seen for decades as evidenced by the table below. This momentum is showing no signs of slowing.

City of Winnipeg Annual Population Change



According to the *2016 City of Winnipeg Population, Housing, and Economic Forecast*, Winnipeg's average annual population growth over the next 25 years is estimated to increase by 8,200 people per year. It also notes that the City's Census Metropolitan Area population is predicted to exceed 1 million people by 2034/2035 and surpass 1,055,000 by 2040.

Winnipeg itself is expected to grow to a population of approximately 922,600 by 2040.

Furthermore, the number of households is expected to increase by around 32 per cent, or approximately 100,000, to a total of 391,100 by 2040.

Investments in key services and infrastructure are critical to support a growing, thriving, modern city, now and into the future. As such, the City's 2016 Budget, based in part on citizens' priorities identified through the budget consultation process, is focused on the following areas:

- Record Street Investment;
- Public Transportation;
- Investing in Safer, Stronger Neighbourhoods and Community Amenities; and
- Innovation and Efficiencies.

RECORD STREET INVESTMENT

A well-maintained transportation system promotes economic vitality and a positive city image. As such, the City's 2016 Budget dedicated a record $105.2 million towards the Regional and Local Street Renewals programs. More than 20 regional street projects worth $46.136 million were undertaken in 2016, and the remaining $59.025 million went towards more than 120 local street projects.

Providing greater access and options for walking and cycling leads to improved health, increased personal mobility, more livable and socially active communities, and reduced impacts on the environment and our climate.

In 2016, the first of a series of Walk-Bike Projects were initiated, providing walking and cycling opportunities throughout Winnipeg that are safe and accessible for people of all ages and abilities. Furthermore, the City made progress in accommodating pedestrians through infrastructure improvements and renewal, the addition of new active transportation paths, and the expansion of the City's sidewalk network.

2016 Roadway Construction and Maintenance



58.90
(LANE-KM)
Capital Rehabilitation of Regional Streets

7.50
(LANE-KM)
Capital Addition of Regional Streets

11.30
(LANE-KM)
Capital Reconstruction of Regional Streets

18.81
(LANE-KM)
Capital Reconstruction of Local Streets

71.75
(LANE-KM)
Capital Rehabilitation of Local Streets

7.70
(KM)
Capital Addition of Surfaced Alleys

4.01
(KM)
Capital Reconstruction of Alleys

17.03
(LANE-KM)
Roadway transferred from developers



1,483
(METRES)
New Pedestrian/ Cycle Pathways

1,120
(METRES)
Capital Addition of Regional Sidewalks

1,745
(METRES)
Capital Reconstruction of Regional Sidewalks

22,360
(METRES)
Capital Addition of Non-Regional Sidewalks





PUBLIC TRANSPORTATION

The City is served by Winnipeg Transit, which provides a network of 93 routes throughout the city. Ensuring this service meets the needs of its users and expanding service capabilities is of the upmost importance, which is why Council approved over $200 million in operating expenses for 2016.

Development of a rapid transit system is a key component of the City's Transportation Master Plan to provide citizens with a viable alternative to the automobile, to reduce road congestion, and to build a transportation system that serves future generations.

Beginning in 2016, a multi-year funding plan was implemented to ensure the City has the capacity to fund the Southwest Rapid Transitway project to completion, with dedicated planned tax increases of 0.33 per cent every year for 10 years.

In June, the City announced significant cost savings of $120 million for the Southwest Rapid Transitway (Stage 2) and Pembina Underpass Project. The substantial cost savings were realized through the refinement of the final design and a competitive public private partnership bidding process that allowed for project innovations and lower construction costs.

2016 Winnipeg Transit Service Level Statistics



623
Number of Buses in Fleet

623
Number of Easy Access Buses in Fleet

100%
Percentage of Easy Access Buses in Fleet

93
Number of Routes

1,541,618
Bus Hours Operated

29,978,613
Bus Kilometers Operated

5,084
Number of Bus Stops

169,908
(AVERAGE WEEKDAY)
Passengers Carried

48,521,820
(ANNUAL)
Passengers Carried

Construction is expected to be completed in late 2019, while Transit operations on the new transitway are expected to commence in April 2020, following a period of testing, training, and commissioning.

Furthermore, in December 2016, following a request for proposals, a preferred bidder was selected to undertake the functional study for the second rapid transit corridor connecting east Winnipeg with the downtown. The study will set out the conceptual design, identify associated transportation improvements, as well as the broad implementation strategy for the Eastern Transitway. The functional study's anticipated completion date is summer 2018.

Once completed, these projects will represent a significant step forward in building the transportation network outlined in the City's Transportation Master Plan, and will help promote the increased densification of Winnipeg by facilitating the future development of several large-scale, infill, transit-oriented developments.



INVESTING IN SAFER, STRONGER NEIGHBOURHOODS AND COMMUNITY AMENITIES

OurWinnipeg is the City's five-year development plan, which guides the physical, social, environmental, and economic development of our city. *OurWinnipeg* was adopted by Council in 2011 and was created with the input of more than 40,000 Winnipeggers through the most creative and collaborative process ever undertaken in our city – SpeakUp Winnipeg.

In 2016, the fifth and final annual *OurWinnipeg Report to the Community* was released, providing an update on related activities connected to key areas of the plan over the last year. Significant planning and preparation was also undertaken related to the development of the new five-year review of *OurWinnipeg*, which is mandated by the Charter.

Safety & Security

To be sustainable and livable a city needs to be safe, and the quality of life offered by a city depends in many ways on its safety and security. Safety is a basic requirement of a competitive city. When people feel safe they can fully participate in social and economic life – they can enjoy their neighbourhoods, work without injury, and can travel and use public spaces without fear.

Significant investments were made to the Winnipeg Police Service in the order of $280.7 million, and $190.3 million to the Winnipeg Fire Paramedic Service in 2016.

The City has a collaborative, broad-scaled, and complete approach to safety and security that is making Winnipeg a safer city. In 2016, the Winnipeg Police Service launched its downtown safety strategy, called Centreline. The strategy takes a proactive approach to crime and disorder, whereby officers tackle problems in their specific areas through community engagement, crime analysis, problem-oriented policing, and proactive policing principles, as well as public education campaigns.

The Winnipeg Fire Paramedic Service and Winnipeg Police Service have developed a coordinated response to address opioid use in our city, including an aggressive public education campaign focused on awareness, education, and prevention. The end goal of this program is to create a sustainable, fluid program that is entrenched within our school divisions on a long-term basis.

A Welcoming Community

Winnipeg has long been a city of immigrants. Since our beginnings, cultural difference has been a regular part of life and part of our collective strength. Whether fleeing persecution, or seeking a new home and new opportunities, Winnipeg has always been a welcoming, inclusive community.

In May, the City helped plan and deliver a Welcome Fair for Syrian refugee families at the Old Exhibition Grounds and the North Centennial Recreation and Leisure Facility. The overall goal of the event was to support the economic and social inclusion of newcomers into the city by coordinating community-level planning, facilitating communication among stakeholders, and identifying newcomers' needs through consultations with decision-makers from various community organizations and institutions, as well as newcomers themselves.

The event drew over 800 newcomers. Attendees learned about the many services offered, and supports available to them from the City. Newcomers were able to apply for library cards, fee waivers, and facility passes on-site.

In the summer of 2016, in collaboration with the local residents association and a not-for-profit partner, the City supported the development of garden beds at the North Centennial Recreation and Leisure Facility. The Garden of Nations consisted of 32 garden plots used by 15 newcomer families from Myanmar, Congo, and Bhutan, among others. The program was so successful that there are plans to expand the project.

2016 Recreation and Leisure Service Level Statistics



8,320
Number of Paid Aquatics Courses

3,303
Number of Recreation and Leisure Paid Courses

128,087
Number of Public Swim Visits to Outdoor Pools

22,422
Number of Hours of Wading Pool Free Programming

18,446
Number of Hours of Spray Pad Free Programming

Community Amenities

The City is a leader in delivering recreation services that build healthy communities. The City's role as a recreation and wellness leader and facilitator includes working to address age, gender, ability, and cultural barriers to participation.

Recreation, active living, and leisure programs and services strengthen families, build healthy communities, improve quality of life, support the healthy development of children, and provide an opportunity to develop leadership skills. Opportunities to participate in recreation activities enhance life skills, community leadership development, and overall quality of life for citizens, particularly among youth in our neighbourhoods.

In 2016, improvements were made to several facilities, including Rose Hill Park, Tyndall Park Community Centre Outdoor Classroom, and Glenn McWhinney Park, while two new spray pads – Machray Park and Park City West Community Centre – opened.

Significant improvements were made at City aquatic facilities in 2016. The St. Vital Outdoor Pool reopened in June, with a number of new amenities and features including a beach entry, heated water, eight new splash features, new pathways, pool decking, fencing, and landscaping. The new building features change areas with accessible change rooms and a new reception area. The Kinsmen Sherbrook Pool received critical structural repairs as well as upgrades to several public amenities, and reopened in December 2016. Furthermore, in preparation for the 2017 Canada Summer Games, a significant number of capital upgrades were completed at the Pan Am Pool.

In January, an event was held at St. Vital Library to mark the completion of the first phase of renovations to this Winnipeg Public Library branch. Phase 1 renovations included installing an elevator to improve accessibility to all three floors of the library.

INNOVATION AND EFFICIENCIES

In 2016, the City continued to work towards launching the Transportation Management Centre, designed to improve traffic flow city-wide as well as providing real-time traffic information.

In total, 650 of Winnipeg's signalized intersections were connected to a state-of-the-art central management system, and 70 traffic monitoring cameras were installed throughout the year. 100 percent connectivity was achieved between all traffic signals and a centralized hub – an uncommon feat for a city of Winnipeg's size – will allow for remote signal timing changes within minutes versus days, and will facilitate the rapid response to unexpected incidents such as collisions, stalls, barricades, special events and adverse weather.

The City launched its *Know Your Zone* mobile app in October. The app provides Winnipeggers with easy to access, up-to-date snow zone information and notifies users when a Residential Parking Ban is in effect during the winter.

By using the GPS capabilities of a mobile device, combined with either the app's interactive mapping feature or by entering the street address, residents can easily access snow zone information, colour-coded maps indicating when snow clearing activities are set to take place, and the snow clearing schedule.

In addition, the app also features push notifications that automatically send a message to a user when a residential parking ban is declared for the addresses saved as favourites. The app also links to descriptions of all five winter parking bans and an "in effect" page that indicates which winter parking bans are currently declared.

Other innovative products launched in 2016 were *peggo*, Winnipeg Transit's smart card collection system which provides more flexible bus fare options and allows users to load their fare cards online in the comfort of their homes; and the *U-Pass* program with The University of Winnipeg and University of Manitoba, providing students with a bus pass.

Capital Projects

6-year Capital Investment Plan of $2.9 billion (2016 Budget and 5 Year Forecast)



$1,059.8
Public Works & Local Improvements

$1,020.0
Sewer Projects

$219.8
Water & Solid Waste Projects

$218.0
Winnipeg Transit

$203.7
Community Services, Planning, Property & Development, Municipal Accommodations

$109.8
Public Safety

$60.1
Land Drainage, Flood Control & Other

(In millions of dollars)

2016 Year of Reconciliation



In January, Mayor Brian Bowman declared 2016 the Year of Reconciliation in Winnipeg. Working with the Mayor's Indigenous Advisory Circle and Council, the Mayor committed to developing an urban Indigenous Accord and supported the implementation of the Truth and Reconciliation Commission (TRC) Calls to Action directed at municipalities.

The City, through the Indigenous Relations Division, supported these commitments and coordinated work with several civic departments, the National Centre for Truth and Reconciliation, The University of Winnipeg, Knowledge Keepers, Cultural teachers, Elders, and other groups involved in the process of reconciliation both locally and nationally.

