2015 DETAILED FINANCIAL STATEMENTS

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2015 CONSOLIDATED FINANCIAL STATEMENTS

DETAILED FINANCIAL STATEMENTS

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 accountable and is used to report on resources that have been segregated for specific activities or objectives. The City, like other local governments, establishes these funds to demonstrate its accountability of the resources allocated for the services the particular fund delivers.

The General Revenue Fund reports on tax-supported operations, which include services provided by the City such as police, fire, ambulance, library and street maintenance. The General Capital Fund exists to account for tax-supported capital projects. The tax-supported capital program is made up of, but is not limited to, reporting on the acquisition and/or construction of streets, bridges, parks and recreation facilities. The utility operations are comprised of the Transit System, Waterworks System, Sewage Disposal System and Solid Waste Disposal Funds. Each 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.

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

Consolidated Statement of Financial Position

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

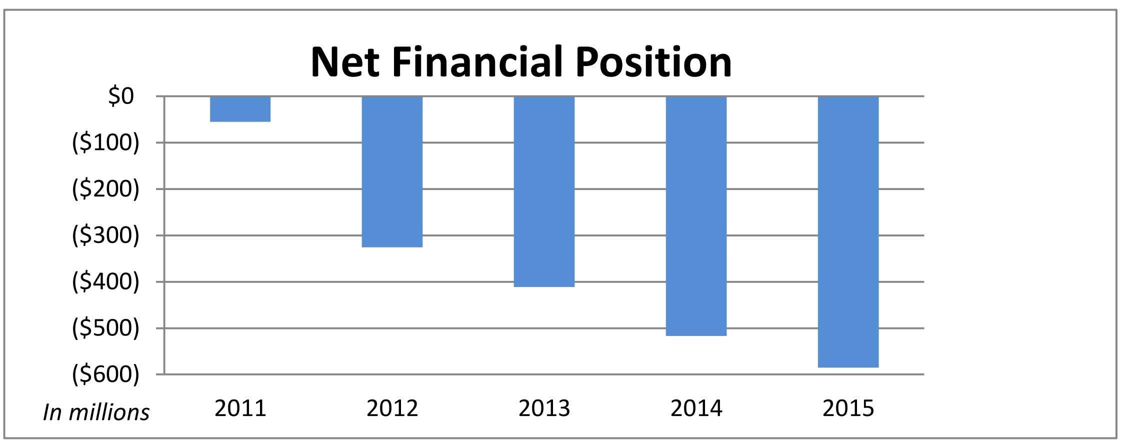
(in thousands of dollars)	2015	2014	Variance
Cash and cash equivalents	$ 348,995	$ 335,726	$ 13,269
Other financial assets	688,384	681,325	7,059
Financial assets	1,037,379	1,017,051	20,328
Liabilities	1,622,177	1,534,092	(88,085)
Net financial position	(584,798)	(517,041)	(67,757)
Non-financial assets	6,207,251	5,877,381	329,870
Accumulated surplus	$ 5,622,453	$ 5,360,340	$ 262,113

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 2015, the City's cash increased by $13.3 million. This increase resulted primarily because cash arising from borrowing and operating activities exceeded cash used to construct and purchase tangible capital assets.

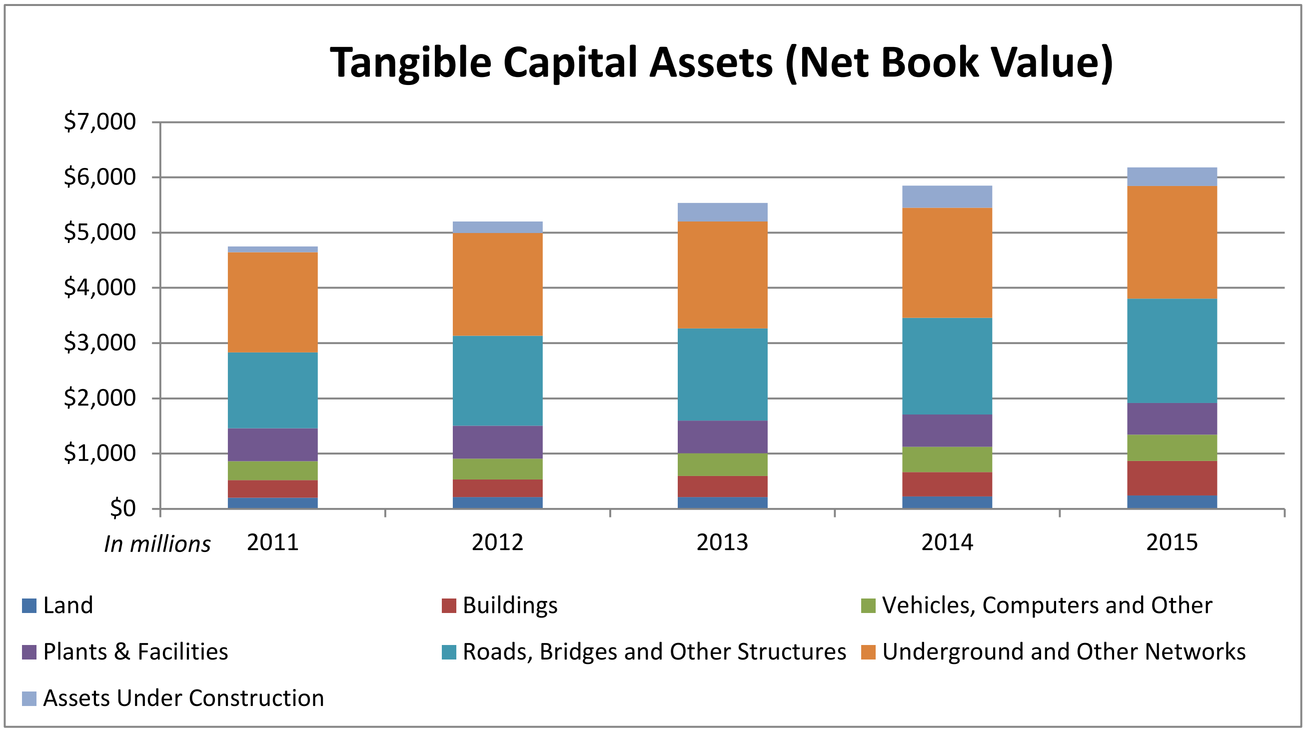
Net Financial Position



Net financial position is the difference between financial assets and liabilities, which indicate the affordability of additional spending. As at December 31, 2015, the City was in a net financial liability position of $584.8 million (2014 - $517.0 million). The change in net financial position during the year resulted primarily from increased debt balances.

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 above, 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 23, 2015, City Council adopted the 2015 annual capital budget and the 2016 to 2020 five-year forecast. The six-year plan projected $2.9 billion in City capital projects, with $560.5 million authorized in 2015. Some of the projects included in the 2015 capital budget are:

- $103.3 million for regional and local street renewal, and $6.4 million for waterway crossings and grade separation.
- $2.4 million for active transportation facilities, $2.8 million for parks and recreation enhancements and $8.5 million at aquatic facilities are included in investments in parks and recreation.
- $5.0 million library refurbishment and redevelopment program.
- $217.3 million in sewage disposal treatment systems, as well as $64.2 million in waterworks systems.

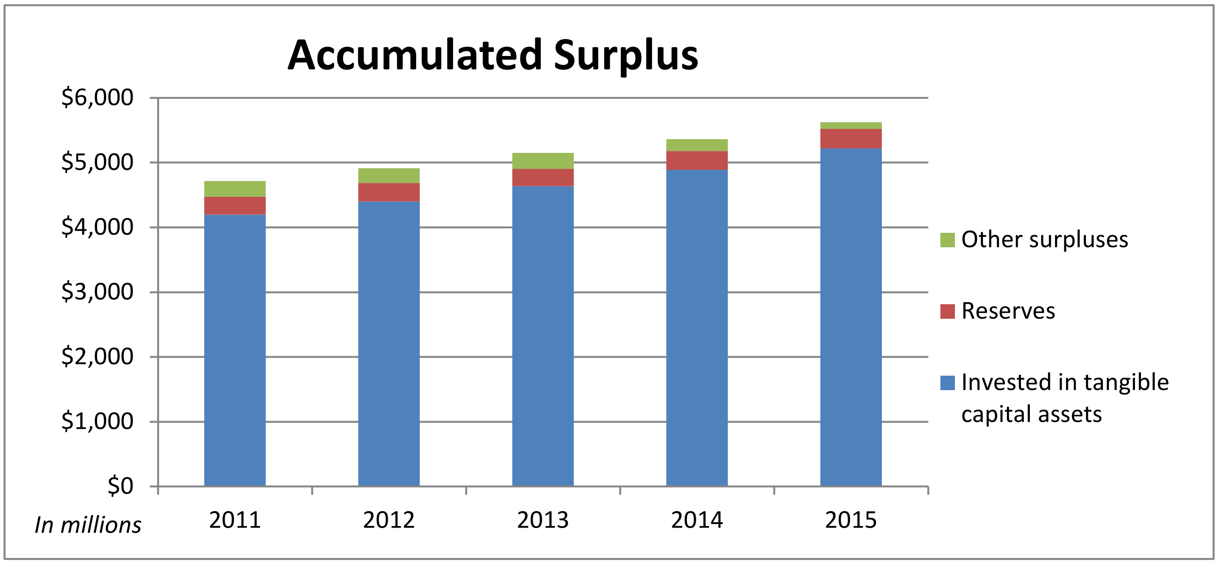
Also included in the capital investment plan over the six-year period is anticipated funding of $256.6 million under the Federal Gas Tax Agreement, $379.6 million of anticipated provincial funding and $542.9 million of cash funding.

During 2015, the City acquired $558.4 million of tangible capital assets (2014 - $525.6 million), including contributed roads and underground networks totaling $111.0 million (2014 - $64.5 million). These were capitalized at their fair value at the time they were received. As well, of the assets acquired, $296.9 million was for tax-supported projects (53%). 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).

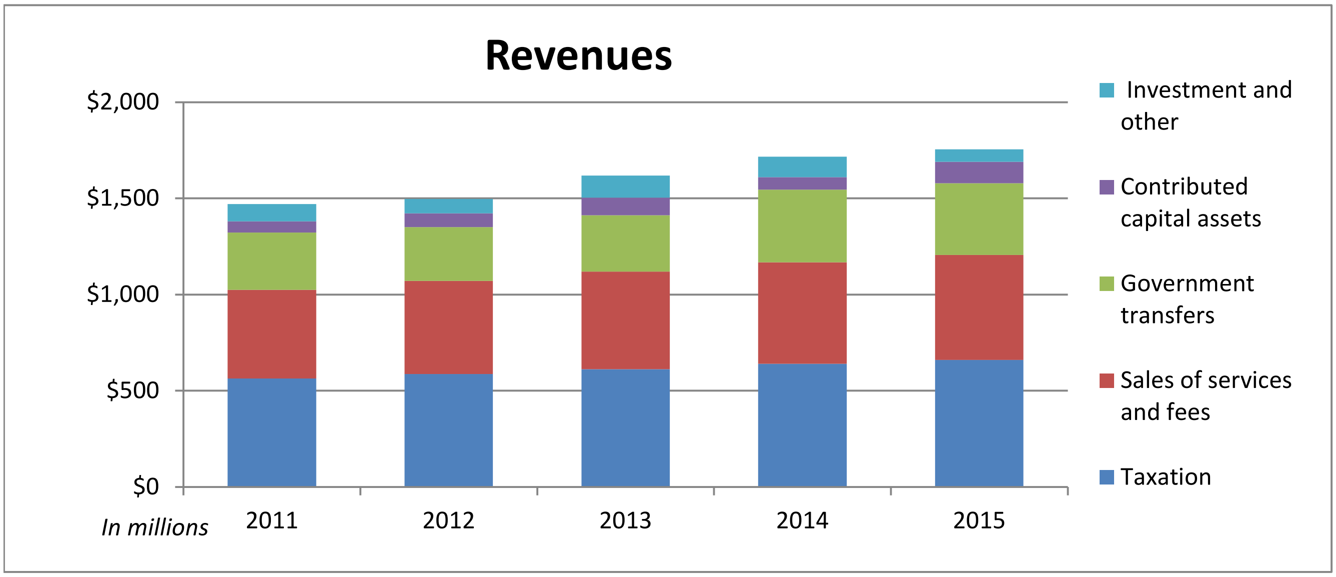
Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2015- 93%; 2014- 91%). 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.



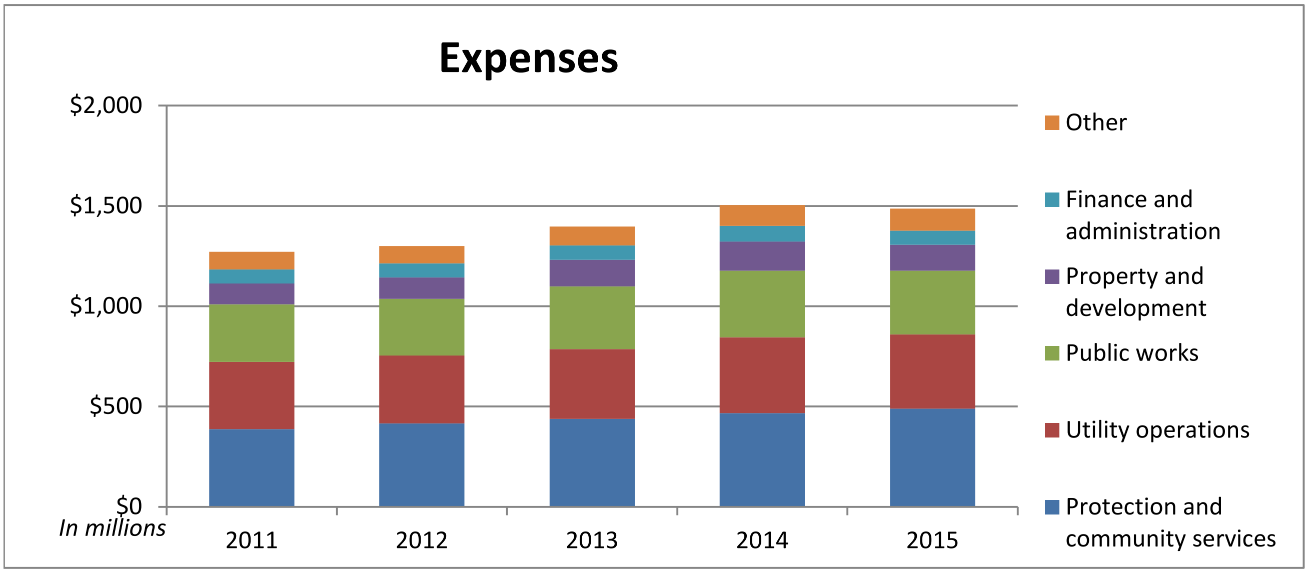
The City's accumulated surplus, through its investment in tangible capital assets, has grown over the period, indicating a strong foundation upon which services will continue to be delivered in the future.

Consolidated Statement of Operations

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



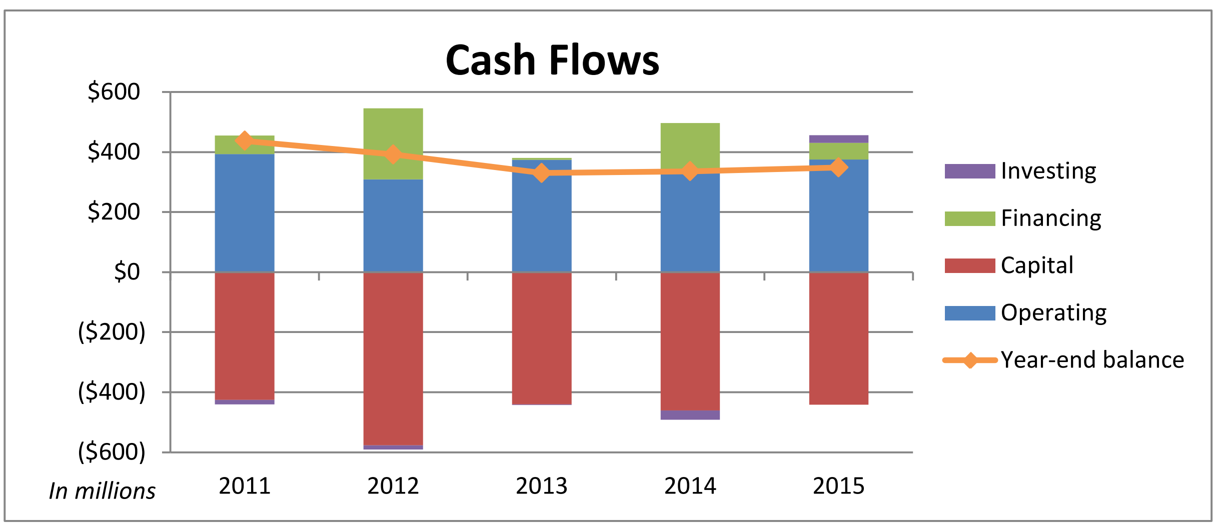
Beyond government transfers, the City has a good balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has introduced indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability measure a government's risk of over-dependency on sources of funding outside its control or influence or exposure to risks that could impair its ability to meet financial and service commitments. Over the five year period presented, government transfers as a percentage of total revenue has been stable, ranging from 18% to 22%.



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

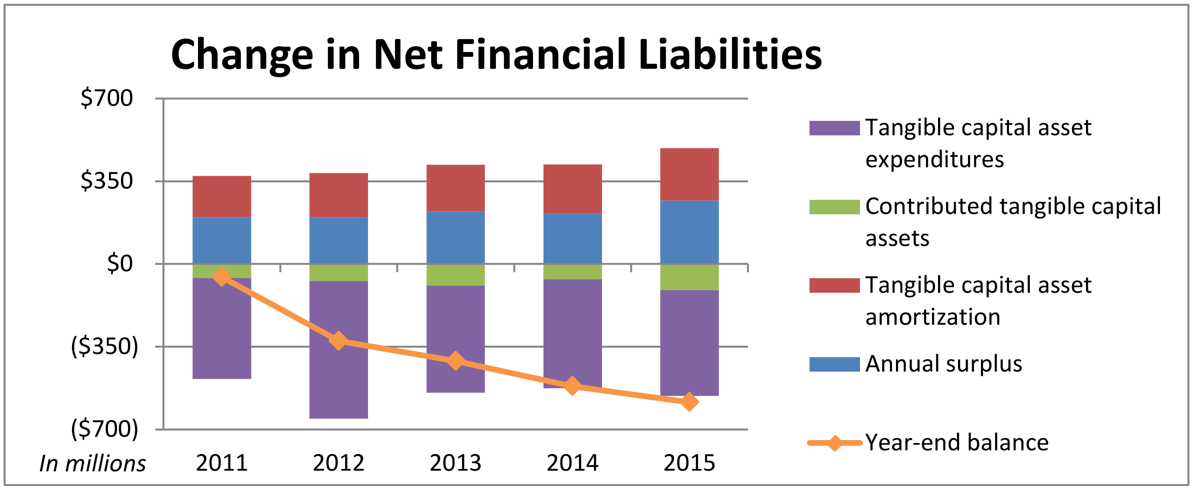
A government finances its activities and meets its obligations by generating revenues, through external borrowing and by using existing cash resources. Cash resources are generated and consumed through operating, capital, financing and investing activities.



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 above 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 2015, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating was: "strong economic fundamentals", "moderate debt burden" and "exceptional liquidity position" 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 2015 it would be downgrading the City's credit rating from Aa1 to Aa2. However, this was due to a similar change to the Province of Manitoba's rating. This change reflects the institutional and financial links between the two. Moody's assessment of the City's intrinsic strength remains unchanged.

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

Another indicator of financial condition introduced by PSAB measures flexibility. Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. Even with the assumption of more debt, the City's public debt charges (interest expense)-to-revenues has remained constant over the past several years at a level between 0.03 to 0.04. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates on debt, 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 increased $34.4 million since the prior year, largely as a result of amounts owed by the Provincial government for funding of capital investments.

The largest component of accounts receivable is trade accounts and other receivables at 49% (2014 - 50%). 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 (2014 - $400 thousand).

As at December 31, 2015, property, payments-in-lieu and business tax receivables, net of the estimated allowance for uncollectible amounts represented 16% (2014 - 16%) of total receivables. Taxation revenue is 38% (2014 - 37%) of total consolidated revenues.

Taxes Receivable
As at December 31

(in thousands of dollars)	2015	2014	2013	2012	2011
Taxes receivable	$ 58,121	$ 54,825	$ 49,592	$ 37,960	$ 34,747
Allowance for tax arrears	(4,255)	(6,183)	(3,694)	(3,351)	(2,629)
	$ 53,866	$ 48,642	$ 45,898	$ 34,609	$ 32,118

Investments

Investments
As at December 31

(in thousands of dollars)	2015	2014
Marketable securities		
Provincial	$ 11,797	$ 8,095
Municipal	69,529	90,863
	81,326	98,958
Manitoba Hydro long-term receivable	220,238	220,238
Other	11,638	18,855
	$ 313,202	$ 338,051
Market value of marketable securities	$ 84,660	$ 104,357

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 future anticipated costs, such as perpetual maintenance at the three cemeteries maintained by the City. City Council has approved an Investment Policy to provide the Public Service with a framework for managing its investment program. The Investment Policy provides guidance and parameters for developing a portfolio strategy; a performance measurement section, including benchmarks and objectives; an enhanced reporting framework; and additional categories of investments that can be made. Safety of principal remains the overriding consideration for investment decisions. Consideration is also given to risk/return, liquidity and the duration and convexity of the portfolio.