Over the course of 2016, the City undertook several initiatives regarding the TRC Calls to Action related to municipalities. Among the many highlights, the City worked with The University of Winnipeg's Master's in Development Practice in Indigenous Studies to complete a research project that provided recommendations for the City to consider regarding the potential implementation of the United Nations Declaration on the Rights of Indigenous Peoples.

To support TRC Call to Action #57, the City offers Indigenous Awareness training sessions. Public Service leaders are required to take a two day training course called Chi Ki Ken Da Mun (Ojibway for "So You Should Know"), which includes topics such as Indigenous History and Timelines, Residential School Impacts and Legacy, Traditional and Contemporary Role of Indigenous Women, and Indigenous World View of Culture, Ceremonies and Medicines. In 2016, the number of training sessions was increased to include over 140 Public Service leaders in this training.

In 2016, the City developed a half day training session called W'daeb Awaewe (Ojibway for "The Truth As We Know It") which provides an introduction into an Indigenous world view and an insight into the Residential School system with a Winnipeg focus. Launched in the fall of 2016, over 235 Public Service employees completed this training.

Other opportunities to learn about Indigenous culture and history were offered to employees, and the Winnipeg Public Library hosted a speaker's series. Furthermore, the City developed a smudging standard to support Indigenous culture and tradition in day-to-day operations.

The City's Archives identified existing materials related to residential schools and their legacies to make them available to the National Centre for Truth and Reconciliation, along with digitized records and associated metadata.



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. These consolidated statements include departments, special operating agencies, 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 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 utility 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 operating 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. Economic Development Winnipeg Inc. is a government partnership and is proportionately consolidated. These corporations are involved in various activities including economic development, recreation, tourism, entertainment and conventions.

North Portage Development Corporation, Winnipeg Housing Rehabilitation Corporation, River Park South Developments Inc. and Park City Commons are included in the Statements as investments in government businesses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial statements present information to describe the government's financial position at the end of the accounting period. Such information is useful to evaluate 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, the City reports:

(in thousands of dollars)	**2016**	2015	**Variance**
Cash and cash equivalents	**$ 393,863**	$ 348,995	**$ 44,868**
Other financial assets	**678,592**	688,384	**(9,792)**
Financial assets	**1,072,455**	1,037,379	**35,076**
Liabilities	**1,732,923**	1,622,177	**(110,746)**
Net financial position	**(660,468)**	(584,798)	**(75,670)**
Non-financial assets	**6,445,055**	6,207,251	**237,804**
Accumulated surplus	**$ 5,784,587**	$ 5,622,453	**$ 162,134**

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.

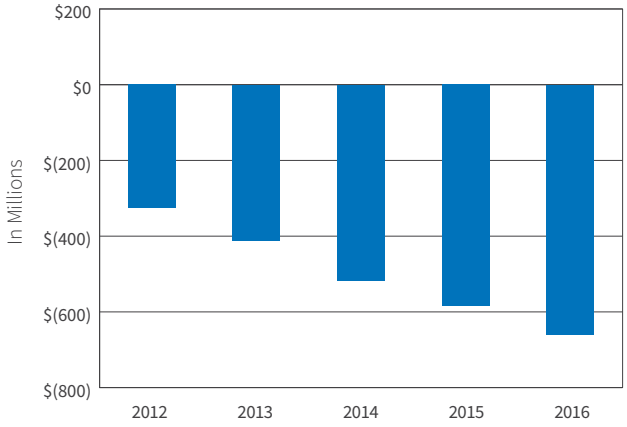
Cash Resources

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 2016, the City's cash increased by $44.9 million. This increase resulted primarily because cash arising from borrowing 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, 2016, the City was in a net financial liability position of $660.5 million (2015 – $584.8 million). The change in net financial position during the year resulted primarily from increased debt balances.

NET FINANCIAL POSITION

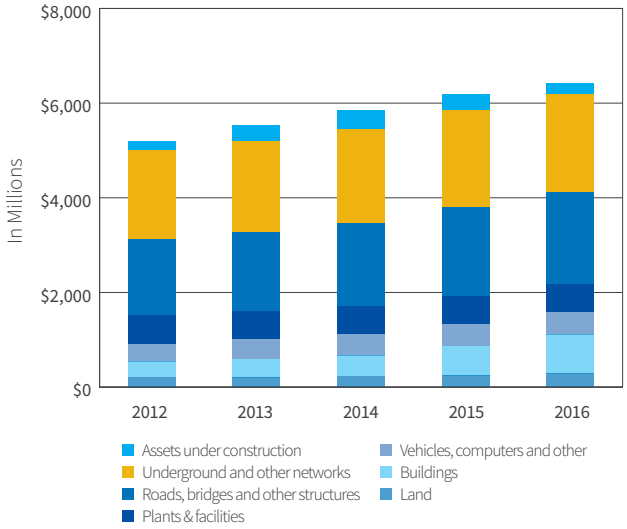


Non-Financial Assets

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 March 22, 2016, City Council adopted the 2016 annual capital budget and the 2017 to 2021 five-year forecast. The six-year plan projected $2.9 billion in City capital projects, with $1.2 billion authorized in 2016. Some of the projects included in the 2016 capital budget are:

TANGIBLE CAPITAL ASSETS (NET BOOK VALUE)



- $105.2 million for regional and local street renewal, including $2.4 million in local sidewalk renewals, and $183.9 million for waterway crossings and grade separation, including the Waverley Underpass.
- $4.1 million for active transportation facilities, $3.3 million for parks and recreation enhancements and $6.6 million at aquatic facilities are included in investments in parks and recreation.
- $7.6 million for the library refurbishment and redevelopment program.
- $702.5 million in sewage disposal collection and treatment systems, including $651.4 million for the North End Sewage Treatment Plant Nutrient Removal/Upgrade project.
- $45.3 million in waterworks systems, including $6 million for the City's Freedom Road commitment.

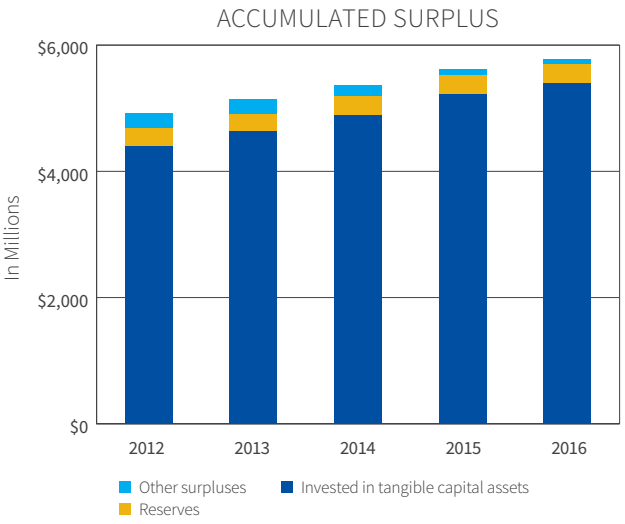
Also included in the capital investment plan over the six-year period is anticipated funding of $259.7 million under the Federal Gas Tax Agreement, $406.0 million of anticipated provincial funding and $452.6 million of cash funding.

During 2016, the City acquired $475.6 million of tangible capital assets (2015 – $558.4 million), including contributed roads and underground networks totaling $59.0 million (2015 – $111.0 million). These assets were capitalized at their fair value at the time they were received. Of the assets acquired, $262.5 million was for tax-supported projects (55%). 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 landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2016 – 93%; 2015 – 93%). Investment in tangible capital assets is a very important aspect of service delivery and is not intended or readily accessible for use in funding ongoing operations.

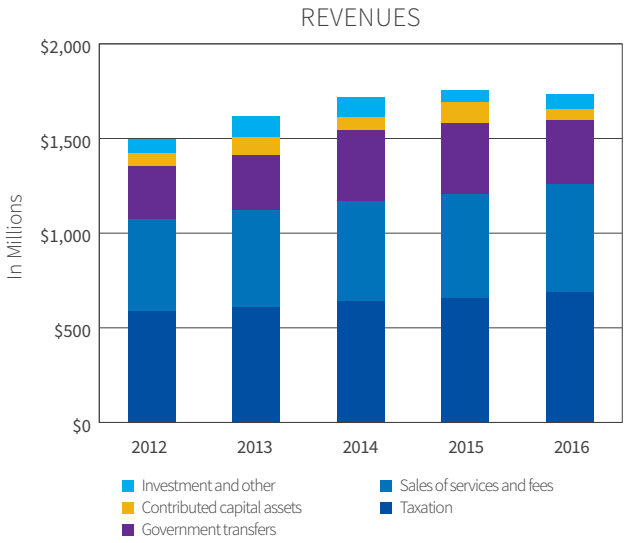


The City's accumulated surplus, through its investment in tangible capital assets, has grown over the period, indicating a strong foundation upon which services will continue to be delivered in the future.

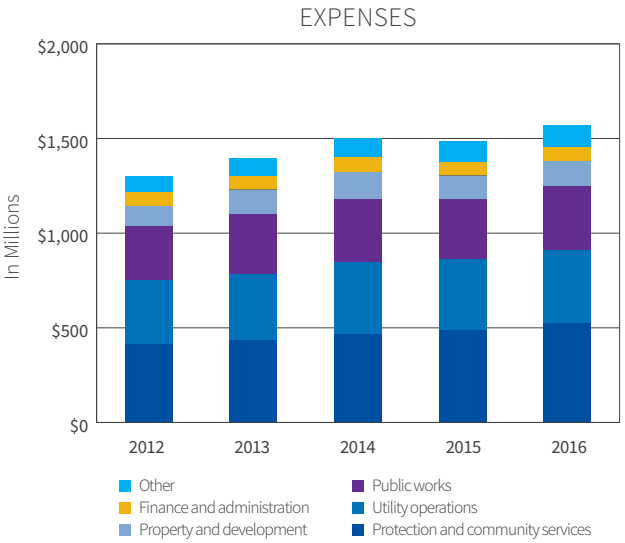
CONSOLIDATED STATEMENT OF OPERATIONS

Financial statements 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 have been stable, ranging from 18% to 22%.



Note: Revenues include capital related transfers and contributions included in the other category on the Consolidated Statement of Operations and Accumulated Surplus.

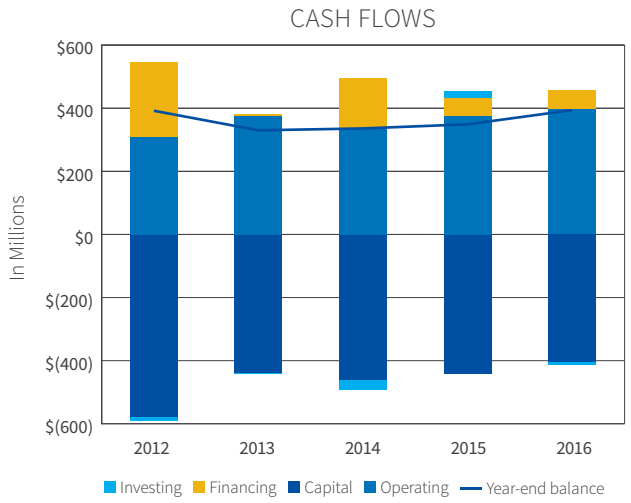


As the table above indicates, the City's protection and community services and public works expenses have increased over the five-year period presented, indicating City Council's priorities of public safety and roads.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

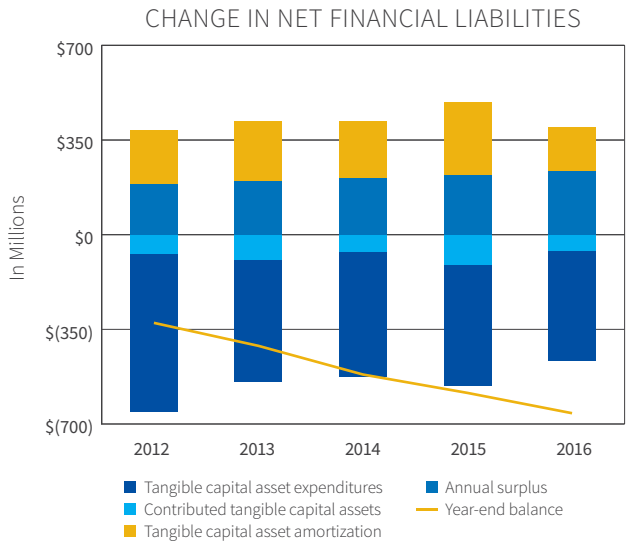
Capital investments have been more significant over the past five years, financed largely through operations, which include capital-related government transfers and a responsible amount of debt. Higher tangible capital asset acquisition noted to the right in 2012 is related to the Disraeli Bridges design, build, finance and maintain project. This project, which includes a service concession arrangement, also increased financing cashflows during 2012.



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



Even though the City has assumed more debt in recent years, it has done so responsibly. This statement is reflected in the results of its credit rating review. Late in 2016, Standard & Poor's (S&P) affirmed the City's AA credit rating. The rationale for the rating was: "very strong economic fundamentals", "exceptional liquidity position" and "moderate debt burden" as well as "strong financial management". However, S&P noted these strengths are offset somewhat by large capital expenditure requirements that limit the otherwise strong budgetary flexibility.

Moody's Investors Service (Moody's) announced in July 2016 it would be maintaining the City's credit rating, at Aa2, noting that the rating benefits from disciplined fiscal planning and a track record of solid operating surpluses, a diverse economy and access to stable and predictable own-source revenues. However, Moody's also noted that the rating is constrained by Winnipeg's debt burden as the City continues to invest in infrastructure. Lastly, Moody's expects the City will maintain strong debt affordability, despite forecasted higher debt levels.

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 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, not only 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 decreased $13.8 million since the prior year. This is largely due to a decrease in the amount owed by the Province of Manitoba for funding of capital investments, related to timing of spending and claims submissions to the Province.

The largest component of accounts receivable is trade accounts and other receivables at 51% (2015 – 49%). Approximately 36% of trade accounts and other receivables result from water and sewer services. Management has determined credit risk to be low on these outstanding receivables and has provided an allowance for doubtful accounts of $400 thousand (2015 – $400 thousand).

As at December 31, 2016, property, payments-in-lieu and business tax receivables, net of the estimated allowance for uncollectible amounts, represented 16% (2015 – 16%) of total receivables. The decrease in the allowance for tax arrears is mostly related to collection of previously allowed for payments-in-lieu of taxes on federal government properties. Taxation revenue is 40% (2015 – 38%) of total consolidated revenues.

Taxes Receivable

As at December 31 (in thousands of dollars)	**2016**	2015	2014	2013	2012
Taxes receivable	**$ 51,550**	$ 58,121	$ 54,825	$ 49,592	$ 37,960
Allowance for tax arrears	**(330)**	(4,255)	(6,183)	(3,694)	(3,351)
	$ 51,220	$ 53,866	$ 48,642	$ 45,898	$ 34,609

Investments

As at December 31 (in thousands of dollars)	**2016**	2015
Marketable securities		
Government of Canada	**$ 15,185**	$ –
Provincial	**13,697**	11,797
Municipal	**59,424**	69,529
	88,306	81,326
Manitoba Hydro long-term receivable	**220,238**	220,238
Other	**13,646**	11,638
	$ 322,190	$ 313,202
Market value of marketable securities	**$ 90,093**	$ 84,660

During 2002, Manitoba Hydro acquired Winnipeg Hydro from the City. The resulting long-term receivable from the sale included annual payments starting 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. These securities are being held to finance anticipated future costs, such as perpetual maintenance at the three cemeteries maintained by the City. City Council has approved an Investment Policy to provide the Public Service with a framework for managing its investment program. The Investment Policy provides guidance and parameters for developing a portfolio strategy; a performance measurement section, including benchmarks and objectives; an enhanced reporting framework; and additional categories of investments that can be made. Safety of principal remains the overriding consideration for investment decisions. Consideration is also given to risk/return, liquidity and the duration and convexity of the portfolio.

Debt

As at December 31 (in thousands of dollars)	**2016**	2015
Sinking fund debentures	**$ 797,568**	$ 717,568
Equity in sinking funds	**(65,677)**	(53,116)
	731,891	664,452
Serial and instalment debt	**14,544**	19,392
Bank, Province of Manitoba and other loans	**124,948**	133,115
Capital lease obligations	**24,162**	24,844
Service concession arrangement obligations	**152,368**	154,158
	1,047,913	995,961
Unamortized premium on debt	**31,931**	20,816
	$ 1,079,844	$ 1,016,777

The City 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 has been 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. The interest rate earnings assumption was set at 4% over the life of the debentures the City issued in 2016. The City has the ability to adjust this interest rate on future debenture issuance to mitigate projected surplus or deficiency positions.

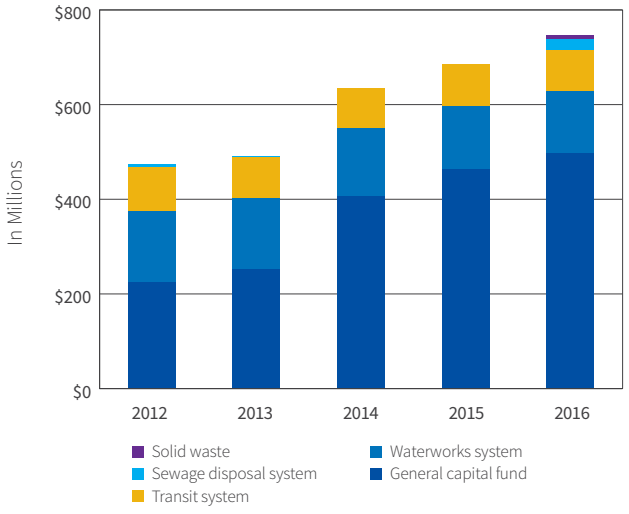
These annual sinking fund payments are invested primarily in government and government-guaranteed bonds and debentures. By investing in bonds and debentures of investees that are considered to be high quality, the City reduces its credit risk. Credit risk arises from the potential for an investee to 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 that has persisted since the global economic crisis of 2008. At this time, the City expects it will refinance for this deficiency upon debt maturity in 2017. 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. The bonds have 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

During 2016, the City issued one sinking fund debenture. The issue was for $80 million, maturing June 1, 2045, and carrying an interest rate of 3.3%.

The City has also incurred serial and instalment debt that have varying maturities up to 2019, and carry a weighted average interest rate of 4.5% (2015 – 4.5%). Annual interest and principal payments are made on the debt.

NET SINKING FUND DEBENTURES, SERIAL AND INSTALMENT DEBT



In addition, the City has entered into two service concession arrangements with respect to Chief Peguis Trail Extension and Disraeli Bridges. Taking into account the various forms of funding and financing, the effective interest rates incurred by the City is 4.6% and 5.2% for these projects, respectively.

Liquidity is an important measure of an organization's ability to readily service its debt obligations. Liquidity 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	**2016**	2015	2014	2013	2012
Free Cash and Liquid Assets/ Debt Service	**745.3%**	618.6%	578.3%	427.4%	528.9%

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

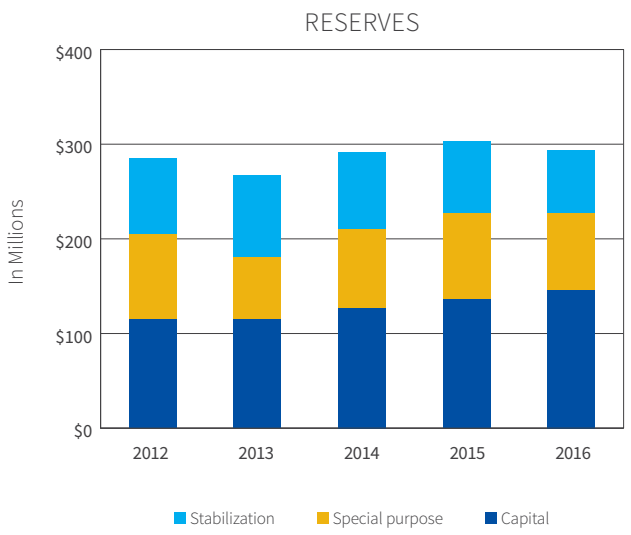
Reserves

Reserve balances have decreased overall by $8.3 million (2015 – $11.3 million increase) from the prior year. The City's Capital Reserves balance increased by $10.1 million, while the Financial Stabilization Reserve and Special Purpose Reserves decreased by $8.2 million and $10.2 million respectively.

At December 31, 2016, the Financial Stabilization Reserve held a $2.6 million surplus over its targeted level of 6% of the General Revenue Fund's adopted 2017 budgeted expenses. The City Council's adopted 2017 budget provides for a transfer of up to $5 million into the General Revenue Fund. Using this budgeted transfer may leave the Financial Stabilization Reserve below its targeted level.

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 the long term. The reserve transferred $19.8 million to the General Capital Fund during 2016 to fund local street, back lane and sidewalk projects.

In the 2014 budget, a similarly 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 kilometers of regional streets. The long-term proposal, subject to annual City Council approval, is to dedicate annual 1% property tax increases to the renewal of regional streets. The reserve transferred $14.5 million to the General Capital Fund during 2016 to fund regional street projects.



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 2016 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 2016, the City recorded consolidated revenues of $1.735 billion (2015 – $1.755 billion), which included government transfers and developer contributions-in-kind related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.573 billion (2015 – $1.486 billion).

Consolidated revenues before government transfers, developer contributions-in-kind and other capital contributions totaled $1.497 billion (2015 – $1.422 billion). As a result, the City reported a deficit before these other items of $76.0 million (2015 – $63.8 million). This deficit is largely a result of accruing for unfunded liabilities such as landfill liabilities and future-oriented employee benefit liabilities. These future-oriented employee benefits, 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 2016**		**Actual 2016**		Actual 2015		Budget to Actual Variance	Actual to Actual Variance
Taxation	**$ 694,870**	40%	**$ 691,016**	40%	$ 660,323	38%	$ (3,854)	$ 30,693
Sales of services and regulatory fees	**577,572**	33%	**569,641**	33%	545,637	31%	(7,931)	24,004
Government transfers – Operating	**188,775**	11%	**182,243**	11%	171,582	10%	(6,532)	10,661
Investment, land sales and other revenues	**51,636**	3%	**53,848**	3%	44,644	3%	2,212	9,204
Revenue before Other	**1,512,853**		**1,496,748**		1,442,920		(16,105)	74,562
Government transfers – Capital	**146,205**	8%	**151,550**	9%	201,405	11%	5,345	(49,855)
Developer contributions-in-kind	**87,700**	5%	**59,020**	3%	110,960	6%	(28,680)	(51,940)
Other capital contributions	**6,866**	0%	**27,528**	1%	20,734	1%	20,662	6,794
	240,771		**238,098**		333,099		(2,673)	(95,001)
	$ 1,753,624		**$ 1,734,846**		$ 1,755,285		$ (18,778)	$ (20,439)

Revenues were $20.4 million lower in 2016 due to several factors. One of the major reasons was decreased developer contributions-in-kind related to the turnover of these assets from developers. This also contributed to revenues coming in lower than budget.

Decreased capital transfers from other levels of government also contributed to the overall decreased revenues year-over-year. This is mostly related to the amount of capital construction.

Taxation revenues increased over the prior year by $30.7 million. Included in taxation revenues are municipal realty taxes, which increased by $14.0 million year-over-year due to assessment roll growth, and a 2.33% increase in property tax rates. The increase in property taxes is attributable to an annual 1% increase to each of the Local and Regional Street Renewal programs, and a 0.33% increase dedicated for future payments for the Southwest Rapid Transitway (Stage 2).

Sales of services and regulatory fees rose over the prior year due to an $8.1 million increase reported in water and sewer sales resulting from increased rates. Increased tax penalty fees and higher solid waste tipping and waste diversion fees also contributed.

Increased other capital contributions over the budgeted level are a result of additional payments from CN Rail and developers.