Debt

Debt
As at December 31
(in thousands of dollars)

	2015	2014
Sinking fund debentures	$ 717,568	$ 745,568
Equity in sinking funds	(53,116)	(125,630)
	664,452	619,938
Serial and installment debt	19,392	24,240
Bank, Province of Manitoba and other loans	133,115	117,168
Capital lease obligations	24,844	25,474
Service concession arrangement obligations	154,158	155,814
	995,961	942,634
Unamortized premium on debt	20,816	18,435
	$ 1,016,777	$ 961,069

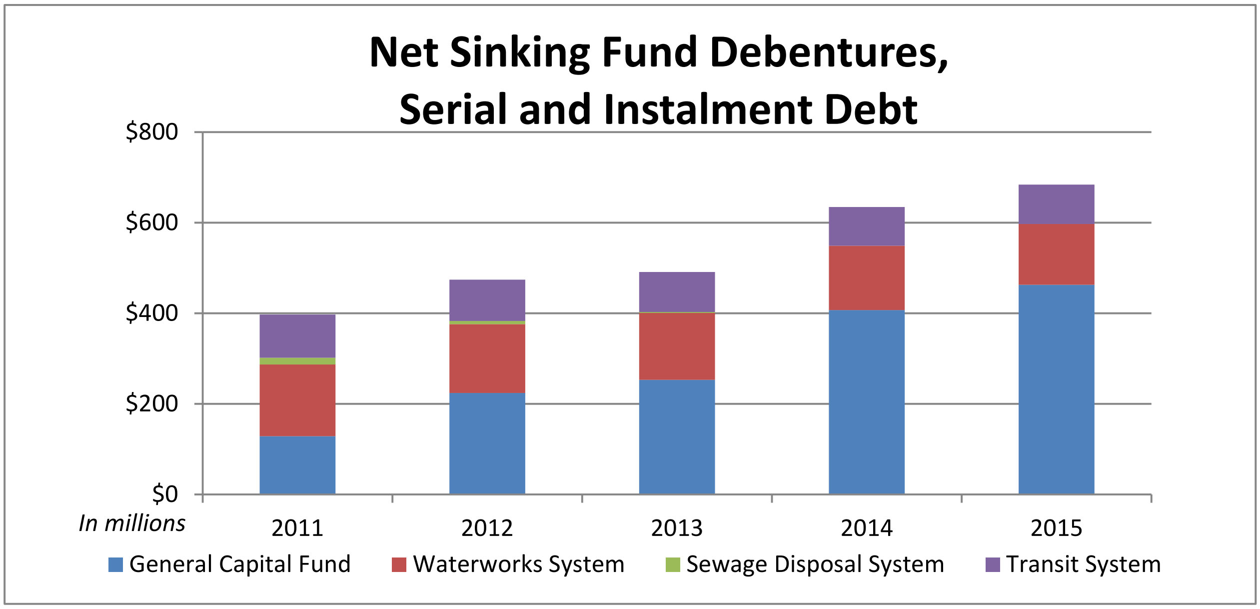
The City of Winnipeg has several types of debt obligations. The largest component of debt is sinking fund debentures. Under The City of Winnipeg Charter, the City is required to make annual payments towards the retirement of sinking fund debt for which the City maintains two sinking funds. One of the sinking funds is managed by The Sinking Fund Trustees of the City of Winnipeg. The second fund was created as a result of revisions to The City of Winnipeg Charter. This fund 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.

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 2015, the City issued one sinking fund debenture. The issue was for $60 million, maturing June 1, 2045, and carrying an interest rate of 3.8%. Also during 2015, $88.0 million of sinking fund debt was retired. This debt was issued in 1995 at a rate of 9.1%. it is the last of the sinking fund debentures issued in the 1990's with rates exceeding 8%.

The City has also incurred serial and installment debt having varying maturities up to 2019, and carrying a weighted average interest rate of 4.5% (2014 - 4.5%). Annual interest and principal payments are made on the debt.



Liquidity is an important measure of an organization's ability to readily service its debt obligations. 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:

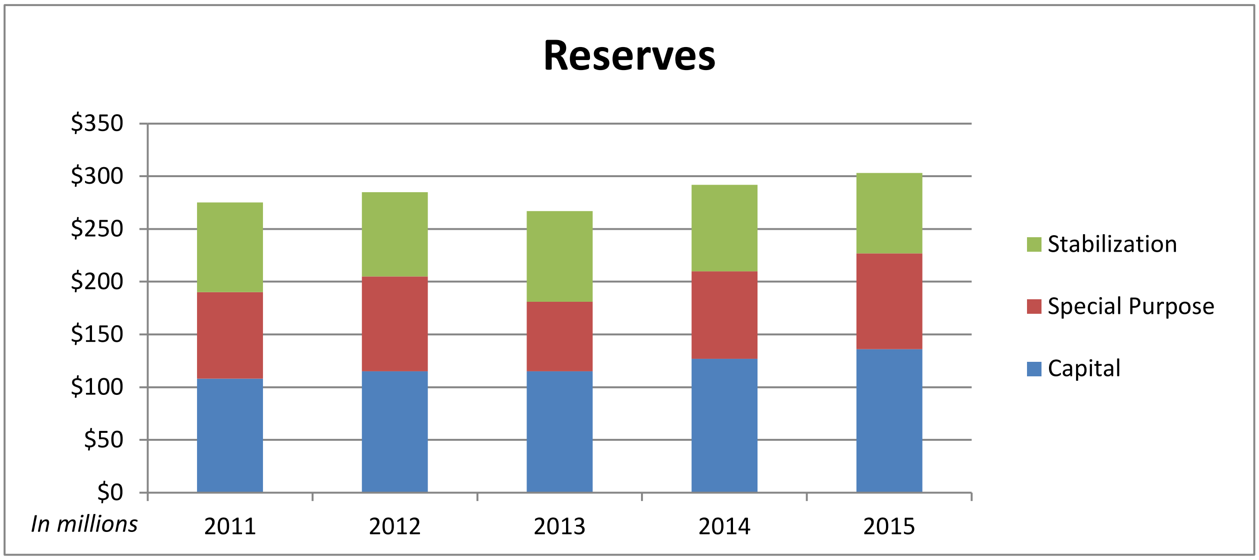
Debt Service Coverage Ratio	2015	2014	2013	2012	2011
Free Cash and Liquid Assets/ Debt Service	618.6%	578.3%	427.4%	528.9%	646.6%

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

Reserves

Reserve balances have increased overall by $11.3 million (2014 - $25.2 million increase) from the prior year. The City's Capital Reserves and Special Purpose Reserves balances increased by $8.8 million and $8.7 million respectively, while the Financial Stabilization Reserve decreased $6.2 million.

The Financial Stabilization Reserve's accumulated surplus is projected to be $8.4 million (including projected net interest revenue) over its targeted level of 6% of the General Revenue Fund's adopted 2016 budget expenses. The City Council's adopted 2016 budget provides for a transfer of up to $5 million into the General Revenue Fund.



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.

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.

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 2015 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 2015, the City recorded consolidated revenues of $1.755 billion (2014 - $1.717 billion), which included government transfers and developer contributions-in-kind related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.486 billion (2014 - $1.504 billion).

Consolidated revenues before government transfers and developer contributions-in-kind totaled $1.443 billion (2014 - $1.442 billion). As a result, the City reported a deficit before these other items of $43.1 million (2014 - $61.6 million). This deficit is largely a result of accruing for unfunded liabilities such as landfill liabilities and futu oriented employee benefit liabilities. These future-orientated 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 2015		Actual 2015		Actual 2014		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 660,243	38%	$ 660,323	38%	$ 640,801	37%	$ 80	$ 19,522
Sales of services and regulatory fees	550,604	31%	545,637	31%	526,330	31%	(4,967)	19,307
Government transfers - Operating	177,042	10%	171,582	10%	169,017	10%	(5,460)	2,565
Investment, land sales and other revenues	90,606	5%	65,378	4%	106,086	6%	(25,228)	(40,708)
Revenue before Other	1,478,495		1,442,920		1,442,234		(35,575)	686
Government transfers - Capital	205,418	12%	201,405	11%	209,830	12%	(4,013)	(8,425)
Developer contributions-in-kind	71,400	4%	110,960	6%	64,472	4%	39,560	46,488
	276,818		312,365		274,302		35,547	38,063
	$1,755,313		$1,755,285		$1,716,536		$ (28)	$ 38,749

Revenues were $38.7 million higher in 2015 due to several factors. One of the major reasons was increased taxation revenues. Included in taxation revenues are municipal realty taxes, which increased by $13.6 million year-over-year due to assessment roll growth, and a 2.30% increase in property tax rates.

Sales of services and regulatory fees rose over the prior year due to an $11.2 million increase reported in water and sewer sales resulting from increased rates. Park revenues from Assiniboine Park Conservancy and higher solid waste tipping and waste diversion fees also contributed.

The decreased investment, land sales and other revenues can be primarily attributed to less land sales concluding compared to budget and prior year.

Developer contributions-in-kind increased over the prior year and budget related to the timing of turnover of these assets from developers.

Consolidated Expenses For the years ended December 31 (in thousands of dollars)	Budget 2015		Actual 2015		Actual 2014		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 477,569	31%	$ 488,583	33%	$ 466,817	31%	$ (11,014)	$ 21,766
Utility operations	392,477	25%	370,219	25%	378,584	25%	22,258	(8,365)
Public works	323,659	22%	318,018	21%	331,243	22%	5,641	(13,225)
Property and development	165,616	10%	128,800	9%	146,274	10%	36,816	(17,474)
Finance and administration	78,992	5%	71,291	5%	76,553	5%	7,701	(5,262)
Civic corporations	70,850	4%	61,810	4%	58,185	4%	9,040	3,625
General government	32,234	3%	47,265	3%	46,203	3%	(15,031)	1,062
	$1,541,397		$1,485,986		$1,503,859		$ 55,411	$ (17,873)

Consolidated expenses decreased by $17.9 million or 1.2% from the previous year and were $55.4 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 grants charged to this category, but budgeted in the property and development category.

- Utility operations were under budget mostly related to lower salaries and benefits expenses resulting from turnover and unfilled positions, as well as the delay in the opening of the Brady 4R Winnipeg depot.

- The decrease in Public Works expenses compared to 2014 is related to decreased streets maintenance costs for snow clearing and ice control.

- Property and development expenses are lower than prior year and budget primarily because of a decrease in grants and costs related to land sales. This includes those grants budgeted under property and development and charged to protection and community service as noted above.

- General government expenses were over budget due to increased workers compensation costs.

In 2015, the City adopted a new accounting standard, PS 3260 Liability for Contaminated Sites. In doing so, the City recognized an accrued liability for the remediation of some contaminated sites for the first time. The accounting change was recognized retroactively with an adjustment of $7.2 million, which was made to opening accumulated surplus.

Consolidated Expenses By Object
For the years ended December 31

(in thousands of dollars)	2015		2014		Variance
Salaries and benefits	$ 805,889	54%	$ 779,586	52%	$ 26,303
Goods and services	387,853	26%	428,012	28%	(40,159)
Amortization	221,358	15%	208,074	14%	13,284
Interest	56,130	4%	53,715	4%	2,415
Other expenses	14,756	1%	34,472	2%	(19,716)
	$ 1,485,986		$ 1,503,859		$ (17,873)

Increases in salaries and benefits expense resulted primarily from contractual pay increases to police, fire paramedic and transit employees.

Goods and services expenses decreased largely due to extreme winter conditions in the prior year, resulting in higher costs related to snow clearing and ice control, frozen services, and watermain repairs. A reduction in cost of land sold also contributed to the decrease.

A decrease in other expenses is related to decreased provision for bad debt related to payments in lieu of taxes for federal taxable properties as well as decreased expected appeal losses for property taxes.

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

As well, the City has implemented processes that will result in better matching of approved capital budgets to the actual cash flows. Existing capital projects are regularly reviewed throughout the year to determine whether any surplus capital funds are available for other capital project purposes, or to minimize the impact on future capital program budgets.

Capital Project Management

One of the major functions of the City is the delivery on capital investments. This past year alone the City invested $0.6 billion in tangible capital assets, rehabilitating and investing in new assets such as roads, bridges and buildings. Tangible capital assets serve as key components to service delivery. While there have been recent examples of excellent project management in the delivery of major projects such as Phase 1 of the Southwest Transit Corridor, the Chief Peguis Trail Extension and the Disraeli Bridges, there have been challenges on others, for example the Fire Paramedic Stations Construction Project and the Winnipeg Police Headquarters Project.

The City understands the value derived from strong project management and has been working diligently to mitigate against capital project delivery problems associated with time, budget and scope by doing the following:

- The Public Service has been vigilant in the establishment of Major Capital Project Steering Committees to ensure project risks are being appropriately identified and addressed. As well, regular reporting to the Standing Policy Committee on Finance enhances public transparency.
- The City is transitioning to a system where all capital budget submissions 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 new Capital Expenditures Monthly Report is now 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, 2015, and the forecasted peak based on the City Council-approved borrowing and 2016 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As At December 31, 2015	Forecasted Peak
Debt as a % of revenue			
City	90.0%	56.7%	82.4%
Tax-supported and other funds	80.0%	54.8%	60.0%
Self-supporting utilities	220.0%	41.9%	138.7%
Debt-servicing as a % of revenue			
City	11.0%	5.3%	9.4%
Tax-supported and other funds	10.0%	5.4%	5.4%
Self-supporting utilities	20.0%	4.0%	18.5%
Debt per capita			
City	$2,800	$1,384	$2,332
Tax-supported and other funds	$1,500	$928	$998
Self-supporting utilities	$1,500	$343	$1,286

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

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, 2015 is $27.2 million (2014 - $23.2 million). The increase in guarantees during the year is related to a Winnipeg Soccer Federation project at Garden City Community Centre. 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 $54.0 million. The City does not anticipate incurring future payments on these guarantees.

Employee Benefit Programs

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

Pension Plans

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

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 2015 was 21.9% 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, 2015, the market value of this pension fund's assets was $1,300.3 million (2014 - $1,231.9 million), which is $81.4 million more (2014 - $99.8 million more) than the accrued pension obligation.

Based on an interim valuation of the Plan as at December 31, 2014, the cost of benefits accruing under this Plan in 2015 represent 25.4% 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, 1.79% of earnings was not required to be contributed. Therefore, the City contributed the balance of the cost - that is, 15.63% 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 $31.3 million as of December 31, 2015 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 the year, 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 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 2016 capital budgets for the utilities and their 2017 to 2021 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 waste-water upgrade program is underway, which will address nutrient control, combined sewer overflow mitigation and biosolids management. Based on preliminary assessments, the upgrade program is estimated to cost between $1.2 to $1.8 billion, depending on market factors and interpretation of the compliance requirements.

Other major funding sources for these improvements will be provided by the Environmental Projects Reserve (which had a balance of $83.2 million at December 31, 2015), 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.

During the year, the City adopted PS3260, 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. This standard has been applied retroactively with an adjustment to the opening balance of the accumulated surplus. The impact is the accrued liability for the remediation of some contaminated sites for the first time.

Labour Negotiations

For the year ended December 31, 2015, 54% (2014 - 52%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,253 (2014 - 10,206), the majority being represented by the eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,391	January 12, 2019
CUPE	4,637	December 24, 2016
MGEU	347	February 18, 2017
UFFW	926	December 24, 2016
WAPSO	661	October 17, 2015
WFPSOA	45	August 19, 2017
WPA	1,975	December 23, 2016
WPSOA	33	December 24, 2016
Other (non-union/association)	238	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 SOA's, this division strengthens the City's long-term financial performance through the development and provision of a solid framework of risk management and loss control techniques based on an informed balance of risk and cost. Identifying, understanding, and evaluating the City's risks allow 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.

In 2015, the department began providing assurance on the implementation of past audit recommendations undertaken by the Public Service and reporting the results to Audit Committee on a quarterly basis.

The department continues to focus on the oversight of major capital projects using a proactive approach to auditing. This 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, based on periodic risk assessments, requests from the Public Service and as a result of Council directed projects.

Budget Process

Executive Policy Committee ("EPC"), a committee of City Council, is responsible for budget development. The budget is presented to City Council for consideration and adoption. Each year, both an operating and a capital budget are approved by City Council. Both budgets contain multi-year views. The capital budget includes six years of budget information, including the current-year adopted budget and five forecast years. The operating budget contains three years of budget information, including the current-year adopted budget and two projection years. The 2016 budget document includes a 2015 consolidated budget section that is prepared on the same basis as the consolidated financial statements.

Looking Forward

2016 Operating and Capital Budgets

On March 22, 2016, City Council adopted both budgets for The City of Winnipeg – the 2016 capital and operating budgets. In addition, the 2017-2021 capital forecast was approved in principle and the 2017 and 2018 operating projections were received as the preliminary financial plan for those years.

The 2016 capital budget and the 2017 to 2021 five-year forecast includes $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 $105.2 million for regional and local street renewal, including record level funding for local sidewalk renewal of $2.4 million. In addition, $6 million is set aside for the City's Freedom Road commitment.

The six-year capital investment plan includes $218.0 million for the transit system; $109.8 million for public safety; $104.8 million for community services, including libraries and recreation facilities; $28.8 million for land drainage and flood control; $31.9 million for active transportation facilities; and $29.6 million for the solid waste disposal system. Section 284(2) of The City of Winnipeg Charter requires that before December 31 of each fiscal year, City Council must adopt a capital budget for that year and a capital forecast for the next five fiscal years.

The 2016 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.

Construction of the southwest raid transitway (stage 2) and Pembina Highway underpass will begin in 2016. The project has a budget of $587.3 million and is a public-private partnership project with funding being provided by all levels of government. Following a request for proposal process a preferred bidder was chosen for construction. Completion of the project will represent a significant step forward in building the transportation network outlined in the City's Transportation Master Plan.

The 2016 budget plan decreases business tax rates from 5.6% to 5.3% 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 (2014 - $30 thousand), 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.

General Revenue Fund - Budget For the years ended December 31 (in thousands of dollars)	2016	2015	2014	2013	2012
Revenues					
Property tax	$ 549,345	$ 529,168	$ 510,569	$ 482,885	$ 459,564
Government transfers	123,619	118,290	113,763	113,050	113,265
Sale of goods and services	63,170	59,008	64,486	67,788	62,761
Street renewal frontage levy	62,374	49,129	41,731	41,400	41,300
Business tax	57,267	58,366	59,688	58,371	57,584
Transfer from other funds	55,203	45,779	56,787	46,586	52,309
Regulation fees	50,758	45,329	43,227	40,852	37,634
Other taxation	24,955	24,290	25,390	21,963	28,772
Interest	17,102	13,387	11,228	11,432	11,394
Other	51,337	51,351	42,315	38,345	35,377
	1,055,130	994,097	969,184	922,672	899,960
Expenses					
Police service	280,670	263,978	259,113	242,548	220,184
Public works	215,521	204,447	187,638	181,976	169,043
Fire paramedic service	190,274	178,321	167,801	167,888	154,750
Community services	111,408	118,569	122,838	111,691	112,793
Corporate	72,356	46,866	60,284	48,825	59,166
Planning, property and development	45,528	48,513	40,554	42,064	41,221
Corporate support services	37,254	34,092	33,038	31,147	31,312
Water and waste	30,399	30,923	31,110	33,703	44,052
Assessment and taxation	19,986	20,520	19,623	18,209	25,572
City clerk's	14,550	12,948	13,465	10,930	10,897
Street lighting	12,963	12,522	11,970	11,618	11,100
Corporate finance	9,015	9,130	9,310	9,412	8,547
Other departments	15,206	13,268	12,440	12,661	11,323
	1,055,130	994,097	969,184	922,672	899,960
	$ -	$ -	$ -	$ -	$ -

Prior year figures have not been reclassified to conform with the 2016 figures.

Accounting Pronouncements

PSAB has issued several pronouncements which 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 PS 3450, Financial Instruments and Section PS 2601, Foreign Currency Translation, and related financial statement presentation changes to Financial Statement Presentation, Section PS 1201. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2019.

- 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 on-line at www.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 11, 2016

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 11, 2016. 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 pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian public sector accounting standards.

Michael Ruta, FCA
Chief Financial Officer
May 11, 2016

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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, 2015 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, 2015, 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 11, 2016

Winnipeg, Canada

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	**$ 348,995**	$ 335,726
Accounts receivable (Note 4)	**334,131**	299,753
Land held for resale	**10,916**	9,074
Investments (Note 5)	**313,202**	338,051
Investment in government businesses (Note 6)	**30,135**	34,447
	1,037,379	1,017,051
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**285,085**	262,927
Deferred revenue (Note 8)	**37,664**	52,115
Debt (Note 9)	**1,016,777**	961,069
Other liabilities (Note 10)	**77,814**	73,190
Accrued employee benefits and other (Note 11)	**204,837**	184,791
	1,622,177	1,534,092
NET FINANCIAL LIABILITIES	**(584,798)**	(517,041)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	**6,180,915**	5,851,649
Inventories	**19,531**	18,706
Prepaid expenses and deferred charges	**6,805**	7,026
	6,207,251	5,877,381
ACCUMULATED SURPLUS (Note 14)	**$ 5,622,453**	$ 5,360,340

Commitments and contingencies (Notes 10, 15 and 16)

See accompanying notes and schedules to the consolidated financial statements

Approved on behalf of the Audit Committee:

MAYOR

CHAIRPERSON
STANDING POLICY COMMITTEE
ON FINANCE

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget 2015 (Note 20)	Actual 2015	Actual 2014
REVENUES			
Taxation (Note 16)	$ 660,243	$ 660,323	$ 640,801
Sales of services and regulatory fees (Note 17)	550,604	545,637	526,330
Government transfers (Note 18)	177,042	171,582	169,017
Land sales and other revenue (Note 6)	57,033	35,331	70,393
Investment income	33,573	30,047	35,693
Total Revenues	1,478,495	1,442,920	1,442,234
EXPENSES			
Protection and community services	477,569	488,583	466,817
Utility operations	392,477	370,219	378,584
Public works	323,659	318,018	331,243
Property and development	165,616	128,800	146,274
Finance and administration	78,992	71,291	76,553
Civic corporations	70,850	61,810	58,185
General government	32,234	47,265	46,203
Total Expenses (Note 19)	1,541,397	1,485,986	1,503,859
Annual Deficit Before Other	(62,902)	(43,066)	(61,625)
OTHER			
Government transfers related to capital (Note 18)	205,418	201,405	209,830
Developer contributions-in-kind related to capital (Note 13)	71,400	110,960	64,472
	276,818	312,365	274,302
Annual Surplus	$ 213,916	269,299	212,677
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
As previously reported		5,360,340	5,147,663
Change in accounting policy (Note 2p)		(7,186)	-
As restated		5,353,154	5,147,663
ACCUMULATED SURPLUS, END OF YEAR		$ 5,622,453	$ 5,360,340

See accompanying notes and schedules to the consolidated financial statements

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	**$ 269,299**	$ 212,677
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**221,358**	208,074
Developer contributions-in-kind related to capital	**(110,960)**	(64,472)
Change in other liabilities and employee benefits	**24,670**	24,516
Loss on sale tangible capital assets	**2,797**	1,503
Other	**(2,874)**	1,365
	404,290	383,663
Net change in non-cash working capital balances related to operations	**(29,117)**	(47,445)
Cash provided by operating activities	**375,173**	336,218
CAPITAL		
Acquisition of tangible capital assets	**(447,449)**	(461,087)
Proceeds on disposal of tangible capital assets	**4,988**	1,496
Cash used in capital activities	**(442,461)**	(459,591)
FINANCING		
Sinking fund and serial debenture issued	**75,947**	180,473
Decrease in sinking fund investments	**72,514**	69,607
Debenture and serial debt retired	**(92,848)**	(95,381)
Service concession arrangements retired	**(1,656)**	(1,530)
Other	**1,751**	7,504
Cash provided by financing activities	**55,708**	160,673
INVESTING		
Decrease (increase) in investments	**24,849**	(31,235)
Cash provided by (used in) investing activities	**24,849**	(31,235)
Increase in cash and cash equivalents	**13,269**	6,065
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**335,726**	329,661
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 348,995**	$ 335,726

See accompanying notes and schedules to the consolidated financial statements

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

	Budget 2015 (Note 20)	**Actual 2015**	Actual 2014
ANNUAL SURPLUS	**$ 213,916**	**$ 269,299**	$ 212,677
Amortization of tangible capital assets	**217,718**	**221,358**	208,074
Proceeds on disposal of tangible capital assets	**2,350**	**4,988**	1,496
Loss on disposal of tangible capital assets	**1,900**	**2,797**	1,503
Change in inventories, prepaid expenses and deferred charges	**(2,000)**	**(604)**	(4,169)
Tangible capital assets received as contributions (Note 13)	**(71,400)**	**(110,960)**	(64,472)
Acquisition of tangible capital assets	**(527,539)**	**(447,449)**	(461,087)
INCREASE IN NET FINANCIAL LIABILITIES	**(165,055)**	**(60,571)**	(105,978)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR			
As previously reported	**(509,896)**	**(517,041)**	(411,063)
Change in accounting policy (Note 2p)	**-**	**(7,186)**	-
As restated	**(509,896)**	**(524,227)**	(411,063)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (674,951)**	**$ (584,798)**	$ (517,041)

See accompanying notes and schedules to the consolidated financial statements

1. *Status of The City of Winnipeg*

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

2. *Significant Accounting Policies*

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

a) Basis of consolidation

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

ii) Government partnerships

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

iii) Government businesses

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

2. *Significant Accounting Policies (continued)*

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.

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

d) Land held for resale

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

e) Investments

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

f) Unamortized premium on debt

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

g) Solid waste landfills

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

2. *Significant Accounting Policies (continued)*

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.

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

2. Significant Accounting Policies (continued)

Other	
Machinery and equipment	3 to 40 years
Land improvements	10 to 100 years
Water and waste plants and facilities	
Underground networks	50 to 100 years
Sewage treatment plants and lift stations	50 to 75 years
Water pumping stations and reservoirs	50 to 75 years
Flood stations and other infrastructure	50 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and other structures	25 to 75 years

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

In certain circumstances, capital project work is charged an administration fee equal to 1.25% 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 capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

c) Service concession arrangements

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

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

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.

2. *Significant Accounting Policies (continued)*

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 of property tax amounts owing for prior years that have not yet been assessed at the end of the current fiscal year. By their nature, these estimates are subject to measurement uncertainty and the impact on future financial statements could be material (Note 2n).

m) Government transfers

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

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

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

n) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions in such areas as employee benefits, the useful life of tangible capital assets, assessment appeals, lawsuits and environmental provisions. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

o) Budget

The 2015 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.

p) Accounting policy changes

The Public Sector Accounting Board issued a new accounting standard, PS 3260 Liability for Contaminated Sites. The new standard applies to the City for the fiscal year beginning January 1, 2015, and, as such, has been utilized for the preparation of these consolidated financial statements. As permitted, this standard has been applied retroactively with an adjustment to the opening balance of the accumulated surplus. The impact is the accrued liability for the remediation of some contaminated sites for the first time.

3. *Cash and Cash Equivalents*

		2015		2014
Cash	**$**	**4,074**	$	6,423
Cash equivalents		**344,921**		329,303
	$	**348,995**	$	335,726

The average effective interest rate for cash equivalents at December 31, 2015 is 0.93% (2014 - 1.3%).

Cash and cash equivalents exclude $100.4 million (2014 - $48.5 million) which has been received from various entities including EBB. The funds are invested on a pooled basis to obtain maximum investment returns.

Cash received for interest during the year is $30.4 million (2014 - $35.8 million).

4. *Accounts Receivable*

		2015		2014
Property, payments-in-lieu and business taxes receivable	**$**	**58,121**	$	54,825
Allowance for property, payments-in-lieu and business taxes receivable		**(4,255)**		(6,183)
		53,866		48,642
Trade accounts and other receivables		**163,002**		148,857
Province of Manitoba		**118,411**		89,774
Government of Canada		**19,124**		24,574
Allowance for doubtful accounts		**(20,272)**		(12,094)
		280,265		251,111
	$	**334,131**	$	299,753

5. *Investments*

		2015		2014
Marketable securities				
Provincial bonds and bond coupons	**$**	**11,797**	$	8,095
Municipal bonds		**69,529**		90,863
		81,326		98,958
Manitoba Hydro long-term receivable		**220,238**		220,238
Other		**11,638**		18,855
	$	**313,202**	$	338,051

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2015 is $84.7 million (2014 - $104.4 million) and their maturity dates range from 2016 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 partnership that is owned equally by the Government of Canada, the Province of Manitoba and The City of Winnipeg. The mission of NPDC is to act as a catalyst, encouraging activities for people in the downtown through public and private partnerships and to work to ensure financial self-sufficiency. NPDC is responsible for the continuing renewal and stewardship of two sites in Winnipeg's downtown: the North Portage area and The Forks. NPDC is involved in certain business and core activities regarding the ownership, development and management of its two sites that include land investment properties and public amenities.

The condensed supplementary financial information of NPDC is as follows:

	2015	2014
Financial position		
Property, plant and equipment and investment in properties and infrastructure enhancements	**$ 69,346**	$ 69,755
Short-term investments	**14,215**	15,487
Other assets	**1,378**	1,344
	$ 84,939	$ 86,586
Deferred contributions from shareholders	**$ 13,642**	$ 14,802
Long-term mortgage payable	**10,608**	10,991
Current and other liabilities	**3,722**	3,686
	27,972	29,479
Net equity	**56,967**	57,107
	$ 84,939	$ 86,586
Comprehensive income		
Revenues	**$ 11,123**	$ 10,560
Expenses	**9,423**	8,957
Operating income before the following	**1,700**	1,603
Interest expense	**(633)**	(655)
Amortization	**(2,173)**	(2,199)
Other	**966**	1,815
Net (loss) income for the year	**$ (140)**	$ 564

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:

	2015	2014
Financial position		
Assets	**$ 16,703**	$ 30,327
Liabilities and equity	**$ 16,703**	$ 30,327
Comprehensive income		
Land sales	**$ 11,918**	$ 9,903
Cost of sales	**5,354**	4,251
Operating income before the following	**6,564**	5,652
Interest and other income	**38**	182
Other expenses and adjustments	**(1,086)**	(1,033)
Net income for the year	**$ 5,516**	$ 4,801

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:

	2015	2014
Financial position		
Capital assets	**$ 22,182**	$ 23,898
Current and other assets	**7,772**	7,411
	$ 29,954	$ 31,309
Long-term debt	**$ 19,913**	$ 21,596
Current and other liabilities	**4,234**	4,323
	24,147	25,919
Replacement Reserves	**4,604**	4,313
WHRC Building and Acquisition Reserve	**1,082**	1,063
Unrestricted net assets	**121**	14
	5,807	5,390
	$ 29,954	$ 31,309

6. *Investment in Government Businesses (continued)*

		2015		2014
Results of operations				
Revenues	**$**	**8,366**	$	10,780
Expenses		**8,260**		10,604
Excess of revenues over expenses for the year		**106**		176
Change to Replacement Reserves during the year		**291**		(64)
Change to WHRC Building and Acquisition Reserve during the year		**19**		17
Net income for the year	**$**	**416**	$	129

During the year, the City paid WHRC an operating grant of $180 thousand (2014 - $180 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2014 - $2.0 million). As at March 31, 2015, WHRC has utilized $492 thousand of this line of credit (2014 - $55 thousand).

Summary of investment in government businesses

		2015		2014
North Portage Development Corporation (1/3 share)	**$**	**18,989**	$	19,036
River Park South Developments Inc. (1/2 share)		**5,339**		10,021
Winnipeg Housing Rehabilitation Corporation		**5,807**		5,390
	$	**30,135**	$	34,447

Summary of results of operations

		2015		2014
North Portage Development Corporation (1/3 share)	**$**	**(47)**	$	188
River Park South Developments Inc. (1/2 share)		**2,758**		2,400
Winnipeg Housing Rehabilitation Corporation		**416**		129
	$	**3,127**	$	2,717

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*

		2015		2014
Accrued liabilities	**$**	**144,390**	$	135,774
Trade accounts payable		**133,856**		118,971
Accrued interest payable		**6,839**		8,182
	$	**285,085**	$	262,927

8. *Deferred Revenue*

		2015		2014
Federal gas tax transfer	**$**	**14,937**	$	22,440
Province of Manitoba		**3,223**		13,405
Prepayment for services and other		**19,504**		16,270
	$	**37,664**	$	52,115

9. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	**2015**	2014
1995-2015	May 12	9.125	VR	6620/95	**$ -**	$ 88,000
1997-2017	Nov. 17	6.250	VU	7000/97	**30,000**	30,000
2006-2036	July 17	5.200	VZ	183/04 and 72/06	**60,000**	60,000
2008-2036	July 17	5.200	VZ	72/06B and 32/07	**100,000**	100,000
2010-2041	June 3	5.150	WB	183/08	**60,000**	60,000
2011-2051	Nov. 15	4.300	WC	72/06, 183/08 and 150/09	**50,000**	50,000
2012-2051	Nov. 15	3.853	WC	93/11	**50,000**	50,000
2012-2051	Nov. 15	3.759	WC	120/09, 93/11 and 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.391	WC	93/11 and 84/13	**60,000**	60,000
2014-2045	June 1	4.100	WD	144/11, 23/13 and 149/13	**60,000**	60,000
2014-2045	June 1	3.713	WD	100/12, 23/13 and 149/13	**60,000**	60,000
2014-2051	Nov. 15	3.893	WC	93/11 and 145/13	**52,568**	52,568
2015-2045	June 1	3.828	WD	144/11, 100/12, 23/13, 149/13, 5/15 and 61/15	**60,000**	-
					717,568	745,568
Equity in The Sinking Funds (Notes 9a and b)					**(53,116)**	(125,630)
Net sinking fund debentures outstanding					**664,452**	619,938

Other debt outstanding

	2015	2014
Serial and instalment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.50% (2014 - 4.50%)	**19,392**	24,240
Bank loans, Province and other with varying maturities up to 2039 and a weighted average interest rate of 2.61% (2014 - 2.90%)	**133,115**	117,168
Capital lease obligations (Note 9c)	**24,844**	25,474
Service concession arrangement obligations (Notes 9d and 15d)	**154,158**	155,814
	995,961	942,634
Unamortized premium on debt (Note 9e)	**20,816**	18,435
	$ 1,016,777	$ 961,069

9. *Debt (continued)*

Debt segregated by fund/organization:

	2015	2014
General Capital Fund	**$ 671,683**	$ 625,415
Waterworks System	**134,397**	139,569
Transit System	**92,688**	88,389
Consolidated entities	**39,556**	37,394
Fleet Special Operating Agency	**30,311**	37,118
Solid Waste Disposal	**23,445**	10,239
Other	**24,697**	22,945
	$ 1,016,777	$ 961,069

Debt to be retired over the next five years:

	2016	2017	2018	2019	2020	2021+
Sinking fund debentures	$ -	$ 30,000	$ -	$ -	$ -	$ 687,568
Other debt	60,497	21,671	21,321	18,522	9,200	200,298
	$ 60,497	$ 51,671	$ 21,321	$ 18,522	$ 9,200	$ 887,866

a) As at December 31, 2015, sinking fund assets have a market value of $79.7 million (2014 - $152.1 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $27.0 million (2014 - $40.0 million) and a market value of $28.9 million (2014 - $42.3 million).

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees of The City of Winnipeg on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed in a separate fund by the City. The City is currently paying between 1 to 3% on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

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

	Capital Leases
2016	$ 2,476
2017	2,502
2018	2,553
2019	2,563
2020	2,680
Thereafter	29,783
Total future minimum lease payments	42,557
Amount representing interest at a weighted average rate of 8.18%	(17,713)
Capital lease obligations	$ 24,844

9. *Debt (continued)*

d) Service concession arrangement obligations are as follows:

		2015		2014
DBF2 Limited Partnership - Chief Peguis Trail Extension	**$**	**48,089**	$	48,625
Plenary Roads Winnipeg GP - Disraeli Bridges		**106,069**		107,189
	$	**154,158**	$	155,814

Chief Peguis Trail Extension

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

The $107.8 million project will have been financed through a grant of $23.9 million from PPP Canada, a Provincial government transfer of $9.0 million, sinking fund debentures (Series WC) of $18.7 million, a $50.0 million service concession arrangement obligation to DBF2 and cash consideration paid by the City of $6.2 million. As at December 31, 2015, $105.6 million was capitalized (Note 9). 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 $107.8 million project is 4.6%. Specifically, the sinking fund debt and service concession arrangement obligation to DBF2 bear a combined weighted average interest rate of 7.2%.

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

Disraeli Bridges

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

The $195.0 million project will have been financed through sinking fund debentures (Series WC) of $25.0 million, a $109.4 million service concession arrangement obligation to PRW, Federal gas tax revenue of $50.0 million, and net cash consideration paid by the City of $10.6 million. As at December 31, 2015, $194.9 million was capitalized for commissioned works (Note 13). Monthly capital and interest performance-based payments totalling $9.8 million annually, for the service concession arrangement obligation to PRW commenced in October 2012, commensurate with commissioning the project and are payable to termination of the contract with PRW.

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

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

9. *Debt (continued)*

e) Included in the Consolidated Statement of Financial Position are investments of $23.3 million (2014 - $21.2 million) that will be used for making semi-annual debt service payments on the sinking fund debentures issued in 2012.

f) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2015 is $56.1 million (2014 - $53.7 million) and cash paid for interest during the year is $57.5 million (2014 - $55.3 million).

10. *Other Liabilities*

	2015	2014
Landfill	**$ 41,745**	$ 30,531
Expropriation	**21,400**	25,800
Contaminated sites	**7,356**	3,625
Developer deposits and other	**7,313**	13,234
	$ 77,814	$ 73,190

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 closure and post-closure care activities discounted at the City's average, long-term, borrowing rate of 4.5% (2014 - 5.0%).

Landfill closure and post-closure care requirements have been defined in accordance with The Environment Act and include final covering and landscaping of the landfill, pumping of ground, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 109-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 93% of its total capacity and its remaining life is approximately 109 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, 2015, the reserve had a balance of $5.6 million (2014 - $5.3 million).

11. *Accrued Employee Benefits and Other*

	2015	2014
Retirement allowance - accrued obligation	**$ 96,012**	$ 95,978
Unamortized net actuarial loss	**(5,869)**	(5,142)
Retirement allowance - accrued liability	**90,143**	90,836
Vacation	**52,248**	50,924
Workers' compensation	**42,170**	26,869
Compensated absences	**13,570**	10,329
Other	**6,706**	5,833
	$ 204,837	$ 184,791

11. Accrued Employee Benefits and Other (continued)

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

The City measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation of the obligation was calculated as of July 31, 2014. The results of this valuation were extrapolated to the financial reporting date of December 31, 2015 using year-end assumptions.

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

	2015	2014
Retirement allowance - accrued liability		
Balance, beginning of year	**$ 90,836**	$ 89,296
Current service cost	**5,112**	5,284
Interest cost	**2,806**	3,527
Amortization of net actuarial loss	**977**	1,116
Benefit payments	**(9,588)**	(8,387)
Balance, end of year	**$ 90,143**	$ 90,836

Retirement allowance expense consists of the following:

	2015	2014
Current service cost	**$ 5,112**	$ 5,284
Interest cost	**2,806**	3,527
Amortization of net actuarial loss	**977**	1,116
	$ 8,895	$ 9,927

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

	2015	2014
Discount rate on liability	**2.80%**	2.90%
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 2015, and for future years, consistent with 2014. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2014, which indicated an excess of actuarial value of program assets over actuarial liabilities of $81.9 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, 2015 was $28.4 million (2014 - $41.6 million).

Total contributions by the City to the Benefits Program in 2015 were $32.5 million (2014 - $28.9 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 valuation of the Plan was prepared as of December 31, 2014. The valuation revealed a funding deficiency, which, in accordance with the terms of the Plan, was resolved through a transfer from both the city account and the contribution stabilization reserve to the main account, and by decreasing the rate of cost-of-living adjustments to pensions from 47.8% to 44.9% of the inflation rate.

An actuarial valuation of the Plan as of December 31, 2015 is to be prepared but it is not required to be filed with the Office of the Superintendent - Pension Commission. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. As of the date of the last valuation of the Plan, 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 would need to be addressed by the City over a period not to exceed five years either by an increase in contributions starting in 2014, or by obtaining a yearly renewable letter of credit with face value equal to the value of additional contributions cumulatively otherwise required. City Council has previously secured the letter of credit option and has obtained a letter of credit with respect to December 2013 valuation.

The results of the December 31, 2013 actuarial valuation of the Plan were extrapolated to December 31, 2015. In accordance with the terms of the Plan, extrapolated deficiencies are resolved through transfers from the contribution stabilization reserve and reductions in the rate of cost-of-living adjustments to pensions. The principal long-term assumptions on which the extrapolation was based were: discount rate of 5.50% per year (2014 - 5.75%); inflation rate of 2.00% per year (2014 - 2.00%); and general pay increases of 3.50% per year (2014 - 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:

	2015	2014
Plan assets:		
Fair value, beginning of year	**$ 1,231,868**	$ 1,120,262
Employer contributions	**24,080**	23,141
Employee contributions and transfers	**12,773**	12,778
Benefits and expenses paid	**(47,178)**	(44,237)
Net investment income	**78,748**	119,924
Fair value, end of year	**1,300,291**	1,231,868
Actuarial adjustment	**(81,387)**	(99,758)
Actuarial value, end of year	**$ 1,218,904**	$ 1,132,110
Accrued pension obligation:		
Beginning of year	**$ 1,132,110**	$ 1,047,795
Interest on accrued pension obligation	**39,556**	62,638
Current period benefit cost	**(47,178)**	36,586
Actuarial loss	**64,877**	29,328
Benefits and expenses paid	**29,539**	(44,237)
End of year	**$ 1,218,904**	$ 1,132,110
Expenses related to pensions:		
Current period benefit cost	**$ 39,556**	$ 36,586
Amortization of actuarial gains	**(2,781)**	(687)
Less: employee contributions and transfers	**(12,773)**	(12,778)
Pension benefit expense	**24,002**	23,121
Interest on accrued benefit obligation	**64,877**	62,638
Expected return on plan assets	**(64,799)**	(62,618)
Pension interest expense	**78**	20
Total expenses related to pensions	**$ 24,080**	$ 23,141

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 2015 were $24.1 million (2014 - $23.1 million). Total employee contributions to the Plan in 2015 were $12.8 million (2014 - $12.8 million). Benefits paid from the Plan in 2015 were $46.3 million (2014 - $43.4 million).

The expected rate of return on Plan assets in 2015 was 5.75% (2014 - 6.00%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2015 was 6.42% (2014 - 10.74%).

As the City's contribution to the Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Consolidated Statement of Financial Position. As noted above, the Plan provides that within certain prescribed constraints, in the event of a funding deficiency, a transfer from the contribution stabilization reserve and amendments to the rate of cost-of-living adjustments to pensions will be utilized to resolve the deficiency. The above extrapolation anticipates that the funding deficiency at December 31, 2015 will be resolved through a further reduction in the rate of cost-of-living adjustment.