Consolidated Expenses

For the years ended December 31 (in thousands of dollars)	**Budget 2016**		**Actual 2016**		Actual 2015		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	**$ 510,656**	32%	**$ 528,168**	34%	$ 488,583	33%	$ (17,512)	$ 39,585
Utility operations	**401,529**	25%	**383,922**	25%	370,219	25%	17,607	13,703
Public works	**334,674**	21%	**338,104**	21%	318,018	21%	(3,430)	20,086
Property and development	**154,507**	10%	**131,921**	8%	128,800	9%	22,586	3,121
Finance and administration	**82,866**	5%	**70,011**	5%	71,291	5%	12,855	(1,280)
Civic corporations	**68,602**	4%	**69,847**	4%	61,810	4%	(1,245)	8,037
General government	**44,502**	3%	**50,739**	3%	47,265	3%	(6,237)	3,474
	$ 1,597,336		**$ 1,572,712**		$ 1,485,986		$ 24,624	$ 86,726

Consolidated expenses increased by $86.7 million or 5.8% from the previous year and were $24.6 million under budget, for the following reasons:

- The protection and community service 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 benefits expenses over the previous year, primarily due to contractual rate increases. The increase over budgeted expenses is mostly related to increased salaries and benefits related to overtime and pension contributions.
- Utility operations were under budget mostly related to lower salaries and benefits expenses resulting from turnover and unfilled positions, decreased water main breaks, and the delay in the opening of the 4R Winnipeg depots.
- The increase in Public Works expenses compared to 2015 is related to increased streets maintenance costs for snow clearing and ice control.
- Property and development expenses are lower than budget primarily because of a decrease in grants and costs related to land sales.
- Finance and administration costs are lower than budget primarily because of a decreased provision related to payments-in-lieu of taxes collected during the year.
- General government expenses were over budget due to increased environmental liabilities.

Consolidated Expenses by Object

For the years ended December 31 (in thousands of dollars)	**2016**		2015		Variance
Salaries and benefits	**$ 836,857**	53%	$ 805,889	54%	$ 30,968
Goods and services	**414,575**	27%	387,853	26%	26,722
Amortization	**235,235**	15%	221,358	15%	13,877
Interest	**51,799**	3%	56,130	4%	(4,331)
Other expenses	**34,246**	2%	14,756	1%	19,490
	$ 1,572,712		$ 1,485,986		$ 86,726

Increases in salaries and benefits expense resulted primarily from contractual pay increases to employees, overtime costs, and increased pension contributions.

Goods and services expenses increased largely due to increased snow clearing and ice control operations.

An increase in other expenses is mostly related to grants to the Winnipeg Soccer Federation for the indoor multiplex at Garden City Community Centre, as well as expenses related to environmental liabilities.

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 an analysis performed in 2009, an 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 citizens 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 have been delivered:

- Asset Management Administrative Standard: This document establishes the City's approach to managing the City's physical assets.
- Investment Planning Manual: This manual provides a methodology to develop a consistent, efficient and effective process to develop Investment Plans (Capital Budget).
- Project Management Manual: This manual has been developed and is being implemented to provide consistency in project delivery in the City. It is to be used by all business units in all departments for delivery of capital projects in the City. This manual is largely based on the Project Management Body of Knowledge (PMBOK), which is generally considered to be best practices for project management in North America.
- Templates: These templates include various form documents to ensure consistency throughout the Public Service such as Business Case template and Basis of Estimate template. Templates include "how to" instructions.

The following documents will be delivered as part of the Asset Management Policy's requirements:

- Strategic Asset Management Plan: This document will provide 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.
- Customer Levels of Service: This document, which will be approved by Council, will provide the level to which front-line infrastructure supported services will be delivered.
- 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 will provide information on the state of the City's physical assets for use in external reporting, in the annual budget and in 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.

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 require a supporting business case that can be challenged on the basis of need (level of service and risk), assumptions and recommended solutions.
- During 2014, 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 that includes periodic reporting to City Council, and it 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.
- Work is underway to develop an Open Capital Projects Dashboard. It will provide visually engaging financial and non-financial metrics to apprise stakeholders on the status of open capital projects.
- A Capital Expenditures Monthly Report is posted to the City's website to improve transparency and accountability. A version was made available through the City's Open Data Portal early in 2016.

Financial Management Plan

Continued sustainability is addressed in the 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, and it is monitored on an ongoing basis.

Debt Strategy

To help manage debt responsibly and transparently, on October 28, 2015, City Council approved an updated debt strategy for the City. The following table provides the City Council-approved limits, the debt metrics as at December 31, 2016, and the forecasted peak based on the City Council-approved borrowing and 2017 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As at December 31, 2016	Forecasted Peak
Debt as a % of revenue			
City	**90.0%**	60.3%	82.5%
Tax-supported and other funds	**80.0%**	57.5%	60.3%
Utilities and other	**220.0%**	43.5%	132.0%
Debt-servicing as a % of revenue			
City	**11.0%**	5.0%	9.2%
Tax-supported and other funds	**10.0%**	5.1%	5.5%
Utilities and other	**20.0%**	3.2%	17.7%
Debt per capita			
City	**$ 2,800**	$ 1,439	$ 2,339
Tax-supported and other funds	**$ 1,500**	$ 954	$ 1,016
Utilities and other	**$ 1,500**	$ 373	$ 1,224

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

Loan Guarantees

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, 2016 is $37.1 million (2015 – $27.2 million). The increase in guarantees during the year is related to financing provided to the private Fort Rouge Yards project by the Federation of Canadian Municipalities. The City has an indemnity agreement with First National Financial LP related to this $10 million guarantee.

Some of the capital projects related to guarantees are in progress at year-end, meaning that the full line of credit has not been used. The at risk amount is $53.8 million. The City does not anticipate incurring future payments on these guarantees.

On September 28, 2016 Council adopted a renewed Loan Guarantee Policy. The main objectives of this policy revision were to ensure that loan guarantees are only provided to organizations that assist the City in achieving its goals while minimizing the financial risk associated with the guarantee.

Other revisions include application and standby fees, a cap on the amount of loan guarantees to non-consolidated entities and a minimum threshold for loan guarantee applications.

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.

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.

As a result, 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, starting 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 2016 was 21.8% 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, 2016, the market value of this pension fund's assets was $1,403.6 million (2015 – $1,300.3 million), which is $84.3 million more (2015 – $81.4 million more) than the accrued pension obligation.

Based on an interim valuation of the Plan as at December 31, 2015, the cost of benefits accruing under this Plan in 2016 represent 26.36% of pensionable earnings, of which the employees contributed 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. Further, in accordance with the Plan provisions and the actuarial report on the interim valuation, 0.42% of earnings was not required to be contributed. Therefore, the City contributed the balance of the cost – that is, 17.94% 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 $32.4 million as of December 31, 2016 with respect to the December 2013 valuation.

In December 2011, City Council approved a report entitled "Winnipeg Police Plan – Solvency Exemption". One of the recommendations of that report stated that in the event solvency exemption was not achieved, the City was to explore all options to reduce the significant financial impact related to solvency deficiency rules. In early 2013, the members of the Police Pension Plan voted in significant numbers to reject the election for solvency exemption. The City has engaged consulting assistance to explore options.

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, granted an extension until the end of December 2015.

During 2015, City Council approved by-law 80/2015 in respect of the Plans. The purpose of the by-law was to transfer the plans' administration from the Winnipeg Civic Employees' Benefits Program and the Winnipeg Police Pension Board to The Civic and Police Employees' Group Life Insurance Plans Corporation (CPEGLIPCo). The Province of Manitoba approved the establishment of the CPEGLIPCo as a municipal corporation. The benefits offered by the plans have not changed. This new structure intends to maintain the tax-exempt status of the GLIP.

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 2017 capital budgets for the utilities and their 2018 to 2022 capital forecasts anticipate $890.6 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 Licenses 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 license was issued under the Environment Act, which governs combined sewers and overflow structures. With this direction, a wastewater upgrade program is underway that 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 $93.2 million at December 31, 2016), the Canada Strategic Infrastructure Fund, the Green Infrastructure Fund and accumulated surplus.

The City of Winnipeg operates one landfill, the Brady Road Resource Management Facility, 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. The Environment Act Licence issued on April 23, 2014 provides direction on closure and post closure requirements. 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, long-term borrowing rate.

The City records liabilities under Section 3260 Liability for Contaminated Sites. The City recognizes a liability for remediation of contaminated sites when conditions are identified that indicate non-compliance with environmental legislation. At December 31, 2016, the City recorded a $49.1 million (2015 – $41.7 million) liability related to contaminated sites.

Labour Negotiations

For the year ended December 31, 2016, 53% (2015 – 54%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,426 (2015 – 10,253). The majority of employees are represented by the eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,405	January 12, 2019
CUPE	4,699	December 24, 2016
MGEU	342	February 18, 2017
UFFW	934	December 31, 2020
WAPSO	727	October 17, 2015
WFPSOA	48	August 19, 2017
WPA	1,980	December 23, 2016
WPSOA	32	December 24, 2016
Other (non-union/association)	259	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.

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 SOAs, 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

The Audit Department is independent of the Public Service with a direct reporting relationship to City Council through the Audit Committee. The department plays a key role in providing assurance on the performance of City operations in support of open, transparent and accountable government.

The department continues to focus on the oversight of major capital projects using a proactive approach to auditing. This approach involves reviewing the capital budget estimate documentation supporting a new capital project to confirm it supports the identified class estimate. The department is also conducting a limited scope engagement to provide assurance on the Southwest Transitway Capital project.

The department will continue to deliver advisory, assurance and investigation services. These services are based on periodic risk assessments, requests from the Public Service and as a result of Council directed projects.

Budget Process

Executive Policy Committee (EPC), the executive 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 2017 budget document includes a 2016 consolidated budget section that is prepared on the same basis as the consolidated financial statements.

LOOKING FORWARD

2017 Operating and Capital Budgets

On December 13, 2016, City Council adopted both budgets for The City of Winnipeg – the 2017 capital and operating budgets. In addition, the 2018-2022 capital forecast was approved in principle and the 2018 and 2019 operating projections were received as the preliminary financial plan for those years.

The 2017 capital budget and the 2018 to 2022 five-year forecast includes $2.2 billion in City capital projects with $0.4 billion authorized in 2017. Some of the projects included in the 2017 capital budget are $105.2 million for regional and local street renewal, $81.5 million for Transit capital investment, including $53.2 million for the expansion of transit vehicle overhaul and maintenance facilities, and $22.4 million for new transit buses.

The six-year capital investment plan includes $287.9 million for the transit system; $100.9 million for public safety; $120.5 million for community services, including libraries and recreation facilities; $47.0 million for parks and open spaces; $36.1 million for land drainage and flood control; $32.7 million for active transportation facilities; and $23.2 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 2017 operating budget continues with 1.0% tax increases for each of the Local Street Renewal and Regional Street Renewal Reserves. As well, a 0.33% property tax increase was approved for future payments for the southwest rapid transitway (stage 2) and Pembina Highway underpass project.

Construction of the southwest rapid trasitway (stage 2) and Pembina Highway underpass began in 2016, and will continue in 2017. The project has a budget of $467.3 million and is a public private partnership with funding being provided by all levels of government. Completion of the project will represent a significant step forward in building the transportation network outlined in the City's Transportation Master Plan.

The 2017 budget plan decreases business tax rates from 5.30% to 5.25% and provides for the expansion of the small business tax credit program. The program provides a full municipal business tax rebate to business with a rental value of $32,220 or less (2016 – $32,220 or less), impacting 48% 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 operating 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.

The City of Winnipeg has gone through a period of growth that has impacted the City’s operating and capital costs and revenues. This growth is placing pressure on public infrastructure and the need for City Council to invest in additional capacity to accommodate growth. At the same time, the condition of existing infrastructure is deteriorating.

On October 26, 2016, Council passed the Impact Fee By-law that allowed for the phased-in implementation of the impact fee.