12. *Pension Costs and Obligations (continued)*

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 2015, the City paid out $0.3 million (2014 - $0.3 million). An actuarially determined pension obligation of $3.9 million (2014 - $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 the year, 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, 2015. The principal long-term assumptions on which the valuation was based were: discount rate of 3.45% per year (2014 - 3.30%); and general pay increases of 3.50% per year (2014 - 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:

	2015	2014
Group life insurance plan assets, at actuarial value	**$ 148,308**	$ 141,522
Accrued post-retirement life insurance obligations	**$ 119,313**	$ 117,731

13. Tangible Capital Assets

	Net Book Value 2015	Net Book Value 2014
General		
Land	**$ 240,444**	$ 228,195
Buildings	**627,003**	438,862
Vehicles	**175,759**	161,326
Computer	**27,857**	31,566
Other	**274,694**	265,613
Infrastructure		
Plants and facilities	**573,667**	581,533
Roads	**1,307,029**	1,202,340
Underground and other networks	**2,041,867**	1,993,372
Bridges and other structures	**577,562**	548,418
	5,845,882	5,451,225
Assets under construction	**335,033**	400,424
	$ 6,180,915	$ 5,851,649

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

During the year, $nil (2014 - $nil) of tangible capital assets were written-down. Interest capitalized during 2015 was $4.9 million (2014 - $3.7 million). In addition, roads and underground networks contributed to the City totalled $111.0 million in 2015 (2014 - $64.4 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $281.8 million (2014 - $286.6 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:

	2015	2014
Invested in tangible capital assets	**$ 5,217,274**	$ 4,890,347
Reserves (Schedule 2)	**302,932**	291,645
Manitoba Hydro long-term receivable (Note 5)	**220,238**	220,238
Other surplus accumulated in utility operations, consolidated entities and other	**109,866**	150,767
Equity in government businesses (Note 6)	**30,135**	34,447
Unfunded expenses to be funded from future revenues:		
Accrued employee benefits and other	**(199,016)**	(182,644)
Landfill	**(41,745)**	(30,531)
Contaminated sites	**(7,356)**	(3,625)
Canadian Museum for Human Rights grant	**(9,875)**	(10,304)
	$ 5,622,453	$ 5,360,340

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, 2015 are as follows:

a) Operating leases

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

	Operating Leases
2016	$ 8,017
2017	7,409
2018	7,011
2019	5,509
2020	5,299
Thereafter	70,015
	$ 103,260

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, 2015 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements.

c) Loan guarantees

The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2015 is $27.2 million (2014 - $23.2 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 $1.4 million annually is to be adjusted by CPI and is payable commencing January 2012 until the termination of the contract with DBF2 in January 2042.

e) Veolia agreement

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

The City’s sewage treatment system treats and handles wastewater and resulting residuals at its existing three major sewage treatment facilities, the South End, West End and North End Water Pollution Control Centres (the “Facilities”). Veolia’s role is to provide services to the City. Representatives of Veolia are working collaboratively with representatives of the City providing advice and recommendations in respect of the City's (i) management and operation of the Facilities (ii) assessment, planning and delivery of upgrades and capital modification to the Facilities; and (iii) assessment, planning and delivery of operational improvement to the Facilities during the term of this agreement. The Program does not include the City's supply of water or its waterworks system or work relating to the collection system or land drainage system.

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

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

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

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

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

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

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

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

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

f) Forgivable loans

The City has received funding from the federal and provincial governments for the purchase of certain properties. Repayment of this funding is not required as long as the properties operate as an affordable housing complex or offer services for the homeless. As at December 31, 2015, the forgivable loans totalled $3.8 million (2014 - $5.3 million).

16. *Taxation*

		2015		2014
Municipal and school property taxes	$	**1,077,600**	$	1,037,506
Payments-in-lieu of property (municipal and school) and business taxes		**51,297**		49,356
		1,128,897		1,086,862
Payments to Province and school divisions		**(606,821)**		(579,245)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes		**522,076**		507,617
Business taxes and license-in-lieu of business taxes		**55,766**		58,818
Local improvement and frontage levies		**50,149**		43,180
Electricity and natural gas sales taxes		**20,117**		20,109
Amusement and accommodation taxes and mobile home licences		**12,215**		11,077
	$	**660,323**	$	640,801

The property tax roll includes school taxes of $575.6 million (2014 - $549.1 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2015 totalled $31.2 million (2014 - $30.1 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 (2014 - $4.3 million).

17. *Sales of Services and Regulatory Fees*

		2015		2014
Water sales and sewage services	$	**254,987**	$	244,762
Other sales of goods and services		**138,032**		132,908
Transit fares		**77,594**		78,091
Regulatory fees		**75,024**		70,569
	$	**545,637**	$	526,330

18. *Government Transfers*

		2015		2014
Operating				
Province of Manitoba				
Ambulance, libraries and other	$	**65,545**	$	57,598
Building Manitoba Fund		**52,368**		57,104
Transit		**37,110**		37,854
Unconditional		**26,494**		26,494
Support		**13,703**		13,079
Support for provincial programs		**(23,650)**		(23,650)
		171,570		168,479
Government of Canada		**12**		538
Total Operating		**171,582**		169,017

18. *Government Transfers (continued)*

	2015	2014
Capital		
Province of Manitoba		
Building Manitoba Fund		
Manitoba Winnipeg Infrastructure Agreement	**39,661**	36,662
Road Improvements	**30,946**	16,690
Winnipeg Convention Centre	**19,234**	22,550
Other	**17,183**	17,972
	107,024	93,874
International Polar Bear Conservation Centre	**-**	30,000
Building Canada Fund	**10,134**	9,487
Manitoba Housing Renewal Corporation	**520**	1,227
	117,678	134,588
Government of Canada		
Federal gas tax revenue	**47,452**	41,014
Winnipeg Convention Centre	**13,721**	17,256
Building Canada Fund	**10,579**	15,436
Other capital funding	**11,975**	1,536
	83,727	75,242
Total Capital	**201,405**	209,830
	$ 372,987	$ 378,847

In accordance with the recommendations of the Public Sector Accounting Board, government transfers, to the extent a liability does not exist, and developer contributions-in-kind related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the tangible capital assets are acquired.

19. *Expenses by Object*

	2015	2014
Salaries and benefits	**$ 805,889**	$ 779,586
Goods and services	**387,853**	428,012
Amortization of tangible capital assets	**221,358**	208,074
Interest	**56,130**	53,715
Other expenses	**14,756**	34,472
	$ 1,485,986	$ 1,503,859

20. *Budget*

On March 22, 2016 Council approved the 2016 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 2016 budget document is a 2015 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 2015 consolidated budget has been utilized in these consolidated financial statements.

21. Property and Liability Insurance

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

22. Segmented Information

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

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

Protection

Protection is comprised of the Police Service and Fire Paramedic Service departments. The mandate of the Police Service department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Paramedic Service department is responsible for providing fire suppression service; fire prevention programs; and training and education related to prevention, detection or extinguishment of fires. It is also responsible for pre-hospital emergency paramedical care and the transport of the sick and injured; for handling hazardous materials incidents; for the mitigation of calamitous incidents; and for the evacuation of people when in charge at an incident.

Community Services

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

Planning

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

Public Works and Water

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

22. Segmented Information (continued)

Transit System Fund

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

Water and Waste Funds

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

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. For additional information, see the Consolidated Schedule of Segment Disclosure - Service (Schedule 3).

23. Comparative Figures

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

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)

	General				
	Land	**Buildings**	**Vehicles**	**Computer**	**Other**
Cost					
Balance, beginning of year	**$ 228,195**	**$ 765,015**	**$ 372,983**	**$ 154,747**	**$ 404,884**
Add:					
Additions during the year	**13,754**	**216,797**	**40,517**	**3,454**	**40,066**
Less:					
Disposals during the year	**1,505**	**4,604**	**13,267**	**1,504**	**207**
Balance, end of year	**240,444**	**977,208**	**400,233**	**156,697**	**444,743**
Accumulated amortization					
Balance, beginning of year	**-**	**326,153**	**211,657**	**123,181**	**139,271**
Add:					
Amortization	**-**	**25,683**	**25,569**	**7,163**	**31,028**
Less:					
Accumulated amortization on disposals	**-**	**1,631**	**12,752**	**1,504**	**250**
Balance, end of year	**-**	**350,205**	**224,474**	**128,840**	**170,049**
Net Book Value of Tangible Capital Assets	**$ 240,444**	**$ 627,003**	**$ 175,759**	**$ 27,857**	**$ 274,694**

Schedule 1

Infrastructure					Totals	
Plants and Facilities	**Roads**	**Underground and Other Networks**	**Bridges and Other Structures**	**Assets Under Construction**	**2015**	2014
$ 851,027	**$ 2,229,020**	**$ 3,003,363**	**$ 775,942**	**$ 400,424**	**$ 9,185,600**	$ 8,672,135
9,362	**164,701**	**92,295**	**42,854**	**(65,391)**	**558,409**	525,559
800	**3,858**	**5,844**	**-**	**-**	**31,589**	12,094
859,589	**2,389,863**	**3,089,814**	**818,796**	**335,033**	**9,712,420**	9,185,600
269,494	**1,026,680**	**1,009,991**	**227,524**	**-**	**3,333,951**	3,134,972
16,428	**59,313**	**42,464**	**13,710**	**-**	**221,358**	208,074
-	**3,159**	**4,508**	**-**	**-**	**23,804**	9,095
285,922	**1,082,834**	**1,047,947**	**241,234**	**-**	**3,531,505**	3,333,951
$ 573,667	**$ 1,307,029**	**$ 2,041,867**	**$ 577,562**	**$ 335,033**	**$ 6,180,915**	$ 5,851,649

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF RESERVES

Schedule 2

As at December 31
(in thousands of dollars)

	2015	2014
Reserves		
Capital Reserves		
Environmental Projects	**$ 83,215**	$ 73,006
Sewer System Rehabilitation	**19,418**	15,328
Transit Bus Replacement	**11,552**	16,766
Brady Landfill Site Rehabilitation	**5,646**	5,280
Watermain Renewal	**5,161**	3,562
Rapid Transit Infrastructure	**4,729**	8,914
Waste Diversion	**2,369**	1,312
Computer Replacement	**1,260**	1,221
Local Streets Renewal	**1,236**	850
Regional Street Renewal	**617**	188
Golf Course	**453**	496
Federal Gas Tax Revenue	**173**	128
	135,829	127,051
Special Purpose Reserves		
General Purpose	**16,440**	937
Perpetual Maintenance Fund - Brookside Cemetery	**15,696**	14,938
Land Operating *	**12,952**	21,313
Destination Marketing	**10,676**	8,036
Land Dedication	**7,307**	7,115
Workers Compensation	**4,748**	5,217
Commitment	**4,685**	3,739
Multi-Family Dwelling Tax Investment	**4,600**	5,536
Housing Rehabilitation Investment	**4,136**	2,158
Economic Development Investment	**3,523**	3,697
Insect Control Urgent Expenditures	**2,654**	2,004
Permit	**1,510**	1,014
Perpetual Maintenance Fund - St.Vital Cemetery	**1,115**	880
Perpetual Maintenance Fund - Transcona Cemetery	**777**	615
Insurance (Note 21)	**509**	5,244
Heritage Investment	**143**	304
Wading and Outdoor Pool Extended Season	**-**	63
	91,471	82,810
Stabilization Reserve		
Financial Stabilization	**75,632**	81,784
Total Reserves	**$ 302,932**	$ 291,645

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

	2015	2014
Reserve balance as disclosed above	**$ 12,952**	$ 21,313
Investment held in River Park South Developments Inc. (Note 6)	**5,339**	10,021
	$ 18,291	$ 31,334

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

For the year ended December 31, 2015
(in thousands of dollars)

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Water**
REVENUES				
Taxation	**$ 280,388**	**$ 83,786**	**$ 5,090**	**$ 182,641**
Sales of services and regulatory fees	**60,035**	**14,877**	**23,654**	**5,782**
Government transfers (Note 18)	**73,651**	**10,279**	**3,197**	**19,543**
Transfer from other funds	**6,196**	**1,896**	**17,100**	**16,049**
Other	**21,034**	**5,657**	**2,339**	**11,516**
	441,304	**116,495**	**51,380**	**235,531**
EXPENSES *(Note 19)*				
Salaries and benefits	**380,970**	**39,135**	**23,555**	**74,989**
Goods and services	**36,475**	**8,784**	**2,879**	**102,449**
Interest	**457**	**1,907**	**45**	**6,674**
Transfer to other funds	**19,435**	**47,336**	**24,835**	**70,505**
Other	**3,967**	**19,333**	**66**	**(19,086)**
	441,304	**116,495**	**51,380**	**235,531**
ANNUAL SURPLUS	**$ -**	**$ -**	**$ -**	**$ -**

For the year ended December 31, 2014
(in thousands of dollars)

	General Revenue Fund			
	Protection	Community Services	Planning	Public Works and Water
REVENUES				
Taxation	$ 272,844	$ 87,468	$ -	$ 201,950
Sales of services and regulatory fees	58,117	15,272	22,420	6,344
Government transfers (Note 18)	72,305	10,297	-	19,385
Transfer from other funds	7,366	2,208	17,963	16,619
Other	16,125	4,342	1,933	9,132
	426,757	119,587	42,316	253,430
EXPENSES *(Note 19)*				
Salaries and benefits	367,909	38,468	23,290	74,447
Goods and services	37,357	8,705	3,015	135,157
Interest	498	655	76	9,288
Transfer to other funds	16,008	52,027	14,632	50,876
Other	4,985	19,732	1,303	(16,338)
	426,757	119,587	42,316	253,430
ANNUAL SURPLUS	$ -	$ -	$ -	$ -

Finance and Administration	**Transit System Fund**	**Water and Waste Funds**	**Other Funds and Corporations**	**Eliminations**	**Consolidated**
$ 109,819	**$ -**	**$ -**	**$ 15,230**	**$ (16,631)**	**$ 660,323**
15,641	**81,654**	**295,383**	**100,283**	**(51,672)**	**545,637**
11,973	**47,955**	**15,484**	**237,502**	**(46,597)**	**372,987**
3,567	**68,491**	**41,278**	**377,648**	**(532,225)**	**-**
14,888	**3,013**	**37,385**	**114,298**	**(33,792)**	**176,338**
155,888	**201,113**	**389,530**	**844,961**	**(680,917)**	**1,755,285**
42,878	**102,106**	**66,025**	**58,014**	**18,217**	**805,889**
27,359	**48,546**	**110,848**	**101,348**	**(50,835)**	**387,853**
(123)	**6,031**	**9,934**	**41,181**	**(9,976)**	**56,130**
72,188	**6,680**	**101,150**	**9,514**	**(351,643)**	**-**
13,586	**20,229**	**38,197**	**217,197**	**(57,375)**	**236,114**
155,888	**183,592**	**326,154**	**427,254**	**(451,612)**	**1,485,986**
$ -	**$ 17,521**	**$ 63,376**	**$ 417,707**	**$ (229,305)**	**$ 269,299**

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
$ 75,236	$ -	$ -	$ 17,024	$ (13,721)	$ 640,801
12,831	81,194	279,726	103,838	(53,412)	526,330
15,915	45,275	8,527	240,051	(32,908)	378,847
4,791	44,666	44,893	355,979	(494,485)	-
28,991	479	33,696	106,740	(30,880)	170,558
137,764	171,614	366,842	823,632	(625,406)	1,716,536
41,480	98,267	66,804	55,135	13,786	779,586
16,980	51,469	115,252	111,961	(51,884)	428,012
244	6,419	11,366	36,146	(10,977)	53,715
61,213	6,766	89,337	25,419	(316,278)	-
17,847	19,909	41,359	221,937	(68,188)	242,546
137,764	182,830	324,118	450,598	(433,541)	1,503,859
$ -	$ (11,216)	$ 42,724	$ 373,034	$ (191,865)	$ 212,677

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW

December 31
("$" amounts in thousands of dollars, except as noted)
(Unaudited)

	2015	2014	2013	2012	2011
1. Population (as restated per Statistics Canada)	**718,400**	709,253	698,696	689,575	677,830
Unemployment rate (as restated per Statistics Canada)					
- Winnipeg	**6.0%**	5.8%	5.9%	5.6%	5.8%
- National average	**6.9%**	6.9%	7.1%	7.3%	7.5%
2. Average annual headcount	**10,253**	10,206	10,143	10,080	10,039
3. Number of taxable properties	**226,736**	223,411	220,942	218,973	216,997
Payments-in-lieu of taxes					
Number of properties	**1,195**	988	1,042	1,317	1,181
4. Assessment (see note) - Residential	**$ 60,492,101**	$ 59,439,781	$ 51,599,866	$ 50,738,087	$ 44,052,618
- Commercial and industrial	**15,295,925**	15,102,472	13,501,469	13,310,247	12,054,712
- Farm and golf	**330,042**	313,569	245,037	244,951	179,736
	$ 76,118,068	$ 74,855,821	$ 65,346,372	$ 64,293,285	$ 56,287,066
Assessment per capita (in dollars)	**$ 105,955**	$ 105,542	$ 93,526	$ 93,236	$ 83,040
Commercial and industrial as a percentage of assessment	**20.09%**	20.18%	20.66%	20.70%	21.42%
5. Tax arrears	**$ 58,121**	$ 54,825	$ 49,592	$ 37,960	$ 34,747
6. Tax arrears - per capita (in dollars)	**$ 80.90**	$ 77.30	$ 70.98	$ 55.05	$ 51.26
7. Municipal mill rate	**13.682**	13.372	14.600	14.056	15.295
- Adjustment for tax increase	**2.3%**	3.0%	3.9%	3.5%	0.0%
- Adjustment for general assessment	**0.0%**	-11.0%	0.0%	-11.2%	0.0%
8. Winnipeg consumer price index (per Statistics Canada) (annual average)					
- 2002 base year 100	**126.6**	124.9	122.6	119.9	118.1
- Percentage increase	**1.3%**	1.9%	2.2%	1.5%	2.9%
9. Consolidated revenues					
- Taxation	**$ 660,323**	$ 640,801	$ 611,813	$ 587,578	$ 563,779
- User charges	**545,637**	526,330	507,869	483,339	460,452
- Government transfers	**372,987**	378,847	292,258	280,237	298,086
- Interest and other revenue	**176,338**	170,558	207,318	145,987	147,293
	$ 1,755,285	$ 1,716,536	$ 1,619,258	$ 1,497,141	$ 1,469,610
10. Consolidated expenses by function					
- Municipal operations	**$ 1,053,957**	$ 1,067,090	$ 994,365	$ 910,177	$ 891,823
- Public utilities	**370,219**	378,584	347,652	338,028	334,154
- Civic corporations	**61,810**	58,185	54,783	51,518	47,257
	$ 1,485,986	$ 1,503,859	$ 1,396,800	$ 1,299,723	$ 1,273,234
11. Growth in accumulated surplus	**$ 269,299**	$ 212,677	$ 222,458	$ 197,418	$ 196,376

Note: Current provincial legislation requires that a general assessment be performed every two years. A general assessment occurred in 2010, 2012 and 2014. In the year of a general assessment, the mill rate is adjusted to offset the effect of market value changes of the entire assessment base.

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW - continued

December 31
("$" amounts in thousands of dollars, except as noted)
(Unaudited)

	2015	2014	2013	2012	2011
12. Consolidated expenses by object					
Salaries and benefits	**$ 805,889**	$ 779,586	$ 730,133	$ 695,849	$ 664,221
Goods and services	**387,853**	428,012	376,614	344,217	357,008
Amortization	**221,358**	208,074	198,106	188,432	175,765
Interest	**56,130**	53,715	54,732	53,587	43,954
Other expenses	**14,756**	34,472	37,215	17,638	32,286
	$ 1,485,986	$ 1,503,859	$ 1,396,800	$ 1,299,723	$ 1,273,234
13. Payments to school authorities	**$ 606,821**	$ 579,245	$ 550,039	$ 521,322	$ 497,237
14. Debt					
Tax-supported	**$ 688,484**	$ 687,586	$ 557,781	$ 560,073	$ 334,359
Transit	**93,669**	97,125	103,936	109,709	110,449
City-owned utilities	**185,789**	198,737	248,719	296,868	285,799
Other	**81,135**	84,816	74,848	80,012	70,321
Total gross debt	**1,049,077**	1,068,264	985,284	1,046,662	800,928
Less: Sinking Funds	**53,116**	125,630	195,237	264,037	242,528
Total net long-term debt	**$ 995,961**	$ 942,634	$ 790,047	$ 782,625	$ 558,400
Percentage of total assessment	**1.31%**	1.26%	1.21%	1.22%	0.99%
15. Acquisition of tangible capital assets	**$ 558,409**	$ 525,559	$ 543,938	$ 653,993	$ 486,320
16. Net financial (liabilities) assets	**$ (584,798)**	$ (517,041)	$ (411,063)	$ (325,605)	$ (55,176)
17. Accumulated surplus					
Invested in tangible capital assets	**$ 5,217,274**	$ 4,890,347	$ 4,637,548	$ 4,397,884	$ 4,197,895
Reserves					
Capital	**135,829**	127,051	114,548	114,907	107,716
Special Purpose	**91,471**	82,810	77,863	90,219	81,981
Stabilization	**75,632**	81,784	85,753	80,404	85,305
	302,932	291,645	278,164	285,530	275,002
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**140,001**	185,214	221,901	199,539	205,043
Unfunded expenses	**(257,992)**	(227,104)	(210,188)	(190,683)	(183,088)
	102,247	178,348	231,951	229,094	242,193
	$ 5,622,453	$ 5,360,340	$ 5,147,663	$ 4,912,508	$ 4,715,090
18. Government-specific indicators					
Assets-to-liabilities	**4.47**	4.49	4.79	4.85	5.62
Financial assets-to-liabilities	**0.64**	0.66	0.70	0.75	0.95
Public debt charges-to-revenues	**0.03**	0.03	0.04	0.04	0.03
Own-source revenues-to-taxable assessment	**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues	**0.21**	0.22	0.18	0.19	0.20

2015 FUNDS

DETAILED FINANCIAL STATEMENTS

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

The City of Winnipeg ("the City") is a single-tier municipality 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 street system maintenance, police, fire, parks and recreation. The City is required by The Public Schools Act to bill, collect and remit provincial support and school division special levies on behalf of the Province and school divisions. The City also bills, collects, and remits taxes on behalf of local business improvement zones. Activities related to these billing functions are not included in the Statement of Operations.

For the year-ended December 31, 2015, the General Revenue Fund reported a net surplus of $16.3 million (2014 - $0.7 million surplus) before transfers. Factors that contributed to the General Revenue Fund's position were as follows:

- The Assessment and Taxation department's had a favourable net mill rate variance of $7.0 million mainly due to decreased provision for tax arrears, lower than expected appeal losses, and increased interest on uncollected taxes.
- The Police department experienced a $3.0 million favourable variance mainly due to greater than budgeted photo radar net revenue, and increased special services revenue.
- The Water and Waste department's net mill rate was favourable by $1.9 million mostly related to decreased tax-supported solid waste expenses.
- The Corporate Support Services department experienced a $1.5 million favourable variance mostly due to savings in interest expense on debt, decrease in provisions, and higher recoveries from civic pension charges.
- The Community Services department's net mill rate was favourable by $1.4 million mostly related to savings from staff turnover and less than budgeted grants expense.
- Other departmental revenues and expenses provided $1.5 million of surplus to the total position.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

FIVE-YEAR REVIEW

December 31
("$" amounts in thousands of dollars, except as noted)
(unaudited)

	2015	2014	2013	2012	2011
Planning, Property and Development					
Construction					
-Permits issued	**8,821**	8,595	8,461	10,124	10,046
-Value	**$ 1,435,969**	$ 1,537,716	$ 1,781,937	$ 1,541,071	$ 1,158,757
Housing starts	**3,656**	4,548	3,866	3,574	2,976
Community Services					
Libraries Provincial Transfer	**$ 2,010**	$ 2,010	$ 2,010	$ 2,010	$ 2,010
Library circulation	**5,242,048**	5,211,846	5,319,275	5,585,216	5,472,382
Taxes Receivable					
Property, payments-in-lieu and business taxes	**$ 57,072**	$ 51,777	$ 46,985	$ 37,960	$ 34,747
Allowance for tax arrears	**(4,255)**	(6,183)	(3,694)	(3,351)	(2,629)
	$ 52,817	$ 45,594	$ 43,291	$ 34,609	$ 32,118
Tax Revenues					
Municipal realty taxes	**$ 497,401**	$ 480,053	$ 453,682	$ 432,584	$ 409,208
Payments-in-lieu of taxes	**$ 34,066**	$ 32,885	$ 31,144	$ 29,076	$ 28,646
Business and licenses-in-lieu of business taxes	**$ 56,328**	$ 57,729	$ 56,412	$ 55,629	$ 55,655
Statement of Operations					
Revenues	**$ 1,000,598**	$ 979,856	$ 930,557	$ 898,614	$ 869,588
Expenses	**984,257**	979,132	930,557	882,756	859,888
	16,341	724	-	15,858	9,700
Contribution to:					
General Purpose Reserve	**(16,341)**	(724)	-	(15,858)	(9,700)
Surplus	**$ -**	$ -	$ -	$ -	$ -

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Cash and cash equivalents (Note 3)	**$ 433,307**	$ 364,212
Accounts receivable (Note 4)	**128,609**	114,862
Materials and supplies	**8,718**	8,973
Prepaid expenses	**2,206**	1,450
	572,840	489,497
Investments (Note 5)	**32,050**	49,915
Contributed surplus and other assets (Note 6)	**36,879**	37,628
	$ 641,769	$ 577,040
LIABILITIES		
Current		
Notes payable (Note 7)	**$ 101,770**	$ 52,395
Due to other funds (Note 8)	**334,354**	345,079
Accounts payable and accrued liabilities (Note 9)	**142,263**	120,028
Deferred revenue (Note 10)	**37,164**	34,577
Performance and other deposits	**26,218**	24,961
	$ 641,769	$ 577,040

Commitments and contingent liabilities (Note 11)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF OPERATIONS

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

	2015 Budget	2015 Actual	2014 Actual
REVENUES (Schedule 1)			
Taxation (Note 12)	**$ 627,250**	**$ 627,658**	$ 604,613
Government transfers	**118,290**	**118,643**	117,903
Sale of goods and services (Note 13)	**59,002**	**61,933**	61,997
Regulation fees	**53,315**	**58,058**	52,988
Contributions and transfers	**45,779**	**44,806**	48,947
Investment and other interest	**38,860**	**38,646**	29,260
Payments-in-lieu of taxes (Note 12)	**34,066**	**34,066**	32,885
Sale of Winnipeg Hydro and Other	**17,535**	**16,788**	31,263
Total Revenues	**994,097**	**1,000,598**	979,856
EXPENSES (Schedules 2 and 3)			
Protection and community services	**561,899**	**558,830**	547,324
Public works	**247,891**	**247,798**	253,429
Finance and administration	**88,927**	**80,616**	84,562
Property and development	**48,513**	**51,381**	42,316
Contribution to Transit System	**47,350**	**47,209**	47,443
Employee benefits and payroll tax	**13,670**	**14,015**	16,441
Debt and finance charges	**503**	**820**	456
Other	**(14,656)**	**(16,412)**	(12,839)
Total Expenses	**994,097**	**984,257**	979,132
Surplus for the year before contributions	**-**	**16,341**	724
Contribution:			
General Purpose Reserve	**-**	**(16,341)**	(724)
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

a) Basis of presentation

The General Revenue Fund follows the fund basis of reporting. This Fund was created for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

b) Basis of accounting

The financial statements are generally prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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.

The accrual basis of accounting is modified for expenses relating to accrued vacation costs, compensated absences, legal claims, retirement allowance, workers compensation claims, insurance claims, councillors' pension plan costs, and environmental costs which are recorded when payment is incurred.

c) Cash equivalents

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

d) Materials and supplies

Materials and supplies are recorded at the lower of cost or net realizable value.

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.

1. Significant Accounting Policies (continued)

f) 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.

g) Debt and finance charges

Tax-supported tangible capital assets, including those financed by debt, are recorded along with the outstanding debt obligation in the General Capital Fund. Interest and payments on debt are funded by the General Revenue Fund with the interest expense recorded in the General Capital Fund.

h) Administration and interest on capital work

In certain circumstances, capital project work capitalized in the General Capital Fund includes an administration fee of 1.25% of specific costs of the project to a maximum of $100 thousand on any individual project. In addition, financing charges of 2% are also capitalized as part of the project funded by the City. The administration fee and financing charge revenues are recorded in the General Revenue Fund.

i) Debenture premiums and issue expenses

Debenture premiums are amortized over the term of the debenture and issue expenses are charged to operations in the General Revenue Fund in the year of the related debenture issue.

j) Deferred gain on sale of assets to Special Operating Agencies

Golf Services - Special Operating Agency and Winnipeg Parking Authority - Special Operating Agency commenced operations on January 1, 2002 and January 1, 2005, respectively. The City sold assets, including land, to these Agencies. The gain on the sale of these assets is being realized over the same time period as the assets are being amortized by the Agencies.

k) Tax Revenue

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

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

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

1. Significant Accounting Policies (continued)

l) Government transfers

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

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

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

2. Status of the General Revenue Fund

The City is a municipality which 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 street system maintenance, police, fire, urban planning, parks and recreation.

The City is required by The Public Schools Act to bill, collect and remit provincial education support and school division special levies on behalf of the Province of Manitoba and the school divisions. The City also bills, collects and remits taxes on behalf of business improvement zones. The City has no jurisdiction or control over the school divisions' or business improvement zones' operations or their mill rate increases and therefore, the financial statements of these entities do not form part of the General Revenue Fund's financial statements.

3. Cash and Cash Equivalents

	2015	2014
Bank balance, net of other cash items	**$ 18,196**	$ (2,399)
Cash equivalents	**415,111**	366,611
	$ 433,307	$ 364,212

Cash equivalents have an effective average interest rate of 0.93% (2014 - 1.3%).

4. Accounts Receivable

	2015	2014
Property, payments-in-lieu and business taxes	**$ 57,072**	$ 51,777
Allowance for tax arrears	**(4,255)**	(6,183)
	52,817	45,594
Trade accounts and other receivables	**40,006**	30,977
Province of Manitoba	**36,940**	37,605
Government of Canada	**4,900**	4,031
Accrued interest receivable	**1,355**	1,706
Allowance for doubtful accounts	**(7,409)**	(5,051)
	75,792	69,268
	$ 128,609	$ 114,862

5. Investments

	2015	2014
Marketable securities		
Provincial bonds	**$ 5,000**	$ 8,974
Municipal bonds	**27,050**	40,941
	$ 32,050	$ 49,915

The aggregate market value of marketable securities at December 31, 2015 is $32.4 million (2014 - $50.2 million).

6. Contributed Surplus and Other Assets

	2015	2014
Contributed surpluses:		
Golf Services - Special Operating Agency	**$ 20,090**	$ 20,090
Land Operating Reserve	**8,425**	8,425
Winnipeg Parking Authority - Special Operating Agency	**172**	172
Loans receivable:		
Winnipeg Parking Authority - Special Operating Agency, start-up loan with no specific terms of repayment	**3,918**	3,918
Golf Services - Special Operating Agency, start-up loan, non-interest bearing	**2,900**	2,963
Deferred election costs	**1,374**	2,060
	$ 36,879	$ 37,628

7. Notes Payable

The City finances short-term borrowing requirements from related entities at market rates of interest, which have an effective average interest rate of 0.6% (2014 - 1.0%). These notes are callable by the issuers.

	2015	2014
Winnipeg Civic Employees' Benefits Program (Pension Fund)	**$ 57,527**	$ 22,662
Winnipeg Police Pension Plan	**42,810**	24,068
Workers Compensation Reserve	**736**	1,133
Insurance Reserve	**428**	2,328
Perpetual Maintenance Reserve Funds:		
- Transcona Cemetery	**76**	43
- St. Vital Cemetery	**60**	69
- Brookside Cemetery	**13**	237
Brady Landfill Site Rehabilitation Reserve	**71**	62
Sinking Fund	**49**	1,793
	$ 101,770	$ 52,395

8. *Due to Other Funds*

The City operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, other funds do not have a bank account. Bank transactions are credited or charged to the "Due (from)/to" account in each fund when they are processed through the bank. Where appropriate, interest is credited or charged to other funds based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate.

	2015	2014
Capital Reserves	**$ 147,167**	$ 146,184
Financial Stabilization Reserve	**75,632**	81,785
Sewage Disposal System	**71,752**	73,601
Special Purpose Reserves	**60,361**	45,784
General Revenue Enterprises	**10,634**	10,605
Solid Waste Disposal	**9,316**	1,197
Transit System	**9,280**	12,215
Municipal Accommodations	**7,328**	7,029
Winnipeg Parking Authority - Special Operating Agency	**1,537**	(1,570)
Animal Services - Special Operating Agency	**892**	640
Trusts	**248**	274
Equipment and Material Services	**133**	132
Winnipeg Enterprises Corporation	**(980)**	(973)
Golf Services - Special Operating Agency	**(7,055)**	(7,656)
Waterworks System	**(7,932)**	7,799
Fleet Management - Special Operating Agency	**(7,977)**	(2,781)
General Capital	**(35,982)**	(29,186)
	$ 334,354	$ 345,079

9. *Accounts Payable and Accrued Liabilities*

	2015	2014
Trade accounts payable	**$ 67,463**	$ 50,510
Provincial education support and school division special levies payable	**32,939**	28,082
Wages and employee benefits payable	**20,523**	19,638
Other accrued liabilities	**11,243**	11,610
Provision for assessment appeals	**9,152**	8,594
Accrued interest on long-term debt	**943**	1,594
	$ 142,263	$ 120,028

10. *Deferred Revenue*

	2015	2014
Deferred gain on sale of assets to:		
Golf Services - Special Operating Agency	**$ 21,368**	$ 21,575
Winnipeg Parking Authority - Special Operating Agency	**6,356**	6,356
Province of Manitoba, Federal Government and other	**6,998**	5,565
Registration fees	**1,125**	1,026
Rentals	**1,317**	55
	$ 37,164	$ 34,577

11. Commitments and Contingent Liabilities

The following significant commitments and contingencies existed at December 31, 2015:

a) Loan guarantees

The City has unconditionally guaranteed the payment of principal and interest on outstanding capital improvement loans for the following organizations:

	2015	2014
The Convention Centre Corporation	**$ 16,150**	$ -
CentreVenture Development Corporation	**12,576**	25,848
Winnipeg Soccer Federation	**10,317**	313
Assiniboine Park Conservancy	**9,610**	17,000
Garden City Community Centre Inc.	**7,225**	12,159
Transcona East End Community Club Inc.	**5,750**	6,300
Southdale Recreation Association Inc.	**2,671**	2,780
Dakota Community Centre Inc.	**1,117**	1,259
Gateway Recreation Centre Inc.	**37**	231
St. Norbert Community Centre	**21**	60
Glenwood Community Centre Inc.	**14**	66
Granite Curling Club	**10**	19
Maples Recreation Association Inc.	**-**	36
	$ 65,498	$ 66,071

When an organization has failed to meet debt covenants on existing debt obligations and factors known at the time of reporting are likely to affect the ability of the borrower to repay the loan in the future, then a provision for losses on loan guarantees will be accrued in the financial statements. As at December 31, 2015, an accrual has not been made to the financial statements.

b) Lawsuits

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, 2015 cannot be predicted with certainty. The expense is recorded when settlement occurs.

Normal contingent liabilities exist consisting of routine claims for street and sidewalk accidents, property damage, etc.. Any loss will be accounted for in the period in which settlement occurs.

12. Taxation

The property tax roll recorded in the General Revenue Fund for the year totalled $1.0 billion (2014 - $1.0 billion). This included school taxes of $ 575.6 million (2014 - $549.2 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Total payments-in-lieu of taxes for the year were $65.3 million (2014 - $63.0 million). Included were payments-in-lieu of school taxes assessed in 2015 of $31.2 million (2014 - $30.1 million). 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 of Manitoba and are not reflected as revenues or expenses in these financial statements. When an assessment is reduced the City is compelled by legislation to refund municipal taxes, school taxes and payments-in-lieu of school taxes with applicable interest.

Included in payments-in-lieu of taxes and business taxes are amounts levied against other funds for realty and business taxes. Taxes are assessed on these properties as if they were privately owned.

12. *Taxation (continued)*

The amounts levied are as follows:

	2015	2014
Sewage Disposal System	**$ 10,248**	$ 9,937
Waterworks System	**2,667**	2,565
Transit System	**766**	773
Winnipeg Parking Authority - Special Operating Agency	**177**	192
Solid Waste Disposal	**26**	23
	$ 13,884	$ 13,490

13. *General Government Charges from Related Parties*

Included in the sale of goods and services is general government charges levied against other funds for administrative services as follows:

	2015	2014
Waterworks System	**$ 1,060**	$ 1,055
Sewage Disposal System	**913**	908
Transit System	**789**	785
Municipal Accommodations	**611**	608
Solid Waste Disposal	**136**	136
Winnipeg Parking Authority - Special Operating Agency	**80**	80
Animal Services - Special Operating Agency	**77**	77
Fleet Management - Special Operating Agency	**63**	63
Golf Services - Special Operating Agency	**-**	17
	$ 3,729	$ 3,729

14. *Contributions and Appropriations to Related Parties*

In addition to those disclosed elsewhere in the financial statements, included in the fund's expenses are the following:

Included in Community Services department's expenses are transfers to various funds as follows: Animal Services - Special Operating Agency net transfer $1.4 million (2014 - $1.4 million); and Wading and Outdoor Pool Extended Season Reserve $405 thousand (2014 - $352 thousand).

Included in Public Works department's expenses is a transfer to the Insect Control Urgent Expenditures Reserve $1.7 million (2014 - $692 thousand).

Included in Planning, Property and Development department's expenses is a net transfer from the Perpetual Maintenance Reserves in the amount of $185 thousand (2014 - $223 thousand), a transfer to the Permit Reserve of $1.2 million (2014 - $nil) and the Housing Rehabilitation Investment Reserve of $1.0 million (2014 - $1.0 million).

Included in Corporate Finance department's expenses are recoveries from various funds for investment management fees. This includes $312 thousand (2014 - $247 thousand) from the Financial Stabilization Reserve, $295 thousand (2014 - $247 thousand) from the Special Purpose Reserves, $538 thousand (2014 - $378 thousand) from the Capital Reserves, and $145 thousand (2014 - $87 thousand) from the Sinking Fund.

Included in government affairs, pension contribution and other expenses during 2015 is a $94 thousand (2014 - $94 thousand) transfer from the Municipal Accommodations Fund.

14. Contributions and Appropriations to Related Parties (continued)

Included in various expense categories are the following: during 2015 a transfer of $73.2 million to the Municipal Accommodations Fund (2014 - $63.6 million); a transfer to the Computer Replacement Reserve of $131 thousand (2014 - $440 thousand); a transfer to the General Capital Fund of $66.4 million (2014 - $61.1 million) to fund capital projects; a contribution to the Commitment Reserve of $3.3 million (2014 - $3.4 million); a transfer to the Insurance Reserve of $1.4 million (2014 - $532 thousand); a transfer from the General Capital Fund of $4.2 million (2014 - $141 thousand) for capital expenditures; a transfer to the Waterworks System Fund of $70 thousand (2014 - $73 thousand); a transfer to Local Streets Renewal Reserve of $14.1 million (2014 - $9.2 million) and a transfer to Regional Streets Renewal Reserve of $9.6 million (2014 - $4.7 million).

15. Pension Costs and Obligations

a) Winnipeg Civic Employees' Benefits Pension and Winnipeg Police Pension Plans

The Fund's employees are eligible for benefits under the Winnipeg Civic Employees' Benefits Pension and the Winnipeg Police Pension Plans. The City allocates its benefit costs to various departments. During the year $54.1 million (2014 - $51.8 million) of benefit costs were allocated to the General Revenue Fund.

b) Councillors' Pension Plan Established Under By-Law No. 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. These benefits are recorded when paid. The unrecorded benefits liability at December 31, 2015 has been estimated to be $4.3 million (2014 - $3.9 million). In 2015, the City paid out $0.3 million (2014 - $0.3 million).

c) Council Pension Benefits Program Established Under By-Law No. 7869/2001

The City of Winnipeg Council Pension Benefits Program (formerly the Councillors' Pension Plan) was established July 18, 2001 by The City of Winnipeg Council Pension Plan By-Law No. 7869/2001, which deemed the Program to have come into existence on January 1, 2001. The Program is a defined benefit pension plan, which provides pension benefits for City of Winnipeg Council members. All members of City Council were required to become members of the Program on January 1, 2001.

In 2015, the City paid out $0.7 million (2014 - $0.3 million).

16. Other Employee Benefits

a) Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $81.3 million (2014 - $81.5 million).

b) Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2015 is estimated at $27.9 million (2014 - $26.7 million).

c) Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2015 is estimated at $39.0 million (2014 - $38.0 million).

16. Other Employee Benefits (continued)

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2015 is estimated at $28.4 million (2014 - $18.1 million).

e) Employees of the City who are members of the Winnipeg Civic Employees' Benefits Pension and the Winnipeg Police Pension Plans must become members of the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan respectively. These plans provide life insurance for members while employed and can be continued into retirement at the employees' option. Plan members and the City share the cost of basic life insurance. An actuarial valuation indicated that this post-retirement liability is fully funded.

17. Related Party Transactions

Included in these financial statements are revenue and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the General Revenue Fund's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2015 Budget	2015 Actual	2014 Actual
Taxation			
Municipal realty tax	$ **497,140**	$ **497,401**	$ 480,053
Business and licenses-in-lieu of business taxes	**56,328**	**56,328**	57,729
Frontage levy	**49,129**	**49,365**	42,119
Electricity and natural gas sales taxes	**20,284**	**20,117**	20,109
Entertainment tax	**2,100**	**2,097**	2,193
Local improvement tax	**1,271**	**1,249**	1,380
Billboard tax	**534**	**608**	534
Licenses-in-lieu of realty tax	**364**	**366**	365
Local improvement tax commuted	**100**	**127**	131
	627,250	**627,658**	604,613
Government transfers			
Provincial			
Building Manitoba Fund	**52,068**	**52,068**	57,104
Unconditional	**26,494**	**26,494**	26,494
Ambulance	**13,374**	**13,680**	11,915
Casino	**11,744**	**11,744**	11,774
Emergency medical services	**10,786**	**10,786**	5,750
Support	**9,930**	**10,193**	9,735
Other	**4,502**	**4,395**	4,745
Assessment	**3,000**	**3,000**	3,000
Larviciding	**2,300**	**2,300**	2,300
Policing	**2,300**	**2,300**	2,300
Libraries	**2,010**	**2,010**	2,010
Policing - helicopter	**1,686**	**1,440**	1,752
Dutch elm disease control	**1,000**	**1,000**	1,000
Main Street project	**731**	**883**	1,176
Services transferred to the Province	**(23,650)**	**(23,650)**	(23,650)
	118,275	**118,643**	117,405
Federal government	**15**	**-**	498
	118,290	**118,643**	117,903
Sale of goods and services	**59,002**	**61,933**	61,997

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2015 Budget	2015 Actual	2014 Actual
Regulation fees			
Permits and fees	**21,914**	**23,128**	22,351
Fines	**20,839**	**22,394**	19,973
Tax penalties	**8,350**	**10,231**	7,954
Licenses	**2,212**	**2,305**	2,710
	53,315	**58,058**	52,988
Contributions and transfers			
Sewage Disposal System	**11,552**	**11,507**	10,844
Financial Stabilization Reserve	**9,200**	**9,200**	11,740
Land Operating Reserve	**7,435**	**7,435**	11,935
Municipal Accommodations (Note 14)	**10,465**	**7,327**	3,615
Insurance Reserve	**2,500**	**2,500**	1,000
Workers Compensation Reserve	**1,300**	**1,300**	750
Housing Rehabilitation Reserve	**750**	**1,221**	1,196
Insect Control Urgent Expenditure Reserve	**-**	**1,068**	1,700
General Purpose Reserve	**924**	**924**	3,000
Transit System	**782**	**783**	783
Waterworks System	**676**	**676**	674
Permit Reserve	**-**	**670**	1,000
Winnipeg Parking Authority - Special Operating Agency	**135**	**135**	135
Destination Marketing Reserve	**60**	**60**	60
Fleet Management - Special Operating Agency	**-**	**-**	63
Economic Development Winnipeg Reserve	**-**	**-**	400
General Capital Fund	**-**	**-**	52
	45,779	**44,806**	48,947
Payments-in-lieu of taxes	**34,066**	**34,066**	32,885
Sale of Winnipeg Hydro and other			
Manitoba Hydro	**16,000**	**16,000**	16,000
Accounts payable write-offs, commissions, etc.	**1,535**	**788**	15,263
	17,535	**16,788**	31,263

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2015 Budget	2015 Actual	2014 Actual
Investment and other interest			
Transfer from Sewage Disposal System	**18,352**	**18,352**	11,899
Transfer from Waterworks System	**12,379**	**12,379**	8,089
Transfer from Parking	**3,000**	**3,000**	2,000
Interest earned	**3,001**	**2,878**	2,493
Interest capitalized	**1,800**	**1,709**	2,560
Debt charges recovered	**236**	**236**	377
Transfer from Fleet	**92**	**92**	1,842
	38,860	**38,646**	29,260
Total Revenues	**$ 994,097**	**$ 1,000,598**	$ 979,856

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2015 Budget	2015 Actual	2014 Actual
Protection and community services			
Police services	$ 263,978	$ 261,086	$ 256,286
Fire paramedic service	178,321	180,218	170,471
Community services	118,569	116,495	119,588
Museums	1,031	1,031	979
	561,899	558,830	547,324
Public works			
Public works	204,447	206,582	212,603
Water and waste	30,923	28,949	29,044
Street lighting	12,521	12,267	11,782
	247,891	247,798	253,429
Finance and administration			
Corporate support services	34,092	32,118	31,585
Assessment and taxation	20,520	15,490	20,647
City clerks	12,948	12,717	13,231
Corporate finance	9,130	8,330	7,689
Council	3,425	3,352	3,363
Legal services	3,135	2,955	2,667
Chief administrative offices	1,891	2,874	1,787
Mayor's office	1,832	1,502	1,654
Audit	1,230	795	1,546
Policy development and strategic initiatives	724	483	393
	88,927	80,616	84,562
Contribution to Transit System	47,350	47,209	47,443
Property and development			
Planning, property and development	48,513	51,381	42,316
Employee benefits and payroll tax			
Provincial payroll tax	9,563	10,420	10,190
Employee benefits	4,107	3,595	6,251
	13,670	14,015	16,441

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2015 Budget	**2015 Actual**	2014 Actual
Debt and finance charges			
Transfer to General Capital Fund	**24,030**	**16,200**	23,480
Other interest and finance charges	**-**	**2,627**	61
Transfer to departments	**(23,527)**	**(18,007)**	(23,085)
	503	**820**	456
Other			
Insurance and damage claims	**3,411**	**3,411**	3,832
Grants and payments to other authorities	**-**	**-**	-
Government affairs, pension contribution and other	**(18,067)**	**(19,823)**	(16,671)
	(14,656)	**(16,412)**	(12,839)
Contribution to			
General Purpose Reserve	**-**	**16,341**	724
Total Expenses	**$ 994,097**	**$ 1,000,598**	$ 979,856

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 3

EXPENSES BY OBJECT

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

	2015 Budget	2015 Actual	2014 Actual
Salaries and employee benefits	**$ 558,037**	**$ 561,527**	$ 545,594
Transfers to other Funds	**208,236**	**234,301**	194,758
Services	**132,862**	**134,923**	154,849
Materials, parts and supplies	**40,925**	**36,545**	38,846
Grants and payments to other authorities - departmental and corporate	**31,150**	**30,260**	30,499
Debt and finance charges - departmental and corporate	**25,788**	**18,208**	25,506
Provincial payroll tax	**9,563**	**10,420**	10,190
Municipal tax, amortization and other	**11,106**	**7,166**	10,797
Assets - purchases and renovations	**7,843**	**6,478**	7,518
Recoveries	**(31,413)**	**(39,230)**	(38,701)
	$ 994,097	**$ 1,000,598**	$ 979,856

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 4

SCHOOL TAXES LEVIED

For the years ended December 31
(unaudited)

In addition to the tax revenues required to be raised for Municipal purposes, City Council under the continuing provisions of The Public Schools Act, must fix and impose taxes sufficient to meet that portion of the cost of education that is to be raised through levies on assessable property within the City of Winnipeg.