The impact fee is being phased in over a period of three years. During the initial phase, the impact fee only applies to new residential developments in New Communities and Emerging Communities as set out in OurWinnipeg. Collection of impact fees began May 1, 2017.

A working group comprised of elected officials, city administrative staff, and industry and community stakeholders is being established to advise on the implementation of the impact fee over the three-year phase-in period. This working group will provide for ongoing industry and community participation, input into future impact fee rates and their manner of application. The working group will also provide input to the Chief Financial Officer concerning projects to be funded from revenue generated by the impact fee.

The impact fee revenue collected will be deposited into the Impact Fee Reserve Fund and used to fund growth-related capital projects to the extent that they are approved by Council.

General Revenue Fund – Budget

For the years ended December 31 (in thousands of dollars)	2017	2016	2015	2014	2013
Revenues					
Property tax	$ 569,316	$ 549,345	$ 529,168	$ 510,569	$ 482,885
Government transfers	127,789	123,619	118,290	113,763	113,050
Street renewal frontage levy	62,837	62,374	49,129	41,731	41,400
Sale of goods and services	62,796	63,170	59,008	64,486	67,788
Business tax	57,484	57,267	58,366	59,688	58,371
Transfer from other funds	41,512	55,203	45,779	56,787	46,586
Regulation fees	59,210	50,758	45,329	43,227	40,852
Other taxation	25,342	24,955	24,290	25,390	21,963
Interest	18,102	17,102	13,387	11,228	11,432
Other	55,121	51,337	51,351	42,315	38,345
	1,079,509	1,055,130	994,097	969,184	922,672
Expenses					
Police service	288,000	280,670	263,978	259,113	242,548
Public works	229,991	215,521	204,447	187,638	181,976
Fire paramedic service	199,219	190,274	178,321	167,801	167,888
Community services	114,892	111,408	118,569	122,838	111,691
Corporate	59,197	72,356	46,866	60,284	48,825
Planning, property and development	45,598	45,528	48,513	40,554	42,064
Corporate support services	35,996	37,254	34,092	33,038	31,147
Water and waste	32,293	30,399	30,923	31,110	33,703
Assessment and taxation	20,856	19,986	20,520	19,623	18,209
City clerk's	14,947	14,550	12,948	13,465	10,930
Street lighting	13,399	12,963	12,522	11,970	11,618
Corporate finance	9,073	9,015	9,130	9,310	9,412
Other departments	16,048	15,206	13,268	12,440	12,661
	1,079,509	1,055,130	994,097	969,184	922,672
	$ –	$ –	$ –	$ –	$ –

Prior year figures have not been reclassified to conform with the 2017 figures.

Accounting Pronouncements

PSAB has issued several pronouncements that may impact the City's future financial statements. The pronouncements that the City will be reviewing to determine their impact on the Statements are as follows:

- In June 2011, PSAB approved two new standards: Section 3450 Financial Instruments and Section 2601 Foreign Currency Translation. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2019. Upon adoption the City must also adopt the related financial statement presentation changed to Section 1201 Financial Statement Presentation.
- In March 2015, PSAB issued two new standards: Section 2200 Related Party Disclosures and Section 3420 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 1, 2017.
- In June 2015, PSAB issued three new standards: Section 3210 Assets, Section 3320 Contingent Assets and Section 3380 Contractual Rights. These standards address recognition, measurement and disclosure of assets, contingent assets and contractual rights. The new standards are effective for fiscal years beginning on or after April 1, 2017.
- Also in June 2015, PSAB issued Section 3430 Restructuring Transactions. This standard addresses recognition, measurement and disclosure of restructuring transactions, including amalgamations and transfers of programs/operations. The new standard is effective for fiscal years beginning on or after April 1, 2018.

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 online at **winnipeg.ca**. Questions concerning the information provided in these reports should be addressed to Paul D. Olafson, CPA, CA – Corporate Controller, Corporate Finance Department, 4-510 Main Street, Winnipeg, Manitoba, R3B 1B9.



Michael Ruta, FCA
Chief Financial Officer
May 10, 2017

RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

Prior to their submission to City Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee. The Consolidated Financial Statements contained herein were approved by Audit Committee on May 10, 2017. 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
May 10, 2017

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, 2016 and the consolidated statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The City of Winnipeg as at December 31, 2016, 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 Professional Accountants
May 10, 2017
Winnipeg, Canada

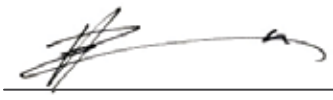
KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)	**2016**	2015
Financial Assets		
Cash and cash equivalents (Note 3)	**$ 393,863**	$ 348,995
Accounts receivable (Note 4)	**320,321**	334,131
Land held for resale	**5,931**	10,916
Investments (Note 5)	**322,190**	313,202
Investment in government businesses (Note 6)	**30,150**	30,135
	1,072,455	1,037,379
Liabilities		
Accounts payable and accrued liabilities (Note 7)	**264,753**	272,951
Deferred revenue (Note 8)	**43,022**	44,264
Debt (Note 9)	**1,079,844**	1,016,777
Other liabilities (Note 10)	**133,462**	83,348
Accrued employee benefits and other (Note 11)	**211,842**	204,837
	1,732,923	1,622,177
Net Financial Liabilities	**(660,468)**	(584,798)
Non-Financial Assets		
Tangible capital assets (Note 13)	**6,418,998**	6,180,915
Inventories	**19,397**	19,531
Prepaid expenses and deferred charges	**6,660**	6,805
	6,445,055	6,207,251
Accumulated Surplus (Note 14)	**$ 5,784,587**	$ 5,622,453
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 2016** (Note 21)	**Actual 2016**	Actual 2015
Revenues			
Taxation (Note 16)	**$ 694,870**	**$ 691,016**	$ 660,323
Sales of services and regulatory fees (Note 17)	**577,572**	**569,641**	545,637
Government transfers (Note 18)	**188,775**	**182,243**	171,582
Land sales and other revenue (Note 19)	**21,988**	**27,018**	14,597
Investment income	**29,648**	**26,830**	30,047
Total Revenues	**1,512,853**	**1,496,748**	1,422,186
Expenses			
Protection and community services	**510,656**	**528,168**	488,583
Utility operations	**401,529**	**383,922**	370,219
Public works	**334,674**	**338,104**	318,018
Property and development	**154,507**	**131,921**	128,800
Finance and administration	**82,866**	**70,011**	71,291
Civic corporations	**68,602**	**69,847**	61,810
General government	**44,502**	**50,739**	47,265
Total Expenses (Note 20)	**1,597,336**	**1,572,712**	1,485,986
Annual Deficit Before Other	**(84,483)**	**(75,964)**	(63,800)
Other			
Government transfers related to capital (Note 18)	**146,205**	**151,550**	201,405
Developer contributions-in-kind related to capital (Note 13)	**87,700**	**59,020**	110,960
Other capital contributions	**6,866**	**27,528**	20,734
	240,771	**238,098**	333,099
Annual Surplus	**$ 156,288**	**162,134**	269,299
Accumulated Surplus, Beginning of Year		**5,622,453**	5,353,154
Accumulated Surplus, End of Year		**$ 5,784,587**	$ 5,622,453

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)	**2016**	2015
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Annual surplus	**$ 162,134**	$ 269,299
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**235,235**	221,358
Developer contributions-in-kind related to capital	**(59,020)**	(110,960)
Change in other liabilities and employee benefits	**57,119**	30,204
(Gain) loss on sale tangible capital assets	**(1,630)**	2,797
Other	**(15)**	(2,874)
	393,823	409,824
Net change in non-cash working capital balances related to operations	**2,156**	(34,651)
Cash provided by operating activities	**395,979**	375,173
Capital		
Acquisition of tangible capital assets	**(409,121)**	(447,449)
Proceeds on disposal of tangible capital assets	**3,931**	4,988
Cash used in capital activities	**(405,190)**	(442,461)
Financing		
Sinking fund and serial debenture issued	**80,000**	75,947
(Increase) decrease in sinking fund investments	**(12,561)**	72,514
Debenture and serial debt retired	**(4,848)**	(92,848)
Service concession arrangements retired	**(1,790)**	(1,656)
Other	**2,266**	1,751
Cash provided by financing activities	**63,067**	55,708
Investing		
(Increase) decrease in investments	**(8,988)**	24,849
Cash (used in) provided by investing activities	**(8,988)**	24,849
Increase in cash and cash equivalents	**44,868**	13,269
Cash and Cash Equivalents, Beginning of Year	**348,995**	335,726
Cash and Cash Equivalents, End of Year	**$ 393,863**	$ 348,995

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 2016** (Note 21)	**Actual 2016**	Actual 2015
Annual Surplus	**$ 156,288**	**$ 162,134**	$ 269,299
Amortization of tangible capital assets	**236,040**	**235,235**	221,358
Proceeds on disposal of tangible capital assets	**5,044**	**3,931**	4,988
(Gain) loss on disposal of tangible capital assets	**2,513**	**(1,630)**	2,797
Change in inventories, prepaid expenses and deferred charges	**(1,200)**	**(7,199)**	(604)
Tangible capital assets received as contributions (Note 13)	**(87,700)**	**(59,020)**	(110,960)
Acquisition of tangible capital assets	**(581,939)**	**(409,121)**	(447,449)
Increase in Net Financial Liabilities	**(270,954)**	**(75,670)**	(60,571)
Net Financial Liabilities, Beginning of Year	**(584,798)**	**(584,798)**	(524,227)
Net Financial Liabilities, End of Year	**$ (855,752)**	**$ (660,468)**	$ (584,798)

See accompanying notes and schedules to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

(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 partnerships and businesses. 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, River Park South Developments Inc. and Park City Commons 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 plans' 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 on behalf of group life insurance plans' participants by the Civic and Police Employees' Group Life Insurance Plans Corporation for the payment of life insurance benefits and accordingly are not included in the consolidated financial statements.

2. Significant Accounting Policies (continued)

b) Basis of accounting

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

c) Cash equivalents

Cash equivalents consist of crown corporation 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 the present value of estimated future expenses, adjusted for estimated inflation, and is charged to expenses as the landfill site's capacity is used.

h) Contaminated sites

The City recognizes a liability for remediation of contaminated sites when conditions are identified which indicate non-compliance with environmental legislation. The liability reflects the City’s best estimate of the amount required to remediate the site to the current minimum standard of use prior to contamination, as of the financial statement date.

Recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual remediation costs incurred.

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.

2. Significant Accounting Policies (continued)

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.

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	5 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	20 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 1.25% 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.

Works of art and historical treasures are not recorded as tangible capital assets.

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 leased tangible capital assets. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

2. Significant Accounting Policies (continued)

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.

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 assets, liabilities, revenues and expenses, 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 for 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 received are recognized in the consolidated financial statements as revenue in the financial period in which the transfers are authorized, any eligibility criteria have been met, stipulations, if any, have been met and reasonable estimates of the amounts can be determined.

Stipulations attached to transfers to the City that give rise to an obligation on the City’s behalf, are deferred in the consolidated financial statements to the extent that the obligation meets the definition of a liability.

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 2016 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

		2016		2015
Cash	$	**5,869**	$	4,074
Cash equivalents		**387,994**		344,921
	$	**393,863**	$	348,995

The average effective interest rate for cash equivalents at December 31, 2016 is 0.91% (2015 – 0.93%).

Cash and cash equivalents exclude $118.4 million (2015 – $100.4 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 $27.5 million (2015 – $30.4 million).