The amounts that were required to be raised in 2015 included the City's share of the Province's Education Support Program and the requirements of the school divisions (located wholly or in part within the City) representing the portion of their costs that were determined to be the entire responsibility of the City. Levies for 2015 with 2014 comparative figures are as follows:

	2015	2014
Provincial education support program levy		
Other property	**$ 104,260,033**	$ 100,983,124
Special levies (by school division)		
Winnipeg	**164,402,479**	158,104,106
Louis Riel	**89,379,885**	83,142,211
Pembina Trails	**86,767,325**	82,047,304
River East - Transcona	**66,976,311**	64,187,291
St. James - Assiniboia	**48,593,513**	47,056,492
Seven Oaks	**41,894,690**	39,364,416
Seine River	**4,514,275**	4,328,876
Interlake	**32,108**	31,265
	502,560,586	478,261,961
	$ 606,820,619	$ 579,245,085
Allocated as follows:		
Realty taxes	**$ 575,610,903**	$ 549,162,704
Payments-in-lieu of taxes	**31,209,716**	30,082,381
	$ 606,820,619	$ 579,245,085

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 5

2015 ASSESSMENT PORTIONED BY PROPERTY CLASSIFICATION

As at April 10, 2015
(unaudited)

	Portion	Taxable	Exempt Subject to Payments-in-Lieu	Exempt	Total
Residential 1	45.0%	$ 22,289,377,946	$ 96,623,595	$ 51,290,888	$ 22,437,292,429
Residential 2	45.0%	2,779,330,610	309,729,150	3,698,280	3,092,758,040
Residential 3	45.0%	1,746,384,093	-	111,150	1,746,495,243
Farm	26.0%	47,539,832	6,122,025	43,717,310	97,379,167
Institutional	65.0%	702,082,138	90,918,750	1,593,938,262	2,386,939,150
Pipelines	50.0%	14,482,500	-	-	14,482,500
Railways	25.0%	63,563,275	-	-	63,563,275
Designated recreational facilities	10.0%	11,599,320	765,700	2,542,610	14,907,630
Other	65.0%	7,849,519,090	839,247,189	1,324,680,414	10,013,446,693
Legislative building	65.0%	-	9,005,854	-	9,005,854
		$ 35,503,878,804	$ 1,352,412,263	$ 3,019,978,914	$ 39,876,269,981

THE CITY OF WINNIPEG
GENERAL REVENUE ENTERPRISES FUND

The General Revenue Enterprises Fund was originally created to account for commercial activities in which The City of Winnipeg was in competition with the private sector. However, over time these activities are now recorded in various other funds. Meanwhile, the use of this Fund has been expanded to include programs funded by grants from the senior levels of government or by their own revenue sources. These programs include Libraries Book Replacement and Literacy Centre Collection, Street Cuts Operations, Historical Buildings and Riverbanks Administration.

FIVE-YEAR REVIEW

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
Internal service operations and other programs:					
Revenues	**$ 5,443**	$ 7,563	$ 25,172	$ 6,262	$ 4,429
Expenditures	**5,281**	25,925	4,781	5,203	5,855
Surplus/(Deficit)	**$ 162**	$ (18,362)	$ 20,391	$ 1,059	$ (1,426)

THE CITY OF WINNIPEG
GENERAL REVENUE ENTERPRISES FUND

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 10,634**	$ 10,605
	$ 10,634	$ 10,605
LIABILITIES		
Current		
Accounts Payable	**$ -**	$ 6
Deferred revenue	**3,493**	3,620
	3,493	3,626
RETAINED EQUITY	**7,141**	6,979
	$ 10,634	$ 10,605

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE ENTERPRISES FUND

STATEMENT OF OPERATIONS AND RETAINED EQUITY

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

	2015	2014
REVENUES		
Permits and fees	**$ 4,949**	$ 6,157
Transfer from Land Operating Reserve	**447**	1,359
Sales of goods and services	**47**	47
Total Revenues	**5,443**	7,563
EXPENDITURES		
Street cuts operations	**4,704**	4,233
Transfer to Heritage Reserve	**307**	-
Libraries programs	**100**	42
Real estate enterprises	**85**	439
Riverbank management operations	**85**	103
Transfer to Land Operating Reserve	**-**	21,108
Total Expenditures (Note 4)	**5,281**	25,925
SURPLUS (DEFICIT) FROM OPERATIONS	**162**	(18,362)
RETAINED EQUITY, BEGINNING OF YEAR	**6,979**	25,341
RETAINED EQUITY, END OF YEAR	**$ 7,141**	$ 6,979

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE ENTERPRISES FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Basis of presentation

General Revenue Enterprises Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are earned and measurable. Expenditures 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) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year in which the related expenses are incurred or services performed.

2. *Status of the General Revenue Enterprises Fund*

The General Revenue Enterprises Fund was originally created to account for commercial activities in which The City of Winnipeg was in competition with the private sector. However, over time the majority of these activities are now recorded in various other funds. Meanwhile, the use of this Fund has been expanded to include programs funded by grants from the senior levels of government or by their own revenue sources.

3. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank.

4. *Expenditures by Object*

	2015	2014
Transfers to other Funds	**$ 307**	$ 21,108
Goods and services	**4,894**	4,447
Grants	**80**	370
	$ 5,281	$ 25,925

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

The General Capital Fund was created to account for tax-supported capital transactions of The City of Winnipeg. The capital program includes, but is not limited to, the acquisition and/or construction of streets, bridges, land drainage, parks and recreation facilities, police and fire department facilities, library facilities, civic buildings, major computer programs and related equipment and local improvements.

By December 31 of each year, City Council is required under The City of Winnipeg Charter to approve a budget for the General Capital Fund. The 2015 budget for the General Capital Fund of $203.2 million was a 2.4% increase from the 2014 amended budget of $198.5 million. Capital asset additions in 2015 relating to 2015 and previous years capital budgets, increased from $279.8 million in 2014 to $470.3 million which includes placing into service $173.4 million of Assets Under Construction for a net increase in asset additions of $296.9 million in 2015.

Of the $470.3 million of assets placed into service, $210.6 million was for Buildings, $202.8 million was for Roads and Bridges, $23.2 million related to Other Assets, and $19.4 million was for Water and Waste infrastructure.

Included in the additions to major Roads and Bridges, Buildings and Water and Waste infrastructure projects during the year were the following:

- Police Headquarters	$	168.9	million
- Local Streets Renewal program	$	69.7	million
- Plessis Road Twinning Underpass Project	$	55.2	million
- Developer Contributed Roads	$	35.3	million
- Regional Streets Renewal program	$	28.1	million
- Garden City Community Centre	$	17.9	million
- Transcona East End Community Centre	$	12.6	million
- Polo Park-Infrastructure Improvements	$	11.1	million
- Developer Contributed Underground Networks	$	8.9	million
- Developer Contributed Parks	$	6.5	million
- East Elmwood Community Centre	$	5.0	million
- Waverley West Arterial Roads Project	$	2.6	million

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

FIVE-YEAR REVIEW

December 31
("$" amounts in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
Tangible Capital Assets	**$ 3,545,245**	$ 3,378,941	$ 3,221,647	$ 3,015,008	$ 2,653,033
% change in tangible capital assets	**4.92%**	4.88%	6.85%	13.64%	7.21%
Debt					
Net Sinking Fund, serial and installment	**$ 449,085**	$ 406,859	$ 253,163	$ 224,011	$ 129,136
Other long-term debt	**205,193**	200,903	223,046	232,408	111,966
Total long-term debt	**$ 654,278**	$ 607,762	$ 476,209	$ 456,419	$ 241,102
% change in total debt	**7.65%**	27.63%	4.34%	89.31%	33.22%
External Debt as a % of Total Debt	**100.00%**	100.00%	100.00%	100.00%	100.00%
Interest Expense	**$ 35,646**	$ 32,381	$ 30,081	$ 25,267	$ 17,254
% change in external interest expense	**10.08%**	7.65%	19.05%	46.44%	(14.52%)
Summary of Cash Flows					
Operating activities	**$ 241,484**	$ 196,171	$ 237,256	$ 214,038	$ 210,369
Long-term debt (retired) issued, net	**$ 1,528**	$ 130,388	$ (1,758)	$ 225,611	$ (402,594)
Payments to The Sinking Fund Trustees, net	**$ 47,954**	$ 24,962	$ 33,876	$ (4,892)	$ (4,702)
Due from/to General Revenue Fund	**$ 6,796**	$ (67,714)	$ 68,520	$ 43,133	$ (23,594)
Capital acquisitions	**$ (296,946)**	$ (279,819)	$ (334,055)	$ (479,931)	$ (284,174)
Other	**$ (816)**	$ (3,988)	$ (3,839)	$ 2,041	$ 504,695

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
FINANCIAL ASSETS		
Accounts receivable (Note 4)	**$ 76,817**	$ 66,038
Capital loans receivable (Note 5)	**23,771**	24,046
	100,588	90,084
LIABILITIES		
Due to General Revenue Fund (Note 3)	**35,982**	29,186
Accounts payable and accrued liabilities (Note 6)	**18,186**	35,195
Expropriation liability	**21,400**	25,800
Deferred revenue	**3,223**	5,797
Deferred revenue related to capital assets (Note 7)	**19,011**	4,349
Debt (Note 8)	**654,278**	607,762
Deferred liabilities	**1,572**	1,694
Developer deposits	**6,265**	9,987
	759,917	719,770
NET FINANCIAL LIABILITIES	**(659,329)**	(629,686)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	**3,545,245**	3,378,941
Prepaid expenses	**2,022**	2,937
	3,547,267	3,381,878
ACCUMULATED SURPLUS (Note 10)	**$ 2,887,938**	$ 2,752,192

Commitments (Note 11)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2015	2014
REVENUES		
Transfers from other City of Winnipeg Funds (Schedule 2)	**$ 93,829**	$ 85,918
Capital funding recognized (Note 7)	**61,605**	76,404
Transfer from General Revenue Fund		
Debt and finance	**16,200**	23,480
Other	**280**	263
Province of Manitoba capital transfer	**89,353**	76,305
Developer contributions-in-kind	**74,763**	35,310
Government of Canada capital transfer	**10,967**	15,473
Developer deposit	**5,337**	3,819
Interest income	**2,336**	3,715
Other	**3,701**	4,208
	358,371	324,895
EXPENSES		
Amortization	**128,404**	120,343
Grants	**36,288**	48,075
Interest - External debt	**35,646**	32,381
Infrastructure maintenance	**12,032**	9,087
Transfers to other City of Winnipeg Funds (Schedule 2)	**8,425**	3,920
Loss on disposal of tangible capital assets	**363**	1,187
Other	**1,467**	1,234
	222,625	216,227
NET SURPLUS FOR THE YEAR	**135,746**	108,668
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**2,752,192**	2,643,524
ACCUMULATED SURPLUS, END OF YEAR (Note 10)	**$ 2,887,938**	$ 2,752,192

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 135,746**	$ 108,668
Non-cash charges to operations		
Amortization	**128,404**	120,343
Loss on disposal of tangible capital assets	**363**	1,187
Working capital from operations	**264,513**	230,198
Net change in working capital	**(26,873)**	(25,141)
Net change in expropriation liabilities	**(4,400)**	6,300
Net change in deferred liabilities, deferred revenue and developer deposits	**8,244**	(15,186)
	241,484	196,171
FINANCING		
Debt issued	**65,048**	172,568
Debenture debt retired	**(63,520)**	(42,180)
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(2,336)**	(3,715)
Payments to The Sinking Fund Trustees for outstanding long-term debt	**47,954**	24,962
Capital loans receivable	**275**	(686)
Due to General Revenue Fund	**6,796**	(67,714)
Other	**(630)**	(582)
	53,587	82,653
INVESTING		
Net purchase of capital assets (Schedule 1)	**(296,946)**	(279,819)
Net proceeds on disposal of tangible capital assets	**1,875**	995
	(295,071)	(278,824)
Cash, end of year	**$ -**	$ -

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

a) Basis of presentation

The General Capital Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The General Capital Fund was created to account for all financial transactions related to the City's tax-supported capital budget (excluding Transit).

b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting.

c) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 years
Buildings	10 to 50 years
Machinery and equipment	10 years
Vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Water and waste	
Underground networks	75 to 100 years
Flood stations and other infrastructure	50 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and structures	25 to 75 years

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

In certain circumstances, capital project work is charged an administration fee equal to 1 1/4% 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 of Winnipeg.

1. *Significant Accounting Policies (continued)*

d) 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. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

e) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

f) Leases

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

g) Service concession arrangement

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

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

h) Deferred liabilities

Deferred liabilities consist of developer repayments as well as contributions received but not yet earned. Under the terms of development agreements, the City is required to repay developers for local improvements installed which benefit property outside the development area.

i) Revenue recognition

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

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

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

1. Significant Accounting Policies (continued)

j) Debt and finance charges

Tax-supported tangible capital assets, including those financed by debt, are recorded along with the outstanding debt obligation in the General Capital Fund. Interest and payments on debt are funded by the General Revenue Fund and the interest expense is recorded in the General Capital Fund.

2. Status of the General Capital Fund

The General Capital Fund was created to account for tax-supported capital transactions (excluding Transit) of the City of Winnipeg. The capital program includes, but is not limited to, the acquisition and/or construction of streets, bridges, land drainage, parks and recreation facilities, police and fire department facilities, library facilities, civic buildings, major computer programs and related equipment and local improvements, to name a few.

3. Due (to) from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due (to) from" account when they are processed through the bank. The General Capital Fund charges interim financing on individual capital projects and credits the interest to the General Revenue Fund.

4. Accounts Receivable

	2015	2014
Province of Manitoba	**$ 60,604**	$ 44,860
Government of Canada	**9,242**	15,048
Local improvements - Fairfield Park	**1,201**	1,255
Other	**5,770**	4,875
	$ 76,817	$ 66,038

5. Capital Loans Receivable

At varying maturities up to the year 2035 with a weighted average interest rate for the year 2015 of 5.68% (2014 - 5.85%) due from the following:

	2015	2014
Transit System	**$ 23,771**	$ 24,021
Golf Course Reserve	**-**	25
	$ 23,771	$ 24,046

6. *Accounts Payable and Accrued Liabilities*

	2015	2014
Trade accounts payable	$ **11,488**	$ 18,227
Contractors' holdbacks	**6,466**	16,968
Accrued interest payable	**232**	-
	$ **18,186**	$ 35,195

7. *Deferred Revenue Related to Capital Assets*

Deferred revenue related to capital assets represents funding transferred from the General Revenue and the Municipal Accommodations Funds for capital projects approved in the annual adopted capital budget. Revenue is recognized in the year in which the related capital costs are incurred on the project.

	2015	2014
Beginning balance	$ **4,349**	$ 10,278
Contributions received from:		
General Revenue Fund	**66,364**	61,143
Municipal Accommodations Fund	**9,903**	9,332
	76,267	70,475
Deduct capital funding recognized	**61,605**	76,404
	$ **19,011**	$ 4,349

8. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2015	Amount of Debt 2014
1995-2015	May 12	9.125	VR	6620/95	$ **-**	$ 55,000
1997-2017	Nov. 17	6.250	VU	7000/97	**30,000**	30,000
2014-2045	Jun. 1	4.100	WD1	144/11, 23/13 and 149/13	**60,000**	60,000
2014-2045	Jun. 1	3.713	WD2	100/12, 23/13 and 149/13	**60,000**	60,000
2015-2045	Jun. 1	3.713	WD3	144/11, 100/12, 23/13, 149/13, 5/15 and 61/1[illegible]	**56,381**	-
2011-2051	Nov. 15	4.300	WC	72/2006, 183/2008, and 150/2009	**20,250**	20,250
2012-2051	Nov. 15	3.853	WC	93/2011	**50,000**	50,000
2012-2051	Nov. 15	3.759	WC	120/2009, 93/2011, and 138/2011	**75,000**	75,000
2012-2051	Nov. 15	4.300	WC	93/2011 and 84/2013	**60,000**	60,000
2012-2051	Nov. 15	3.893	WC	93/2011 and 145/2013	**52,568**	52,568
					464,199	462,818
Equity in Sinking Fund (Note 8b)					**(34,206)**	(79,824)
Net sinking fund debentures outstanding					**429,993**	382,994

8. Debt (continued)

Other long-term debt outstanding

	2015	2014
Serial and installment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.50% (2014 - 4.5%)	**19,092**	23,865
Service concession arrangement obligations (Notes 8c and 11a)	**154,158**	155,814
Capital lease obligations with varying maturities up to 2038 and a weighted average interest rate of 8.18% (2014 - 8.18%) (Note 8d)	**24,844**	25,474
Canada Mortgage and Housing Corporation ("CMHC") term loan, maturity February 1, 2026, interest rate of 3.72%	**7,591**	8,142
Tuxedo Yards development loan with an interest rate of 2.25% (2014 - 2.74%)	**9,933**	11,473
Garden City Community Centre loan with an interest rate of 4.16%	**5,667**	-
Transcona East End Community Centre grant loan with an interest rate of 4%	**3,000**	-
	$ 654,278	$ 607,762

Debt to be retired over the next five years:

	2016	2017	2018	2019	2020	Thereafter
Sinking fund debentures	$ -	$ 30,000	$ -	$ -	$ -	$ 434,199
Serial and installment debt	4,773	4,773	4,773	4,773	-	-
Service concession arrangements	1,790	1,936	2,093	2,264	2,449	143,626
Capital lease obligations	682	764	878	959	1,155	20,406
CMHC	571	592	614	637	661	4,516
Tuxedo Yards	1,602	2,341	3,268	2,703	19	-
Community Centre Grants	134	208	217	226	236	7,646
	$ 9,552	$ 40,614	$ 11,843	$ 11,562	$ 4,520	$ 610,393

8. Debt (continued)

a) All debentures are general obligations of the City. Debenture debt is allocated to the General Capital Fund and utilities in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City in a separate fund. The City of Winnipeg General Revenue Fund, on behalf of the General Capital Fund, is currently paying between one to three percent on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Service concession arrangement obligations

(i) Chief Peguis Trail Extension

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

The $107.8 million project will have been financed through a grant of $23.9 million from PPP Canada, a Provincial government transfer of $9.0 million, sinking fund debentures (Series WC) of $18.7 million, a $50.0 million service concession arrangement obligation to DBF2 and cash consideration paid by the City of $6.2 million. As at December 31, 2015, $105.6 million was capitalized (Note 9). Monthly capital and interest performance-based payments totaling $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 $107.8 million project is 4.6%. Specifically, the sinking fund debt and service concession arrangement obligation to DBF2 bear a combined weighted average interest rate of 7.2%.

The City will also make DBF2 a monthly performance-based maintenance payment as disclosed in Note 11.

(ii) Disraeli Bridges

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

The $195.0 million project will have been financed through sinking fund debentures (Series WC) of $25.0 million, a $109.4 million service concession arrangement obligation to PRW, Federal gas tax revenue of $50.0 million, and cash consideration paid by the City of $10.6 million. As at December 31, 2015, $194.9 million was capitalized for commissioned works (Note 9). Monthly capital and interest performance-based payments totaling $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%.

8. Debt (continued)

The City will also make PRW a monthly performance-based maintenance payment as disclosed in Note 11.

	2015	2014
DBF2 - Chief Peguis Trail	**$ 48,089**	$ 48,625
Plenary Roads Winnipeg GP - Disraeli Bridges	**106,069**	107,189
	$ 154,158	$ 155,814

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

	2016	$ 2,476
	2017	2,502
	2018	2,553
	2019	2,563
	2020	2,680
	thereafter	29,783
Total future minimum lease payments		42,557
Amount representing interest at a weighted average interest rate of 8.18%		(17,713)
Balance of the capital lease obligations		$ 24,844

9. Tangible Capital Assets

	2015	2014
Land	**$ 202,929**	$ 191,858
Buildings	**544,231**	356,457
Vehicles	**154**	179
Computer	**19,525**	22,611
Other	**107,706**	98,251
Plants and facilities	**18,434**	17,739
Roads	**1,263,145**	1,161,640
Underground and other networks	**818,380**	817,179
Bridges and other structures	**504,583**	473,494
Assets under construction	**66,158**	239,533
	$ 3,545,245	$ 3,378,941

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

During the year, there no write-downs of tangible capital assets (2014 - $nil). Administration fees and interim financing charges capitalized during 2015 were $3.5 million (2014 - $3.3 million). In addition, land, roads, parks, recreation facilities and underground networks contributed to the City and recorded in the General Capital Fund totaled $74.8 million in 2014 (2014 - $35.3 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $281.8 million (2014 - $286.6 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

10. Accumulated Surplus

Accumulated surplus is comprised of amounts invested in tangible capital assets.

11. Commitments

a) Service concession arrangements

(i) As disclosed in Note 8c, the City will pay DBF2 a monthly performance-based maintenance payment related to the Chief Peguis Trail Extension contract. The monthly payment totaling $1.4 million annually is to be adjusted by CPI, is payable commencing January 2012 until the termination of the contract with DBF2 in January 2042.

(ii) As disclosed in Note 8c, the City will pay PRW a monthly performance-based maintenance payment related to the Disraeli Bridges Project contract. The monthly payment totaling $1.8 million annually is to be adjusted by CPI, is payable commencing October 2012 until the termination of the contract with PRW in October 2042.

12. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)
(unaudited)

	General				
	Land	Buildings	Vehicles	Computer	Other
Cost					
Balance, beginning of year	$ 191,858	$ 642,547	$ 20,918	$ 113,757	$ 163,713
Add: Additions during the year	12,085	210,623	78	2,089	23,268
Less: Disposals during the year	1,014	795	5,161	1,419	-
Balance, end of year	202,929	852,375	15,835	114,427	186,981
Accumulated amortization					
Balance, beginning of year	-	286,090	20,739	91,146	65,462
Add: Amortization	-	22,634	28	5,175	13,813
Less: Accumulated amortization on disposals	-	580	5,086	1,419	-
Balance, end of year	-	308,144	15,681	94,902	79,275
Net Book Value of Tangible Capital Assets	$ 202,929	$ 544,231	$ 154	$ 19,525	$ 107,706

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	**2015**	2014
$ 25,349	$ 2,183,556	$ 1,229,470	$ 694,304	$ 239,533	**$ 5,505,005**	$ 5,231,350
1,295	159,922	18,107	42,854	(173,375)	**296,946**	279,819
-	3,858	446	-	-	**12,693**	6,164
26,644	2,339,620	1,247,131	737,158	66,158	**5,789,258**	5,505,005
7,610	1,021,916	412,291	220,810	-	**2,126,064**	2,009,703
600	57,718	16,671	11,765	-	**128,404**	120,343
-	3,159	211	-	-	**10,455**	3,982
8,210	1,076,475	428,751	232,575	-	**2,244,013**	2,126,064
$ 18,434	$ 1,263,145	$ 818,380	$ 504,583	$ 66,158	**$ 3,545,245**	$ 3,378,941

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

Schedule 2

SCHEDULE OF TRANSFERS BETWEEN CITY OF WINNIPEG FUNDS

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

	2015	2014
TRANSFERS FROM OTHER CITY OF WINNIPEG FUNDS		
Federal Gas Tax Revenue Reserve	**$ 41,690**	$ 39,952
Local Street Renewal Reserve	**13,665**	8,696
Municipal Accommodations Fund (Note 7)	**12,103**	9,197
Land Operating Reserve	**10,465**	2,327
Regional Street Renewal Reserve	**9,091**	4,433
Economic Development Investment Reserve	**1,716**	-
Destination Marketing Reserve	**1,500**	6,715
Transit System	**1,350**	1,349
Sewer System Rehabilitation Reserve	**929**	10,142
Insurance Reserve	**732**	250
Commitment Reserve	**402**	200
Contributions in Lieu of Land Dedication Reserve	**150**	392
Golf Course Reserve	**26**	26
Sewage Disposal System	**10**	-
Equipment and Material Services	**-**	2,000
Computer Replacement Reserve	**-**	239
	$ 93,829	$ 85,918
TRANSFERS TO OTHER CITY OF WINNIPEG FUNDS		
General Revenue Fund	**$ 4,529**	$ 457
Sewage Disposal System	**1,901**	1,589
Waterworks System	**1,883**	1,661
Land Operating Reserve	**112**	213
	$ 8,425	$ 3,920

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

The purpose of the Financial Stabilization Reserve Fund is to counteract the budgetary effect of fluctuations from year to year in property and business taxes and/or to fund deficits in the General Revenue Fund, which assist in the stabilization of the City's mill rate and/or property tax requirements.

History:

On May 16, 1973, City Council created the Future Tax Levies Reserve Fund to counteract the budgetary effect of fluctuations from year to year in tax revenue caused by additions and deletions to the tax roll due to new construction, demolitions or improvements to land.

On March 20, 1997, City Council approved the “Fiscal Stability Plan” which included the renaming of the Future Tax Levies Reserve Fund to the Fiscal Stabilization Reserve Fund and the creation of the Mill Rate Stabilization Reserve Fund (with initial funding from a portion of the former Future Tax Levies Reserve Fund). Rules regarding the sources of funds, purposes and utilization of funds were established for each Reserve.

On December 13, 2000, City Council amended the rules governing the Fiscal Stabilization Reserve Fund. The Reserve would offset any variance in the tax projections used in the development of the annual estimates and the actual amounts billed in the spring of each year.

On April 25, 2001, City Council adopted the "Financial Management Plan". By 2009, this established a 10% minimum target of tax-supported (General Revenue Fund) expenditures for the Stabilization Reserves.

A review of Reserves followed the "Financial Management Plan’s" adoption and, on May 23, 2001, City Council amended the rules for the Stabilization Reserves.

On March 22, 2005, City Council amended the rules governing the Fiscal Stabilization Reserve Fund. The Reserve would offset variances between the revenue projections for net supplementary taxes used in the budget and the actual amounts reported.

On March 23, 2011, City Council adopted the "Financial Management Plan" which revised the target for the two Stabilization Reserves to a minimum of 8% of tax-supported expenditures.

On September 28, 2011, City Council adopted the combining of the Fiscal Stabilization Reserve and the Mill Rate Stabilization Reserve Funds into the Financial Stabilization Reserve Fund. All previous regulations for the two Stabilization Reserves were replaced with the following:

- Sources of funding for the Reserve are: the excess of actual total taxes billed compared to budget; surpluses in the General Revenue Fund; unspent amounts in the Commitment Reserve Fund; and interest revenue.

- The Reserve can be used to fund any shortfall of actual total taxes billed compared to budget; major unforeseen expenditures once the target level is exceeded and subject to rules noted below; General Revenue Fund year-end deficits and subject to rules noted below; and one-time expenditures once the target level has been reached.

- No transfers can be made to the General Revenue Fund to fund ongoing current operations.

- Funds above the 8% target may be used for major unforeseen expenditures and General Revenue Fund deficits. Accessing funding in any given year requires City Council approval if the required amount would reduce the Reserve's balance below the 8% target.

- A replenishment plan shall be adopted by City Council if the Financial Stabilization Reserve Fund's equity is reduced below the 8% target of tax-supported expenditures.

On March 23, 2015, City Council adopted the "Financial Management Plan" which revised the target for the Financial Stabilization Reserve to a minimum of 6% of tax-supported expenditures.

The Chief Financial Officer is the Fund Manager.

FIVE-YEAR REVIEW

December 31
(in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
General Revenue Fund's adopted budget expense	**$ 994,097**	$ 969,184	$ 922,672	$ 899,961	$ 847,324
Equity	**$ 75,632**	$ 81,785	$ 85,753	$ 80,404	$ 85,305
Level (1)	**7.6%**	8.4%	9.3%	8.9%	10.1%
Over target (2)	**$ 15,986**	$ 4,250	$ 11,939	$ 8,407	$ 17,519

(1) Level represents the Reserve's equity as a percentage of the General Revenue Fund's adopted budget expenses.

(2) The residual values for 2011-2014 are based on the Reserve's equity which is over/(under) 8% of the General Revenue Fund's adopted budget expenses. For 2015 onward, the target is 6%.

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 75,632**	$ 81,785
EQUITY		
Unallocated	**$ 75,632**	$ 81,785

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

STATEMENT OF CHANGES IN EQUITY

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

	2015	2014
Balance, beginning of year	**$ 81,784**	$ 85,753
Add:		
Net realty taxes added to the assessment roll	**2,177**	6,520
Interest earned	**932**	1,415
Transfer from Commitment Reserve	**251**	84
	3,360	8,019
Deduct:		
Transfer to General Revenue Fund	**9,200**	11,740
Transfer to General Revenue Fund - investment management fee	**312**	247
	9,512	11,987
Balance, end of year	**$ 75,632**	$ 81,785

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(unaudited)

1. *Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

a) Basis of presentation

The Financial Stabilization Reserve Fund follows the fund basis of reporting. The Fund is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

b) Basis of accounting

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

2. *Status of the Financial Stabilization Reserve*

On May 16, 1973, City Council created the Future Tax Levies Reserve Fund to counteract the budgetary effect of fluctuations from year to year in tax revenue caused by additions and deletions to the tax roll due to new construction, demolitions or improvements to land.

On March 20, 1997, City Council approved the “Fiscal Stability Plan” which included the renaming of the Future Tax Levies Reserve Fund to the Fiscal Stabilization Reserve Fund and the creation of the Mill Rate Stabilization Reserve Fund (with initial funding from a portion of the former Future Tax Levies Reserve Fund). Rules regarding the sources of funds, purposes and utilization of funds were established for each Reserve.

On December 13, 2000, City Council amended the rules governing the Fiscal Stabilization Reserve Fund. The Reserve would offset any variance in the tax projections used in the development of the annual estimates and the actual amounts billed in the spring of each year.

On April 25, 2001, City Council adopted the "Financial Management Plan". By 2009, this established a 10% minimum target of tax-supported (General Revenue Fund) expenditures for the Stabilization Reserves.

A review of Reserves followed the "Financial Management Plan’s" adoption and, on May 23, 2001, City Council amended the rules for the Stabilization Reserves.

On March 22, 2005, City Council amended the rules governing the Fiscal Stabilization Reserve Fund. The Reserve would offset variances between the revenue projections for net supplementary taxes used in the budget and the actual amounts reported.

On March 23, 2011, City Council adopted the "Financial Management Plan" which revised the target for the two Stabilization Reserves to a minimum of 8% of tax-supported expenditures.

2. Status of the Financial Stabilization Reserve (continued)

On September 28, 2011, City Council adopted the combining of the Fiscal Stabilization Reserve and the Mill Rate Stabilization Reserve Funds into the Financial Stabilization Reserve Fund. All previous regulations for the two Stabilization Reserves were replaced with the following:

- Sources of funding for the Reserve are: the excess of actual total taxes billed compared to budget; surpluses in the General Revenue Fund; unspent amounts in the Commitment Reserve Fund; and interest revenue.

- The Reserve can be used to fund any shortfall of actual total taxes billed compared to budget; major unforeseen expenditures once the target level is exceeded and subject to rules noted below; General Revenue Fund year-end deficits and subject to rules noted below; and one-time expenditures once the target level has been reached.

- No transfers can be made to the General Revenue Fund to fund ongoing current operations.

- Funds above the 8% target may be used for major unforeseen expenditures and General Revenue Fund deficits. Accessing funding in any given year requires City Council approval if the required amount would reduce the Reserve's balance below the 8% target.

- A replenishment plan shall be adopted by City Council if the Financial Stabilization Reserve Fund's equity is reduced below the 8% target of tax-supported expenditures.

On March 23, 2015, City Council adopted the "Financial Management Plan" which revised the target for the Financial Stabilization Reserve to a minimum of 6% of tax-supported expenditures.

The Chief Financial Officer is the Fund Manager.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

THE CITY OF WINNIPEG
CAPITAL RESERVES

The City of Winnipeg ("the City") operates twelve Capital Reserves to account for the use of designated revenue for specific purposes. The thirteen funds included are as follows:

Water Main Renewal Reserve Fund

On February 18, 1981, City Council authorized the establishment of a Water Main Renewal Reserve Fund for the purpose of financing, from one source, the renewal of water mains. The Reserve was established by the transfer of $2.0 million of frontage levy revenue from the Waterworks System Fund. From 1974 through to 2008, the City used a frontage levy to fund water main renewals.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, frontage levy revenue collected on property taxes would be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the Water Main Renewal Reserve Fund is fully funded through water rates transferred from the Waterworks System Fund as well as interest earned on the reserve fund balance.

The Director of Water and Waste is the Fund Manager.

Sewer System Rehabilitation Reserve Fund

On May 27, 1992, City Council authorized the establishment of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds. These Reserves were established for the renewal and rehabilitation of combined sewers and wastewater sewers, respectively, with funding provided from the frontage levy identified for this purpose in By-law 549/73 (amended by By-law 7138/97). The purpose of the Reserves was to provide a consistent approach to financing infrastructure renewal and rehabilitate combined sewers and to renew and rehabilitate wastewater sewers (as defined by the Sewer Utility By-law 5058/88).

The annual frontage levy funding was allocated by City Council between the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve in accordance with the capital program requirements.

On January 30, 2002, City Council passed By-law No. 7958/2002 "Frontage Levy By-law" to include the repair and replacement of streets and sidewalks in residential areas.

On September 27, 2006, City Council approved the consolidation of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds into the Sewer System Rehabilitation Reserve Fund, which was effective on October 1, 2006.

On December 15, 2009, City Council authorized, by way of approval of the Capital Budget, that effective 2009, frontage levy revenue collected on property taxes would no longer fund the Sewer System Rehabilitation Reserve as of 2011. Therefore, the Sewer System Rehabilitation Reserve is fully funded through sewer rates transferred from the Sewer Disposal System Fund as well as interest earned on the reserve fund balance.

The Director of Water and Waste is the Fund Manager.

Environmental Projects Reserve Fund

On December 17, 1993, City Council authorized the establishment of a River Quality Environmental Studies Reserve Fund for the purpose of providing funding for environmental projects to improve river quality. On January 24, 1996, City Council changed the name of this Reserve to the Environmental Projects Reserve Fund to more accurately reflect the nature of the projects reported in this Reserve.

The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund based on the amount of water consumption billed. The Reserve has funded ammonia, nitrification and combined sewer overflow ("CSO") studies. It now funds a portion of the wastewater collection and treatment system improvements as directed by the Province of Manitoba ("the Province"). This includes effluent disinfection, centrate treatment, biological nutrient removal, CSO mitigation infrastructure and biosolids.

River quality is under the jurisdiction of the Province and in 2003 the Clean Environment Commission ("CEC"), at the request of the Minister of Conservation, conducted public hearings to review and receive comments on the City's 50-year wastewater collection and treatment improvement program. At the conclusion, the CEC recommended that the City implement these improvements over a 25-year period, which was subsequently ordered by the Minister of Conservation on September 26, 2003.

On September 3, 2004, the Province issued Environment Act License No. 2669 for the West End Water Pollution Control Centre, which provided for the plan as directed by the Minister of Conservation. Certain provisions of this license were appealed by the City. Revised License No. 2669 E R R and No. 2684 R R R, for the North End Water Pollution Control Center, were issued on June 19, 2009, incorporating the City's requested changes. On March 3, 2006, a similar license (No. 2716) was issued for the South End Water Pollution Control Centre. Effective April 18, 2012, the South End Water Pollution Control Centre license (No. 2716RR) was revised in response to the Save Lake Winnipeg Act requirement. This Reserve partially funds capital projects to bring the City in compliance with the license requirements.

The Director of Water and Waste is the Fund Manager.

Brady Landfill Site Rehabilitation Reserve Fund

On December 17, 1993, City Council authorized the establishment of a Brady Landfill Site Rehabilitation Reserve Fund for the purpose of providing funding for the future development of the Brady Landfill Site. The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill.

The Director of Water and Waste is the Fund Manager.

Waste Diversion Reserve Fund

On October 19, 2011, City Council approved the establishment of the Waste Diversion Reserve Fund for the purpose of funding waste diversion programs and projects. The reserve is to be funded by surplus monies collected through the waste diversion services user fee. The first transfer to the reserve occurred in 2013.

The Director of Water and Waste is the Fund Manager.

Golf Course Reserve Fund

The Golf Course Reserve Fund was created by City Council on April 28, 1994, to provide funding for enhancements to the Municipal Golf Courses in order to keep them competitive with those in the private sector.

The Director of Planning, Property and Development is the Fund Manager.

Library Reserve Fund

City Council, on December 14, 1994, authorized the establishment of the Library Reserve Fund to provide for upgrading the Library's technological base and other special Library projects. On March 26, 1998, City Council further approved that all over due fine, replacement fee, room rental, non-resident and photocopy fee revenues be realized in the reserve. Since 2000, through the annual budget process, City Council has approved reduced transfers to the Fund.

With the adoption of 2015 Operating Budget Council approved that the reserve be closed as it had a zero balance on December 31, 2014 and was no longer in use.

The Director of Community Services is the Fund Manager.

Transit Bus Replacement Reserve Fund

On December 15, 1994, City Council approved the establishment of the Transit Bus Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the replacement or refurbishment of transit buses in a scheduled and pragmatic manner. Contributions to this Reserve will be based on a budgeted appropriation from the Transit Department plus proceeds from the disposal of bus equipment and insurance claims on bus equipment written off. Upon the Transit Department making the outlay to replace or refurbish buses, this Reserve will contribute towards that purchase.

The Director of Transit is the Fund Manager.

Computer Replacement Reserve Fund

On March 22, 1995, City Council approved the establishment of the Computer Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the replacement, refurbishing, modifying, or upgrading of personal computer hardware and/or software and to stabilize the effect on the annual budget. Through direct contributions, users contribute an amount to the Reserve for computer equipment based upon the latest actual purchase cost for that type of unit. Other contributions to the Reserve would include investment income.

The Director of Corporate Support Services is the Fund Manager.

Federal Gas Tax Revenue Reserve Fund

City Council, on January 25, 2006, authorized the establishment of the Federal Gas Tax Revenue Reserve Fund. The purpose of the Reserve is to account for funds received from the Province under the Federal Gas Tax Funding Agreement.

On November 18, 2005, the Government of Canada and the Province entered into an agreement on the Transfer of Federal Gas Tax Revenue under the New Deal for Cities and Communities. Under this deal, the Province agreed to administer the funds on behalf of the Federal Government and to conditionally provide the funds to the City, subject to receipt of funding from the Federal Government. The funds are intended specifically for eligible projects such as: Public Transit; Water; Wastewater; Solid Waste; Community Energy Systems; and Active Transportation Infrastructure.

On March 24, 2006, the Province and the City signed the Gas Tax Funding Agreement. The agreement was effective as of April 1, 2005 and continues until March 31, 2015 or unless terminated earlier in accordance with section 10 of the agreement.

On January 12, 2007, City Council authorized that Infrastructure Levies (Gas Tax) be allocated to the Public Works Department for road and bridge projects through the 2007 capital budget process.

On July 16, 2014 City Council authorized that the purpose of the Federal Gas Tax Revenue Reserve be amended to include 18 project categories as listed in Schedule 1 of the most recent Manitoba-City of Winnipeg Municipal Gas Tax Agreement to administer the Canada-Manitoba Administrative Agreement on the Transfer of Federal Gas Tax Revenue. The list of eligible project categories includes local roads and bridges, broadband connectivity, public transit, drinking water, wastewater, solid waste, brownfield redevelopment, sport infrastructure, recreational infrastructure and cultural infrastructure.

The Director of Public Works is the Fund Manager.

Southwest Rapid Transit Corridor Reserve Fund

On March 26, 2008, City Council approved that a Rapid Transit Infrastructure Reserve Fund be established, and that the purpose of the Reserve be to accumulate funds and subsequently to expend on future costs incurred on account of public transit infrastructure, including the construction of rapid transit corridors contemplated in the future.

On October 22, 2008, City Council approved that the purpose of the Rapid Transit Infrastructure Reserve be revised to accumulate funds and subsequently expend on costs incurred on account of public transit infrastructure, including the operation and construction of the rapid transit infrastructure, structures and facilities, development, and other related costs including bus purchases, technology, personnel, and land acquisition.

On January 29, 2013, City Council approved that effective January 1, 2014 the reserve be renamed the Southwest Rapid Transit Corridor - Stage 2 Reserve. In addition the purpose has been revised to: a) accumulate capital funds and subsequently expend such funds on future costs incurred on account of public transit infrastructure, and more specifically, the construction of the Southwest Rapid Transit Corridor - Stage 2, and the purchase of vehicles associated with Stage 2, contemplated in the future; b) contribute to the proposed Jubilee Rapid Transit Station if net proceeds of the disposition of the subject City property are insufficient to cover the City's share, as approved by City Council on October 24, 2012; c) pay for any residual land acquisition settlements for the Southwest Rapid Transit Corridor - Stage 1 project; and d) pay for the ongoing replacement of the 10 buses purchased for the Southwest Rapid Transit Corridor Stage 1 project.

On March 23, 2015 City Council approved that the Reserve be renamed the Southwest Rapid Transit Corridor Reserve.