4. Accounts Receivable

		2016		2015
Property, payments-in-lieu and business taxes receivable	$	**51,550**	$	58,121
Allowance for property, payments-in-lieu and business taxes receivable		**(330)**		(4,255)
		51,220		53,866
Trade accounts and other receivables		**162,465**		163,002
Province of Manitoba		**103,433**		118,411
Government of Canada		**20,657**		19,124
Allowance for doubtful accounts		**(17,454)**		(20,272)
		269,101		280,265
	$	**320,321**	$	334,131

5. Investments

		2016		2015
Marketable securities				
Government of Canada Bonds	$	**15,185**	$	–
Provincial bonds and bond coupons		**13,697**		11,797
Municipal bonds		**59,424**		69,529
		88,306		81,326
Manitoba Hydro long-term receivable		**220,238**		220,238
Other		**13,646**		11,638
	$	**322,190**	$	313,202

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2016 is $90.1 million (2015 – $84.7 million) and their maturity dates range from 2033 to 2053.

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 business partnership that is jointly controlled 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:

		2016		2015
Financial position				
Property, plant and equipment and investment in properties and infrastructure enhancements	**$**	**72,494**	$	69,346
Short-term investments		**9,120**		14,215
Other assets		**1,977**		1,378
	$	**83,591**	$	84,939
Deferred contributions from shareholders	**$**	**12,482**	$	13,642
Long-term mortgage payable		**10,208**		10,608
Current and other liabilities		**4,346**		3,722
		27,036		27,972
Net equity		**56,555**		56,967
	$	**83,591**	$	84,939
Comprehensive income				
Revenues	**$**	**11,926**	$	11,195
Expenses		**10,058**		9,495
Operating income before the following		**1,868**		1,700
Interest expense		**(612)**		(633)
Amortization		**(2,242)**		(2,173)
Other		**574**		966
Net loss for the year	**$**	**(412)**	$	(140)

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:

		2016		2015
Financial position				
Assets	$	**12,746**	$	16,703
Liabilities and equity	$	**12,746**	$	16,703
Comprehensive income				
Land sales	$	**12,367**	$	11,918
Cost of sales		**5,353**		5,354
Operating income before the following		**7,014**		6,564
Interest and other income		**103**		38
Other expenses and adjustments		**(1,189)**		(1,086)
Net income for the year	$	**5,928**	$	5,516

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:

		2016		2015
Financial position				
Capital assets	$	**20,283**	$	22,182
Current and other assets		**8,124**		7,772
	$	**28,407**	$	29,954
Long-term debt	$	**18,084**	$	19,913
Current and other liabilities		**3,949**		4,234
		22,033		24,147
Replacement Reserves		**4,988**		4,604
WHRC Building and Acquisition Reserve		**1,098**		1,082
Unrestricted net assets		**288**		121
		6,374		5,807
	$	**28,407**	$	29,954
Results of operations				
Revenues	$	**8,338**	$	8,366
Expenses		**8,171**		8,260
Excess of revenues over expenses for the year		**167**		106
Change to Replacement Reserves during the year		**384**		291
Change to WHRC Building and Acquisition Reserve during the year		**16**		19
Net income for the year	$	**567**	$	416

During the year, the City paid WHRC an operating grant of $180 thousand (2015 – $180 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2015 – $2.0 million). As at March 31, 2016, WHRC has utilized $341 thousand of this line of credit (2015 – $492 thousand).

6. Investment in Government Businesses (continued)

d) Park City Commons

On February 17, 2016 the City and EdgeCorp Developments Ltd. entered into an agreement to form Park City Commons joint venture to develop and sell certain land owned by the participants in the community of Transcona.

The condensed supplementary financial information of Park City Commons is as follows:

		2016		2015
Financial position				
Assets	$	2,844	$	–
Liabilities and equity	$	2,844	$	–
Comprehensive income				
No income or expenses were incurred during the year				

Summary of investment in government businesses

		2016		2015
North Portage Development Corporation (1/3 share)	$	18,852	$	18,989
River Park South Developments Inc. (1/2 share)		3,799		5,339
Winnipeg Housing Rehabilitation Corporation		6,374		5,807
Park City Commons (1/2 share)		1,125		–
	$	30,150	$	30,135

Summary of results of operations

		2016		2015
North Portage Development Corporation (1/3 share)	$	(137)	$	(47)
River Park South Developments Inc. (1/2 share)		2,964		2,758
Winnipeg Housing Rehabilitation Corporation		567		416
	$	3,394	$	3,127

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

		2016		2015
Accrued liabilities	$	142,244	$	132,256
Trade accounts payable		115,688		133,856
Accrued interest payable		6,821		6,839
	$	264,753	$	272,951

8. Deferred Revenue

		2016		2015
Federal gas tax transfer	$	17,043	$	14,937
Province of Manitoba		2,994		3,223
Prepayment for services and other		22,985		26,104
	$	43,022	$	44,264

9. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.		2016		2015
1997–2017	Nov. 17	6.250	VU	7000/97 183/04	**$**	**30,000**	$	30,000
2006–2036	Jul. 17	5.200	VZ	and 72/06 72/06B		**60,000**		60,000
2008–2036	Jul. 17	5.200	VZ	and 32/07		**100,000**		100,000
2010–2041	Jun. 3	5.150	WB	183/08 72/06, 183/08		**60,000**		60,000
2011–2051	Nov. 15	4.300	WC	and 150/09		**50,000**		50,000
2012–2051	Nov. 15	3.853	WC	93/11 120/09, 93/11		**50,000**		50,000
2012–2051	Nov. 15	3.759	WC	and 138/11 93/11		**75,000**		75,000
2013–2051	Nov. 15	4.391	WC	and 84/13 144/11, 23/13		**60,000**		60,000
2014–2045	Jun. 1	4.100	WD	and 149/13 100/12, 23/13		**60,000**		60,000
2014–2045	Jun. 1	3.713	WD	and 149/13 93/11		**60,000**		60,000
2014–2051	Nov. 15	3.893	WC	and 145/13 144/11, 100/12, 23/13, 149/13,		**52,568**		52,568
2015–2045	Jun. 1	3.828	WD	5/15 and 61/15 72/06, 23/13, 149/13, 5/15,		**60,000**		60,000
2016–2045	Jun. 1	3.303	WD	96/15 and 40/16		**80,000**		–
						797,568		717,568
Equity in The Sinking Funds (Notes 9a and b)						**(65,677)**		(53,116)
Net sinking fund debentures outstanding						**731,891**		664,452
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% (2015 – 4.50%)						**14,544**		19,392
Bank loans, Province and other with varying maturities up to 2046 and a weighted average interest rate of 3.19% (2015 – 2.61%)						**124,948**		133,115
Obligations for leased tangible capital assets (Note 9c)						**24,162**		24,844
Service concession arrangement obligations (Notes 9d and 15d)						**152,368**		154,158
						1,047,913		995,961
Unamortized premium on debt (Note 9e)						**31,931**		20,816
					$	**1,079,844**	$	1,016,777

9. Debt (continued)

Debt segregated by fund/organization:

	2016	2015
General Capital Fund	**$ 712,560**	$ 671,683
Waterworks System	**130,217**	134,397
Transit System	**88,531**	92,688
Consolidated entities	**38,741**	39,556
Solid Waste Disposal	**31,400**	23,445
Fleet Special Operating Agency	**29,834**	30,311
Sewage Disposal	**24,351**	–
Other	**24,210**	24,697
	$ 1,079,844	$ 1,016,777

Debt to be retired over the next five years:

	2017	2018	2019	2020	2021	2022+
Sinking fund debentures	**$ 30,000**	$ –	$ –	$ –	$ –	$ 767,568
Other debt	**30,552**	22,649	26,412	10,609	10,415	215,385
	$ 60,552	$ 22,649	$ 26,412	$ 10,609	$ 10,415	$ 982,953

a) As at December 31, 2016, sinking fund assets have a market value of $101.8 million (2015 – $79.7 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 $32.4 million (2015 – $27.0 million) and a market value of $33.7 million (2015 – $28.9 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 for leased tangible capital assets are as follows:

	Capital Leases
2017	**$ 2,502**
2018	**2,553**
2019	**2,563**
2020	**2,680**
2021	**2,794**
Thereafter	**26,989**
Total future minimum lease payments	**40,081**
Amount representing interest at a weighted average rate of 8.18%	**(15,919)**
Capital lease obligations	**$ 24,162**

9. Debt (continued)

d) Service concession arrangement obligations are as follows:

		2016		2015
DBF2 Limited Partnership – Chief Peguis Trail Extension	**$**	**47,509**	$	48,089
Plenary Roads Winnipeg GP – Disraeli Bridges		**104,859**		106,069
	$	**152,368**	$	154,158

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 $107.7 million project has 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 $6.1 million. As at December 31, 2016, $107.4 million was capitalized (Note 13). Monthly capital and interest performance-based payments totalling $4.5 million annually, for the service concession arrangement obligation to DBF2 commenced in January 2012, commensurate with commissioning the project and are payable to termination of the contract with DBF2.

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the full $107.7 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 has 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 net cash consideration paid by the City of $10.6 million. As at December 31, 2016, $195.0 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 $30.5 million (2015 – $23.3 million) that will be used for making semi-annual debt service payments on the sinking fund debentures issued with a premium.

f) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2016 is $51.8 million (2015 – $56.1 million) and cash paid for interest during the year is $51.8 million (2015 – $57.5 million).

10. Other Liabilities

	2016	2015
Expropriation	$ 54,273	$ 21,400
Landfill	49,054	41,745
Contaminated sites	15,050	7,356
Developer deposits and other	15,085	12,847
	$ 133,462	$ 83,348

Included in landfill liabilities is 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 future closure and post-closure care activities discounted at the City's average, long-term, borrowing rate of 4.5% (2015 – 4.5%).

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 108-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 remaining capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 92% of its total capacity and its remaining life is approximately 108 years, after which perpetual post-closure maintenance is required.

The Brady Landfill Site Rehabilitation Reserve was established for the purpose of providing funding for the future development of the Brady Road Landfill Site. The reserve is financed through a transfer from the Solid Waste Disposal Fund and is based upon residential and commercial tonnes. As at December 31, 2016, the reserve had a balance of $6.6 million (2015 – $5.6 million).

11. Accrued Employee Benefits and Other

	2016	2015
Retirement allowance – accrued obligation	$ 93,983	$ 96,012
Unamortized net actuarial loss	(3,927)	(5,869)
Retirement allowance – accrued liability	90,056	90,143
Vacation	55,805	52,248
Workers' compensation	43,242	42,170
Compensated absences	16,833	13,570
Other	5,906	6,706
	$ 211,842	$ 204,837

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 15.3 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, 2016 using year-end assumptions.

11. Accrued Employee Benefits and Other (continued)

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

		2016		2015
Retirement allowance – accrued liability				
Balance, beginning of year	**$**	**90,143**	$	90,836
Current service cost		**5,321**		5,112
Interest cost		**2,716**		2,806
Amortization of net actuarial loss		**930**		977
Benefit payments		**(9,054)**		(9,588)
Balance, end of year	**$**	**90,056**	$	90,143

Retirement allowance expense consists of the following:

		2016		2015
Current service cost	**$**	**5,321**	$	5,112
Interest cost		**2,716**		2,806
Amortization of net actuarial loss		**930**		977
	$	**8,967**	$	8,895

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

	2016	2015
Discount rate on liability	**3.00%**	2.80%
General increases in pay	**2.50–3.00%**	2.50–3.00%

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

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

12. Pension Costs and Obligations

a) Winnipeg Civic Employees' Benefits Program

The Winnipeg Civic Employees' Benefits Program (the Benefits Program) is a multi-employer benefit 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 were 9.5% of their Canada Pension Plan earnings and 11.8% of pensionable earnings in excess of Canada Pension Plan earnings in 2016, and for future years, consistent with 2015. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2015, which indicated an excess of actuarial value of program assets over actuarial liabilities of $129.1 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, 2016 was $15.6 million (2015 – $28.4 million).

12. Pension Costs and Obligations (continued)

Total contributions by the City to the Benefits Program in 2016 were $34.4 million (2015 – $32.5 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 2% of pensionable earnings in respect of cost-of-living adjustments. A contribution stabilization reserve has been established to maintain the City's contribution rate at 8% of pensionable earnings, when permitted under provincial pension legislation. The Plan incorporates a risk-sharing arrangement under which actuarial surpluses are first allocated to maintain cost-of-living adjustments to pensions at 75% of the inflation rate and maintain the contribution stabilization reserve. 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 funding valuation of the Plan was prepared as of December 31, 2015 but not filed with the regulatory authorities as it was not required. The valuation revealed a funding deficiency, which, in accordance with the terms of the Plan, was resolved by decreasing the rate of cost-of-living adjustments to pensions from 44.9% to 39.5% of the inflation rate.

An actuarial valuation of the Plan as of December 31, 2016 is to be prepared and 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, that was filed with the Office of the Superintendent – Pension Commission, December 31, 2013, the actuarial valuation showed that the Plan has a solvency deficiency at December 31, 2013 under this wind-up scenario, which needs 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 with interest 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, 2015 actuarial valuation of the Plan were extrapolated to December 31, 2016. In accordance with the terms of the Plan, extrapolated surpluses and deficiencies are resolved through transfers to and from the contribution stabilization reserve and increases or 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 5.50% per year (2015 – 5.50%); inflation rate of 2.00% per year (2015 – 2.00%); and general pay increases of 3.50% per year (2015 – 3.50%). The accrued pension obligation was valued using the projected benefit method pro-rated on services.

12. Pension Costs and Obligations (continued)

Based on this valuation and extrapolation, the Plan's assets, accrued pension obligation and pension expenses are as follows:

	2016	2015
Plan assets:		
Fair value, beginning of year	**$ 1,300,291**	$ 1,231,868
Employer contributions	**28,655**	24,080
Employee contributions and transfers	**13,402**	12,773
Benefits and expenses paid	**(49,874)**	(47,178)
Net investment income	**111,124**	78,748
Fair value, end of year	**1,403,598**	1,300,291
Actuarial adjustment	**(84,301)**	(81,387)
Actuarial value, end of year	**$ 1,319,297**	$ 1,218,904
Accrued pension obligation:		
Beginning of year	**$ 1,218,904**	$ 1,132,110
Interest on accrued pension obligation	**66,842**	64,877
Current period benefit cost	**42,689**	39,556
Actuarial loss	**20,505**	29,539
Benefits and expenses paid	**(49,874)**	(47,178)
End of year	**$ 1,299,066**	$ 1,218,904
Funded status	**$ 20,231**	$ –
Less: city account	**(62)**	–
Less: contribution stabilization reserve	**(20,169)**	–
Actuarial surplus	**$ –**	$ –
Expenses related to pensions:		
Current period benefit cost	**$ 42,689**	$ 39,556
Amortization of actuarial gains	**(649)**	(2,781)
Less: employee contributions and transfers	**(13,402)**	(12,773)
Pension benefit expense	**28,638**	24,002
Interest on accrued benefit obligation	**66,842**	64,877
Expected return on plan assets	**(66,825)**	(64,799)
Pension interest expense	**17**	78
Total expenses related to pensions	**$ 28,655**	$ 24,080

The actuarial value of the Plan's assets is determined by averaging over five years differences between the pension fund's net investment income and expected investment income based on the expected rate of return.

Total contributions made by the City to the Plan in 2016 were $28.7 million (2015 – $24.1 million). Total employee contributions to the Plan in 2016 were $13.4 million (2015 – $12.8 million). Benefits paid from the Plan in 2016 were $49.9 million (2015 – $47.2 million).

The expected rate of return on Plan assets in 2016 was 5.50% (2015 – 5.75%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2016 was 8.57% (2015 – 6.42%).

12. Pension Costs and Obligations (continued)

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, and vice versa in the event of surplus. The above extrapolation anticipates that the funding surplus at December 31, 2016 will be resolved through an increase in the rate of cost-of-living adjustment and an allocation to the contribution stabilization reserve.

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 2016, the City paid out $0.3 million (2015 – $0.3 million). An actuarially determined pension obligation of $3.9 million (2015 – $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, (the Plans) 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.

During 2015, City Council approved by-law 80/2015 in respect of the Plans. The purpose of the by-law was to transfer the plans' administration from the Winnipeg Civic Employees' Benefits Program and the Winnipeg Police Pension Board to The Civic and Police Employees' Group Life Insurance Plans Corporation (CPEGLIPCo). The Province of Manitoba approved the establishing of CPEGLIPCo as a municipal corporation. The benefits offered by the plans have not changed.

An actuarial valuation of the Plans was prepared as of December 31, 2013 and the results were extrapolated to December 31, 2016. The principal long-term assumptions on which the valuation was based were: discount rate of 4.50% per year (2015 – 3.45%); and general pay increases of 3.50% per year (2015 – 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 Plans is as follows:

		2016		2015
Group life insurance plan assets, at actuarial value	**$**	**153,122**	$	148,308
Accrued post-retirement life insurance obligations	**$**	**91,100**	$	119,313

13. Tangible Capital Assets

	Net Book Value	
	2016	2015
General		
Land	**$ 283,762**	$ 240,444
Buildings	**824,579**	627,003
Vehicles	**167,234**	175,759
Computer	**30,488**	27,857
Other	**274,246**	274,694
Infrastructure		
Plants and facilities	**587,367**	573,667
Roads	**1,361,701**	1,307,029
Underground and other networks	**2,075,634**	2,041,867
Bridges and other structures	**586,868**	577,562
	6,191,879	5,845,882
Assets under construction	**227,119**	335,033
	$ 6,418,998	$ 6,180,915

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

During the year, $nil (2015 – $nil) of tangible capital assets were written-down. Interest capitalized during 2016 was $3.8 million (2015 – $4.9 million). In addition, roads and underground networks contributed to the City totalled $59.0 million in 2016 (2015 – $111.0 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $278.7 million (2015 – $281.8 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

Works of art and historical treasures are held by the City in various locations. Due to the subjective nature of the assets they are not included in the values shown on these statements.

14. Accumulated Surplus

Accumulated surplus consists of the following:

	2016	2015
Invested in tangible capital assets	**$ 5,396,951**	$ 5,217,274
Reserves (Schedule 2)	**294,624**	302,932
Manitoba Hydro long-term receivable (Note 5)	**220,238**	220,238
Other surplus accumulated in utility operations, consolidated entities and other	**123,730**	109,866
Equity in government businesses (Note 6)	**30,150**	30,135
Unfunded expenses to be funded from future revenues:		
Accrued employee benefits and other	**(210,312)**	(199,016)
Landfill	**(49,054)**	(41,745)
Contaminated sites	**(15,050)**	(7,356)
Canadian Museum for Human Rights grant	**(6,690)**	(9,875)
	$ 5,784,587	$ 5,622,453

14. Accumulated Surplus (continued)

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

15. Commitments and Contingencies

The significant commitments and contingencies that existed at December 31, 2016 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 on operating leases are as follows:

	Operating Leases
2017	$ 7,974
2018	7,619
2019	6,177
2020	5,727
2021	5,698
Thereafter	66,555
	$ 99,750

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, 2016 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. Where the occurrence of future events is considered undeterminable, no amount has been accrued in the 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, 2016 is $37.1 million (2015 – $27.2 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 $1.8 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 $1.5 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 (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 commenced May 1, 2011, and has a term of 30 years, subject to certain termination provisions.

15. Commitments and Contingencies (continued)

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.

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 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 remain at risk for the duration of the Agreement and 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, 2016, the forgivable loans totalled $3.4 million (2015 – $3.8 million).

16. Taxation

	2016	2015
Municipal and school property taxes	$ **1,130,639**	$ 1,077,600
Payments-in-lieu of property (municipal and school) and business taxes	**52,082**	51,297
	1,182,721	1,128,897
Payments to Province and school divisions	**(645,823)**	(606,821)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	**536,898**	522,076
Local improvement and frontage levies	**63,129**	50,149
Business taxes and license-in-lieu of business taxes	**57,254**	55,766
Electricity and natural gas sales taxes	**20,145**	20,117
Amusement and accommodation taxes and mobile home licences	**13,590**	12,215
	$ **691,016**	$ 660,323

The property tax roll includes school taxes of $614.6 million (2015 – $575.6 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2016 totalled $31.2 million (2015 – $31.2 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 not include the amount of levy imposed for business improvement zones of $4.9 million (2015 – $4.9 million).

17. Sales of Services and Regulatory Fees

	2016	2015
Water sales and sewage services	$ **260,440**	$ 254,987
Other sales of goods and services	**146,838**	138,032
Regulatory fees	**83,743**	75,024
Transit fares	**78,620**	77,594
	$ **569,641**	$ 545,637

18. Government Transfers

	2016	2015
Operating		
Province of Manitoba		
Ambulance, libraries and other	**$ 67,499**	$ 65,545
Building Manitoba Fund	**52,626**	52,368
Transit	**40,103**	37,110
Unconditional	**26,494**	26,494
Support	**14,045**	13,703
Support for provincial programs	**(23,650)**	(23,650)
	177,117	171,570
Government of Canada	**5,126**	12
Total Operating	**182,243**	171,582
Capital		
Province of Manitoba		
Building Manitoba Fund		
Manitoba Winnipeg Infrastructure Agreement	**32,938**	39,661
Road Improvements	**25,165**	30,946
Winnipeg Convention Centre	**-**	19,234
Other	**22,213**	17,183
	80,316	107,024
Building Canada Fund	**5,378**	10,134
Green Infrastructure Fund	**3,844**	–
Other	**4,929**	520
	94,467	117,678
Government of Canada		
Federal gas tax revenue	**39,840**	47,452
Building Canada Fund	**5,940**	10,579
Winnipeg Convention Centre	**–**	13,721
Other capital funding	**11,303**	11,975
	57,083	83,727
Total Capital	**151,550**	201,405
	$ 333,793	$ 372,987

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. Land Sales and Other Revenue

	2016	2015
Land sales	**$ 11,334**	$ 6,180
Investment in government businesses (Note 6)	**3,394**	3,127
Other	**12,290**	5,290
	$ 27,018	$ 14,597

20. Expenses by Object

	2016	2015
Salaries and benefits	$ 836,857	$ 805,889
Goods and services	414,575	387,853
Amortization of tangible capital assets	235,235	221,358
Interest	51,799	56,130
Other expenses	34,246	14,756
	$ 1,572,712	$ 1,485,986

21. Budget

On December 9, 2016 Council approved the 2017 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 2017 budget document is a 2016 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 2016 consolidated budget has been utilized in these consolidated financial statements.

22. 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.

23. 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.

23. Segmented Information (continued)

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.

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.

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).

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	**2016**	2015
Cost												
Balance, beginning of year	$ 240,444	$ 977,208	$ 400,233	$ 156,697	$ 444,743	$ 859,589	$ 2,389,863	$ 3,089,814	$ 818,796	$ 335,033	**$ 9,712,420**	$ 9,185,600
Add: Additions during the year	44,342	230,727	17,670	10,011	30,678	30,038	118,111	78,205	23,751	(107,914)	**475,619**	558,409
Less: Disposals during the year	1,024	1,362	17,820	13,859	1,750	–	2,751	8,567	426	–	**47,559**	31,589
Balance, end of year	283,762	1,206,573	400,083	152,849	473,671	889,627	2,505,223	3,159,452	842,121	227,119	**10,140,480**	9,712,420
Accumulated amortization												
Balance, beginning of year	–	350,205	224,474	128,840	170,049	285,922	1,082,834	1,047,947	241,234	–	**3,531,505**	3,333,951
Add: Amortization	–	32,891	25,871	7,354	30,974	16,338	63,251	44,149	14,407	–	**235,235**	221,358
Less: Accumulated amortization on dis-posals	–	1,102	17,496	13,833	1,598	–	2,563	8,278	388	–	**45,258**	23,804
Balance, end of year	–	381,994	232,849	122,361	199,425	302,260	1,143,522	1,083,818	255,253	–	**3,721,482**	3,531,505
Net Book Value of Tangible Capital Assets	$ 283,762	$ 824,579	$ 167,234	$ 30,488	$ 274,246	$ 587,367	$ 1,361,701	$ 2,075,634	$ 586,868	$ 227,119	**$ 6,418,998**	$ 6,180,915

*Included in land additions is $7.5 million of land transfers from land held for resale.

CONSOLIDATED SCHEDULE OF RESERVES Schedule 2

As at December 31 (in thousands of dollars)		**2016**		2015
Reserves				
Capital Reserves				
Environmental Projects	**$**	**93,167**	$	83,215
Transit Bus Replacement		**16,250**		11,552
Sewer System Rehabilitation		**9,826**		19,418
Waste Diversion		**6,612**		2,369
Brady Landfill Site Rehabilitation		**6,609**		5,646
Watermain Renewal		**5,583**		5,161
SWRT Corridor		**4,209**		4,729
SWRT Payment		**1,700**		–
Regional Street Renewal		**576**		617
Computer Replacement		**475**		1,260
Local Streets Renewal		**438**		1,236
Golf Course		**343**		453
Federal Gas Tax Revenue		**182**		173
		145,970		135,829
Special Purpose Reserves				
Perpetual Maintenance Fund – Brookside Cemetery		**16,393**		15,696
Land Operating*		**16,089**		12,952
Destination Marketing		**13,340**		10,676
Land Dedication		**7,468**		7,307
Multi-Family Dwelling Tax Investment		**5,216**		4,600
Workers Compensation		**5,081**		4,748
Housing Rehabilitation Investment		**2,780**		4,136
Heritage Investment		**2,743**		143
Insurance (Note 21)		**2,691**		509
Insect Control Urgent Expenditures		**2,228**		2,654
Permit		**2,000**		1,510
Commitment		**1,742**		4,685
Economic Development Investment		**1,375**		3,523
Perpetual Maintenance Fund – St.Vital Cemetery		**1,152**		1,115
Perpetual Maintenance Fund – Transcona Cemetery		**797**		777
General Purpose		**149**		16,440
		81,244		91,471
Stabilization Reserve				
Financial Stabilization		**67,410**		75,632
Total Reserves	**$**	**294,624**	$	302,932

*This excludes the investments held for the River Park South Developments Inc. and Park City Commons government business partnerships.

		2016		2015
Reserve balance as disclosed above	**$**	**16,089**	$	12,952
Investments held in government business (Note 6)		**4,924**		5,339
	$	**21,013**	$	18,291

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE—SERVICE Schedule 3

For the year ended December 31, 2016 (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	$ 305,544	$ 77,133	$ –	$ 205,859	$ 103,845	$ –	$ –	$ 15,330	$ (16,695)	$ 691,016
Sales of services and regulatory fees	58,618	15,007	28,359	12,016	19,858	82,387	307,058	98,053	(51,715)	569,641
Government transfers (Note 18)	77,826	9,409	–	19,331	16,239	55,512	29,678	151,313	(25,515)	333,793
Transfer from other funds	11,450	3,383	15,481	22,009	7,873	76,971	48,784	378,605	(564,556)	–
Other	22,130	5,317	2,511	12,517	14,960	6,121	13,362	98,342	(34,864)	140,396
	475,568	110,249	46,351	271,732	162,775	220,991	398,882	741,643	(693,345)	1,734,846
Expenses (Note 19)										
Salaries and benefits	403,236	40,021	24,113	77,056	46,011	108,100	69,110	59,935	9,275	836,857
Goods and services	38,838	9,014	3,057	126,359	14,811	49,535	113,805	108,808	(49,652)	414,575
Interest	6,673	1,734	29	4,841	309	5,003	9,419	40,385	(16,594)	51,799
Transfer to other funds	21,800	39,955	18,195	79,542	85,892	26,969	99,776	11,083	(383,212)	–
Other	5,021	19,525	957	(16,066)	15,752	20,403	38,456	221,692	(36,259)	269,481
	475,568	110,249	46,351	271,732	162,775	210,010	330,566	441,903	(476,442)	1,572,712
Annual Surplus	$ –	$ –	$ –	$ –	$ –	$ 10,981	$ 68,316	$ 299,740	$ (216,903)	$ 162,134

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE—SERVICE Schedule 3

For the year ended December 31, 2015 (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	$ 280,388	$ 83,786	$ 5,090	$ 182,641	$ 109,819	$ –	$ –	$ 15,230	$ (16,631)	$ 660,323
Sales of services and regulatory fees	60,035	14,877	23,654	5,782	15,641	81,654	295,383	100,283	(51,672)	545,637
Government transfers (Note 18)	73,651	10,279	3,197	19,543	11,973	47,955	15,484	237,502	(46,597)	372,987
Transfer from other funds	6,196	1,896	17,100	16,049	3,567	68,491	41,278	377,648	(532,225)	–
Other	21,034	5,657	2,339	11,516	14,888	3,013	37,385	114,298	(33,792)	176,338
	441,304	116,495	51,380	235,531	155,888	201,113	389,530	844,961	(680,917)	1,755,285
Expenses (Note 19)										
Salaries and benefits	380,970	39,135	23,555	74,989	42,878	102,106	66,025	58,014	18,217	805,889
Goods and services	36,475	8,784	2,879	102,449	27,359	48,546	110,848	101,348	(50,835)	387,853
Interest	457	1,907	45	6,674	(123)	6,031	9,934	41,181	(9,976)	56,130
Transfer to other funds	19,435	47,336	24,835	70,505	72,188	6,680	101,150	9,514	(351,643)	–
Other	3,967	19,333	66	(19,086)	13,586	20,229	38,197	217,197	(57,375)	236,114
	441,304	116,495	51,380	235,531	155,888	183,592	326,154	427,254	(451,612)	1,485,986
Annual Surplus	$ –	$ –	$ –	$ –	$ –	$ 17,521	$ 63,376	$ 417,707	$ (229,305)	$ 269,299

CONSOLIDATED FINANCIAL STATEMENT FIVE-YEAR REVIEW

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	**2016**	2015	2014	2013	2012
1. Population (as restated per Statistics Canada)	**735,600**	718,400	709,253	698,696	689,575
Unemployment rate (as restated per Statistics Canada)					
- Winnipeg	**6.5%**	6.0%	5.8%	5.9%	5.6%
- National average	**6.9%**	6.9%	6.9%	7.1%	7.3%
2. Average annual headcount	**10,426**	10,253	10,206	10,143	10,080
3. Number of taxable properties	**228,941**	226,736	223,411	220,942	218,973
Payments-in-lieu of taxes					
Number of properties	**1,469**	1,195	988	1,042	1,317
4. Assessment (see note below)					
- Residential	**$ 66,197,564**	$ 60,492,101	$ 59,439,781	$ 51,599,866	$ 50,738,087
- Commercial and industrial	**17,637,524**	15,295,925	15,102,472	13,501,469	13,310,247
- Farm and golf	**369,954**	330,042	313,569	245,037	244,951
	$ 84,205,042	$ 76,118,068	$ 74,855,821	$ 65,346,372	$ 64,293,285
Assessment per capita (in dollars)	**$ 115,302**	$ 105,955	$ 105,542	$ 93,526	$ 93,236
Commercial and industrial as a percentage of assessment	**20.95%**	20.09%	20.18%	20.66%	20.70%
5. Tax arrears	**$ 51,550**	$ 58,121	$ 54,825	$ 49,592	$ 37,960
6. Tax arrears – per capita (in dollars)	**$ 68.45**	$ 80.90	$ 77.30	$ 70.98	$ 55.05
7. Municipal mill rate	**12.766**	13.682	13.372	14.600	14.056
- Adjustment for tax increase	**2.3%**	2.3%	3.0%	3.9%	3.5%
- Adjustment for general assessment	**-8.8%**	0.0%	-11.0%	0.0%	-11.2%
8. Winnipeg consumer price index (per Statistics Canada – annual average)					
- 2002 base year 100	**128.1**	126.6	124.9	122.6	119.9
- Percentage increase	**1.2%**	1.3%	1.9%	2.2%	1.5%
9. Consolidated revenues					
- Taxation	**$ 691,016**	$ 660,323	$ 640,801	$ 611,813	$ 587,578
- User charges	**569,641**	545,637	526,330	507,869	483,339
- Government transfers	**333,793**	372,987	378,847	292,258	280,237
- Interest and other revenue	**140,396**	176,338	170,558	207,318	145,987
	$ 1,734,846	$ 1,755,285	$ 1,716,536	$ 1,619,258	$ 1,497,141
10. Consolidated expenses by function					
- Municipal operations	**$ 1,118,943**	$ 1,053,957	$ 1,067,090	$ 994,365	$ 910,177
- Public utilities	**383,922**	370,219	378,584	347,652	338,028
- Civic corporations	**69,847**	61,810	58,185	54,783	51,518
	$ 1,572,712	$ 1,485,986	$ 1,503,859	$ 1,396,800	$ 1,299,723
11. Growth in accumulated surplus	**$ 162,134**	$ 269,299	$ 212,677	$ 222,458	$ 197,418

Note: Current provincial legislation requires that a general assessment be performed every two years. A general assessment occurred in 2012, 2014 and 2016. 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 STATEMENT FIVE-YEAR REVIEW

Continued

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	**2016**	2015	2014	2013	2012
12. Consolidated expenses by object					
Salaries and benefits	**$ 836,857**	$ 805,889	$ 779,586	$ 730,133	$ 695,849
Goods and services	**414,575**	387,853	428,012	376,614	344,217
Amortization	**235,235**	221,358	208,074	198,106	188,432
Interest	**51,799**	56,130	53,715	54,732	53,587
Other expenses	**34,246**	14,756	34,472	37,215	17,638
	$ 1,572,712	$ 1,485,986	$ 1,503,859	$ 1,396,800	$ 1,299,723
13. Payments to school authorities	**$ 645,823**	$ 606,821	$ 579,245	$ 550,039	$ 521,322
14. Debt					
Tax-supported	**$ 725,602**	$ 688,484	$ 687,586	$ 557,781	$ 560,073
Transit	**93,594**	93,669	97,125	103,936	109,709
City-owned utilities	**216,250**	185,789	198,737	248,719	296,868
Other	**78,144**	81,135	84,816	74,848	80,012
Total gross debt	**1,113,590**	1,049,077	1,068,264	985,284	1,046,662
Less: Sinking Funds	**65,677**	53,116	125,630	195,237	264,037
Total net long-term debt	**$ 1,047,913**	$ 995,961	$ 942,634	$ 790,047	$ 782,625
Percentage of total assessment	**1.24%**	1.31%	1.26%	1.21%	1.22%
15. Acquisition of tangible capital assets	**$ 475,619**	$ 558,409	$ 525,559	$ 543,938	$ 653,993
16. Net financial liabilities	**$ (660,468)**	$ (584,798)	$ (517,041)	$ (411,063)	$ (325,605)
17. Accumulated surplus					
Invested in tangible capital assets	**$ 5,396,951**	$ 5,217,274	$ 4,890,347	$ 4,637,548	$ 4,397,884
Reserves					
Capital	**145,970**	135,829	127,051	114,548	114,907
Special Purpose	**81,244**	91,471	82,810	77,863	90,219
Stabilization	**67,410**	75,632	81,784	85,753	80,404
	294,624	302,932	291,645	278,164	285,530
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**153,880**	140,001	185,214	221,901	199,539
Unfunded expenses	**(281,106)**	(257,992)	(227,104)	(210,188)	(190,683)
	93,012	102,247	178,348	231,951	229,094
	$ 5,784,587	$ 5,622,453	$ 5,360,340	$ 5,147,663	$ 4,912,508
18. Government-specific indicators					
Assets-to-liabilities	**4.34**	4.47	4.49	4.79	4.85
Financial assets-to-liabilities	**0.62**	0.64	0.66	0.70	0.75
Public debt charges-to-revenues	**0.03**	0.03	0.03	0.04	0.04
Own-source revenues-to-taxable assessment	**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues	**0.19**	0.21	0.22	0.18	0.19



City Contact Information

Information on the City of Winnipeg is available at **winnipeg.ca**
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