The Director of Transit is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve

On March 23, 2015 City Council approved the establishment of the Southwest Rapid Transitway (Stage 2) (Stage 2) and Pembina Highway Underpass capital project. The funding source is to be a combination of dedicated property tax revenue transferred from the General Revenue Fund and a one-time fare increase in 2016 and an annual grant from the Province starting in 2020.

The Director of Transit is the Fund Manager.

Local Street Renewal Reserve Fund

The Local Street Renewal Reserve was established in 2013 to increase investment in local streets, lanes and sidewalks. A separate property tax increase will fund this new reserve each year to ensure a dedicated funding system for local streets. Use of the Local Street Renewal Reserve for purposes other than local streets, lanes, or sidewalk renewals requires approval of 2/3 of City Council.

The Director of Public Works is the Fund Manager.

Regional Street Renewal Reserve Fund

The Regional Street Renewal Reserve was established in 2014 to increase investment in regional streets and sidewalks. A separate property tax increase will fund this new reserve each year to ensure a dedicated funding system for regional streets. Use of the Regional Street Renewal Reserve for purposes other than regional streets, lanes, or sidewalk renewals requires approval of 2/3 of City Council.

The Director of Public Works is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW

December 31
("$" amounts in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
Water Main Renewal Reserve Fund					
Frontage levy revenue	**$ -**	$ -	$ -	$ -	$ -
Water main renewals funded	**$ 14,927**	$ 16,314	$ 12,182	$ 15,274	$ 13,316
Kilometres of water mains	**2,614**	2,592	2,585	2,557	2,531
Water main repairs	**317**	777	695	840	571
Sewer System Rehabilitation Reserve Fund					
Frontage levy revenue	**$ -**	$ -	$ -	$ -	$ -
Sewer renewals funded	**$ 16,331**	$ 23,164	$ 25,653	$ 17,344	$ 14,899
Kilometres of sewers	**2,608**	2,583	2,579	2,549	2,548
Kilometres of sewers renewed	**0.39**	0.38	1.16	1.57	1.15
Environmental Projects Reserve Fund					
Transfer from Sewage Disposal System	**$ 16,838**	$ 16,486	$ 15,986	$ 15,780	$ 13,822
Transfer to Sewage Disposal System - capital projects	**$ 6,761**	$ 11,277	$ 7,991	$ 2,732	$ 7,088
Brady Landfill Site Rehabilitation Reserve Fund					
Transfer from Solid Waste Disposal	**$ 175**	$ 174	$ 173	$ 200	$ 189
Waste Diversion Reserve					
Transfer from Solid Waste Disposal	**$ 1,000**	$ 1,000	$ 1,625	$ -	$ -
Golf Course Reserve Fund					
Equity	**$ 496**	$ 496	$ 1,325	$ 1,224	$ 1,185
Library Reserve Fund					
Transfer from General Revenue Fund	**$ -**	$ -	$ -	$ 50	$ -
Transit Bus Replacement Reserve Fund					
Transfer from/(to) Transit System, net	**$ (5,243)**	$ 9,521	$ 451	$ (2,036)	$ 528
Number of buses financed	**45**	-	29	40	28

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW (continued)

December 31
("$" amounts in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
Computer Replacement Reserve Fund					
Allocation of equity:					
Corporate Support Services	**$ 1,018**	$ 1,016	$ 900	$ 1,563	$ 846
Community Services	**123**	107	97	224	226
Public Works	**40**	29	188	187	164
Planning, Property and Development	**79**	69	63	55	92
Audit	**-**	-	-	3	3
Corporate Finance	**-**	-	-	1	3
Chief Administrative Offices	**-**	-	-	1	1
	$ 1,260	$ 1,221	$ 1,248	$ 2,034	$ 1,335
Federal Gas Tax Revenue Reserve Fund					
Government of Canada funding	**$ 47,452**	$ 41,014	$ 40,452	$ 40,452	$ 40,453
Transfer to General Capital Fund	**$ 41,690**	$ 39,952	$ 33,710	$ 45,614	$ 24,950
Transfer to Transit System - capital projects	**$ 5,762**	$ 1,062	$ 12,926	$ 5,625	$ 3,223
Southwest Rapid Transit Corridor Reserve Fund					
Transfer from/(to) Transit System, net	**$ (4,200)**	$ -	$ (1,094)	$ (1,329)	$ 3,480
Local Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 14,100**	$ 9,200	$ 4,500	$ -	$ -
Transfer to General Capital Fund	**$ 12,663**	$ 8,211	$ 4,000	$ -	$ -
Regional Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 9,600**	$ 4,700	$ -	$ -	$ -
Transfer to General Capital Fund	**$ 8,519**	$ 4,325	$ -	$ -	$ -

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	Water Main Renewal Reserve	Sewer System Rehabilitation Reserve	Environmental Projects Reserve	Brady Landfill Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	$ 5,161	$ 19,418	$ 83,215	$ 1,865
Call loans - General Revenue Fund (Note 4)	-	-	-	71
Accounts receivable	-	-	-	27
	5,161	19,418	83,215	1,963
Investments (Note 5)	-	-	-	3,683
Due from Golf Services - Special Operating Agency (Note 6)	-	-	-	-
	$ 5,161	$ 19,418	$ 83,215	$ 5,646
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue	-	-	-	-
Debt (Note 7)	-	-	-	-
	-	-	-	-
EQUITY				
Allocated	5,161	19,418	83,215	5,646
Unallocated	-	-	-	-
	5,161	19,418	83,215	5,646
	$ 5,161	$ 19,418	$ 83,215	$ 5,646

See accompanying notes to the financial statements

Waste Diversion Reserve	Golf Course Reserve	Library Reserve	Transit Bus Replacement Reserve	Computer Replacement Reserve	Federal Gas Tax Reserve	Sub-total
$ 2,369	$ 453	$ -	$ 11,552	$ 1,260	$ 15,110	$ 140,403
-	-	-	-	-	-	71
-	-	-	-	-	-	27
2,369	453	-	11,552	1,260	15,110	140,501
-	-	-	-	-	-	3,683
-	-	-	-	-	-	-
$ 2,369	$ 453	$ -	$ 11,552	$ 1,260	$ 15,110	$ 144,184
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	14,937	14,937
-	-	-	-	-	-	-
-	-	-	-	-	14,937	14,937
2,369	-	-	11,368	1,260	-	128,437
-	453	-	184	-	173	810
2,369	453	-	11,552	1,260	173	129,247
$ 2,369	$ 453	$ -	$ 11,552	$ 1,260	$ 15,110	$ 144,184

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	Sub-total Brought Forward	SWRT Corridor Reserve	SWRT Payment Reserve	Local Street Renewal Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	$ 140,403	$ 4,729	$ -	$ 1,333
Call loans - General Revenue Fund (Note 4)	71	-	-	-
Accounts receivable	27	-	-	-
	140,501	4,729	-	1,333
Investments (Note 5)	3,683	-	-	-
Due from Golf Services - Special Operating Agency (Note 6)	-	-	- -	-
	$ 144,184	$ 4,729	$ -	$ 1,333
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ 97
Deferred revenue	14,937	-	-	-
Debt (Note 7)	-	-	-	-
	14,937	-	-	97
EQUITY				
Allocated	128,437	1,667	-	1,236
Unallocated	810	3,062	-	-
	129,247	4,729	-	1,236
	$ 144,184	$ 4,729	$ -	$ 1,333

See accompanying notes to the financial statements

Regional Street Renewal Reserve	Totals 2015	Totals 2014
$ 702	$ 147,167	$ 146,184
-	71	62
-	27	27
702	147,265	146,273
-	3,683	3,503
-	-	-
$ 702	$ 150,948	$ 149,776
$ 85	$ 182	$ 261
-	14,937	22,440
-	-	25
85	15,119	22,726
617	131,957	123,160
-	3,872	3,890
617	135,829	127,050
$ 702	$ 150,948	$ 149,776

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Water Main Renewal Reserve	Sewer System Rehabilitation Reserve	Environmental Projects Reserve	Brady Landfill Reserve
Balance, beginning of year	$ 3,562	$ 15,328	$ 73,006	$ 5,280
Add:				
Government of Canada transfers	-	-	-	-
Transfer from Sewage Disposal System	-	20,400	16,838	-
Transfer from Waterworks System	16,500	-	-	-
Transfer from Transit System	-	-	-	-
Interest earned	81	59	441	172
Transfer from General Revenue Fund	-	-	-	-
Transfer from Solid Waste Disposal	-	-	-	175
Transfer from Municipal Accommodations	-	-	-	-
Transfer from Golf Services SOA	-	-	-	-
Other	-	-	-	42
	16,581	20,459	17,279	389
Deduct:				
Transfer to General Capital Fund	-	929	-	-
Transfer to Transit System	-	-	-	-
Transfer to Sewage Disposal System	-	15,402	6,761	-
Transfer to Waterworks System	14,927	-	-	-
Purchase of equipment	-	-	-	-
Transfer to General Revenue Fund - investment management fee	55	38	309	23
Transfer to General Capital Fund - principal and interest	-	-	-	-
Transfer to Solid Waste Disposal	-	-	-	-
Transfer to Golf Services SOA	-	-	-	-
Other	-	-	-	-
	14,982	16,369	7,070	23
Balance, end of year	$ 5,161	$ 19,418	$ 83,215	$ 5,646

See accompanying notes to the financial statements

Waste Diversion Reserve	Golf Course Reserve	Library Reserve	Transit Bus Replacement Reserve	Computer Replacement Reserve	Federal Gas Tax Reserve	Sub-total
$ 1,312	$ 496	$ -	$ 16,766	$ 1,221	$ 128	$ 117,099
-	-	-	-	-	47,452	47,452
-	-	-	-	-	-	37,238
-	-	-	-	-	-	16,500
-	-	-	5,596	-	-	5,596
8	3	-	96	7	38	905
-	-	-	-	131	7	138
1,000	-	-	-	-	-	1,175
-	-	-	-	11	-	11
-	150	-	-	-	-	150
-	-	-	-	-	-	42
1,008	153	-	5,692	149	47,497	109,207
-	26	-	-	-	41,690	42,645
-	-	-	10,839	-	5,762	16,601
-	-	-	-	-	-	22,163
-	-	-	-	-	-	14,927
-	-		-	105	-	105
5	2	-	67	5	-	504
-	-	-	-	-	-	-
(54)	-	-	-	-	-	(54)
-	168	-	-	-	-	168
-	-	-	-	-	-	-
(49)	196	-	10,906	110	47,452	97,059
$ 2,369	$ 453	$ -	$ 11,552	$ 1,260	$ 173	$ 129,247

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Sub-total Brought Forward	SWRT Corridor Reserve	SWRT Payment Reserve	Local Street Renewal Reserve
Balance, beginning of year	**$ 117,099**	**$ 8,914**	**$ -**	**$ 850**
Add:				
Government of Canada transfers	**47,452**	**-**	**-**	**-**
Transfer from Sewage Disposal System	**37,238**	**-**	**-**	**-**
Transfer from Waterworks System	**16,500**	**-**	**-**	**-**
Transfer from Transit System	**5,596**	**-**	**-**	**-**
Interest earned	**905**	**49**	**-**	**7**
Transfer from General Revenue Fund	**138**	**-**	**-**	**14,100**
Transfer from Solid Waste Disposal	**1,175**	**-**	**-**	**-**
Transfer from Municipal Accommodations	**11**	**-**	**-**	**-**
Transfer from Golf Services SOA	**150**	**-**	**-**	**-**
Other	**42**	**-**	**-**	**-**
	109,207	**49**	**-**	**14,107**
Deduct:				
Transfer to General Capital Fund	**42,645**	**-**	**-**	**12,663**
Transfer to Transit System	**16,601**	**4,200**	**-**	**-**
Transfer to Sewage Disposal System	**22,163**	**-**	**-**	**-**
Transfer to Waterworks System	**14,927**	**-**	**-**	**-**
Purchase of equipment	**105**	**-**	**-**	**-**
Transfer to General Revenue Fund - investment management fee	**504**	**34**	**-**	**-**
Transfer to General Capital Fund - principal and interest	**-**	**-**	**-**	**1,002**
Transfer to Solid Waste Disposal	**(54)**	**-**	**-**	**-**
Transfer to Golf Services SOA	**168**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**56**
	97,059	**4,234**	**-**	**13,721**
	-			
Balance, end of year	**$ 129,247**	**$ 4,729**	**$ -**	**$ 1,236**

See accompanying notes to the financial statements

Regional Street Renewal Reserve	Totals 2015	Totals 2014
$ 187	$ 127,050	$ 114,548
-	47,452	41,014
-	37,238	37,086
-	16,500	16,000
-	5,596	5,681
3	964	1,448
9,600	23,838	14,340
-	1,175	1,174
-	11	11
-	150	132
-	42	-
9,603	132,966	116,886
8,519	63,827	62,656
-	20,801	(2,778)
-	22,163	24,299
-	14,927	16,314
-	105	485
-	538	378
572	1,574	593
-	(54)	645
-	168	95
82	138	1,697
9,173	124,187	104,384
$ 617	$ 135,829	$ 127,050

THE CITY OF WINNIPEG
CAPITAL RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

a) Basis of presentation

The Capital Reserves follow the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Capital Reserves include the following:

Water Main Renewal Reserve Fund
Sewer System Rehabilitation Reserve Fund
Environmental Projects Reserve Fund
Brady Landfill Site Rehabilitation Reserve Fund
Waste Diversion Reserve Fund
Golf Course Reserve Fund
Library Reserve Fund
Transit Bus Replacement Reserve Fund
Computer Replacement Reserve Fund
Federal Gas Tax Revenue Reserve Fund
Southwest Rapid Transit Corridor Reserve Fund
Local Street Renewal Reserve Fund
Regional Street Renewal Reserve

b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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) Investment in bonds

Bonds are carried at cost plus accumulated amortization. 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.

d) Bond coupons

Bond coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

e) Deferred revenue

The City of Winnipeg ("the City") receives funds dedicated to the acquisition of specific tangible capital assets. When capital funds are received but the funding has not been used in the year to acquire tangible capital assets, the funding will be reported as deferred revenue and taken into income in future years when the cost is incurred.

1. Significant Accounting Policies (continued)

f) Government transfers

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

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

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

2. Status of the Capital Reserves

Water Main Renewal Reserve Fund

City Council, on February 18, 1981, authorized the establishment of a Water Main Renewal Reserve Fund for the purpose of financing, from one source, the renewal of water mains. The Reserve was established in 1981 by the transfer of $2.0 million of frontage levy revenue from the Waterworks System Fund.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, frontage levy revenue collected from property taxes would be reported in the General Revenue Fund to pay for the upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the sources of funding for the Water Main Renewal Reserve Fund are revenues from water rates, which are transferred from the Waterworks System Fund, and interest.

The Director of Water and Waste is the Fund Manager.

Sewer System Rehabilitation Reserve Fund

City Council, on May 27, 1992, authorized the establishment of a Combined Sewer Renewal Reserve Fund for the rehabilitation of combined sewers. City Council also authorized the establishment of a Wastewater Sewer Renewal Reserve Fund for the renewal and rehabilitation of wastewater sewers. Funding for both Reserves was provided from the frontage levy identified for this purpose in By-law No. 549/73 (amended by By-law No. 7138/97).

On September 27, 2006, City Council approved the consolidation of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds into the Sewer System Rehabilitation Reserve Fund, which was effective on October 1, 2006.

On December 15, 2009, City Council authorized, by way of approval of the Capital Budget, that effective 2009, the frontage levy revenue collected on property taxes was phased out as of 2011. The frontage levy is being reported in the General Revenue Fund to pay for the upgrading, repair, replacement and maintenance of streets and sidewalks. The sources of funding for the Sewer System Rehabilitation Reserve Fund are revenues from sewer rates, which are transferred from Sewage Disposal System Fund, and interest.

The Director of Water and Waste is the Fund Manager.

2. *Status of the Capital Reserves (continued)*

Environmental Projects Reserve Fund

City Council, on December 17, 1993, authorized the establishment of a River Quality Environmental Studies Reserve Fund for the purpose of providing funding for environmental studies for river quality. City Council, on January 24, 1996, changed the name of this Reserve to the Environmental Projects Reserve Fund to more accurately reflect the environmental nature of the projects funded by this Reserve.

The Reserve has funded ammonia, nitrification and combined sewer overflow ("CSO") studies. It now funds a portion of the wastewater collection and treatment system improvements as directed by the Province of Manitoba ("the Province"). This includes effluent disinfection, centrate treatment, biological nutrient removal, CSO mitigation infrastructure and biosolids.

The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund. The 2015 sewer rate includes a provision of 0.2800 cents (2014 - 0.2700 cents) per cubic meter of billed water consumption to fund this transfer.

The Director of Water and Waste is the Fund Manager.

Brady Landfill Site Rehabilitation Reserve Fund

City Council, on December 17, 1993, authorized the establishment of a Brady Landfill Site Rehabilitation Reserve Fund for the purpose of providing funding for the future development of the Brady Landfill Site.

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund. The landfill tipping fee includes a provision of 50 cents (2014 - 50 cents) per tonne for each tonne disposed at the Brady Road Landfill to fund this transfer.

The Director of Water and Waste is the Fund Manager.

Waste Diversion Reserve Fund

On October 19, 2011, City Council approved the establishment of the Waste Diversion Reserve Fund for the purpose of funding waste diversion programs and projects. The reserve is to be funded by surplus monies collected through the waste diversion services user fee. The first transfer to the reserve occurred in 2013.

The Director of Water and Waste is the Fund Manager.

Golf Course Reserve Fund

City Council, on April 28, 1994, authorized the establishment of a Golf Course Reserve Fund for capital expenses required for the enhancement of the Municipal Golf Courses operated by Golf Services - Special Operating Agency.

The Director of Planning, Property and Development is the Fund Manager.

2. *Status of the Capital Reserves (continued)*

Library Reserve Fund

City Council, on December 14, 1994, authorized the establishment of the Library Reserve Fund to provide for upgrading the Library's technological base and other special Library projects. On March 26, 1998, City Council further approved that all over due fine, replacement fee, room rental, non-resident and photocopy fee revenues be realized in the Reserve.

With the adoption of 2015 Operating Budget Council approved that the reserve be closed as it had a zero balance on December 31, 2014 and was no longer in use.

The Director of Community Services is the Fund Manager.

Computer Replacement Reserve Fund

On March 22, 1995, City Council approved the establishment of the Computer Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the replacement, refurbishing, modifying, or upgrading of personal computer hardware and/or software and to stabilize the effect on the annual budget. Through direct contributions, users contribute an amount to the Reserve for computer equipment based upon the latest actual purchase cost for that type of unit. Other contributions to the Reserve would include investment income.

The Director of Corporate Support Services is the Fund Manager.

Federal Gas Tax Revenue Reserve Fund

City Council, on January 25, 2006, authorized the establishment of a Federal Gas Tax Revenue Reserve Fund. The purpose of this Reserve is to administer and account for funds received from the Province under the Federal Gas Tax Funding Agreement.

On November 18, 2005, the Government of Canada and the Province entered into an agreement on the Transfer of Federal Gas Tax Revenue under the New Deal for Cities and Communities. Under the deal, the Province agreed to administer the funds on behalf of the Federal Government and to conditionally provide the funds to the City, subject to receipt of funding from the Federal Government. The funds are specifically for eligible projects in the areas of: Public Transit; Water; Wastewater; Solid Waste; Community Energy Systems; and Active Transportation Infrastructure.

On March 24, 2006, the Province and the City signed the Gas Tax Funding Agreement. The agreement is effective April 1, 2005 and continues until March 31, 2015 or unless terminated earlier in accordance with section 10 of the agreement.

On January 12, 2007, City Council authorized that Infrastructure Levies (Gas Tax) be allocated to the Public Works Department for road and bridge projects through the 2007 capital budget process.

On July 16, 2014 City Council authorized that the purpose of the Federal Gas Tax Revenue Reserve be amended to include 18 project categories as listed in Schedule 1 of the most recent Manitoba-City of Winnipeg Municipal Gas Tax Agreement to administer the Canada-Manitoba Administrative Agreement on the Transfer of Federal Gas Tax Revenue. The list of eligible project categories includes local roads and bridges, broadband connectivity, public transit, drinking water, wastewater, solid waste, brownfield redevelopment, sport infrastructure, recreational infrastructure and cultural infrastructure.

The Director of Public Works is the Fund Manager.

2. *Status of the Capital Reserves (continued)*

Southwest Rapid Transit Corridor Reserve Fund

On March 26, 2008, City Council approved that a Rapid Transit Infrastructure Reserve Fund be established, and that the purpose of the Reserve be to accumulate funds and subsequently to expend on future costs incurred on account of public transit infrastructure, including the construction of rapid transit corridors contemplated in the future.

On October 22, 2008, City Council approved that the purpose of the Rapid Transit Infrastructure Reserve Fund be revised to accumulate funds and subsequently expend on costs incurred on account of public transit infrastructure, including the operation and construction of the rapid transit infrastructure, structures and facilities, development, and other related costs including bus purchases, technology, personnel, and land acquisition.

On January 29, 2013, City Council approved that effective January 1, 2014 the reserve be renamed the Southwest Rapid Transit Corridor - Stage 2 Reserve. In addition the purpose has been revised to: a) accumulate capital funds and subsequently expend such funds on future costs incurred on account of public transit infrastructure, and more specifically, the construction of the Southwest Rapid Transit Corridor - Stage 2, and the purchase of vehicles associated with Stage 2, contemplated in the future; b) contribute to the proposed Jubilee Rapid Transit Station if net proceeds of the disposition of the subject City property are insufficient to cover the City's share, as approved by City Council on October 24, 2012; c) pay for any residual land acquisition settlements for the Southwest Rapid Transit Corridor - Stage 1 project; and d) pay for the ongoing replacement of the 10 buses purchased for the Southwest Rapid Transit Corridor Stage 1 project.

On March 23, 2015 City Council approved that the Reserve be renamed the Southwest Rapid Transit Corridor Reserve.

The Director of Transit is the Fund Manager.

Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve

On March 23, 2015 City Council approved the establishment of the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve. The purpose of the Reserve is to set aside funding for the P3 annual service/financing payment commencing in 2020 for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project. The funding source is to be a combination of dedicated property tax revenue transferred from the General Revenue Fund and a one-time fare increase in 2016 and an annual grant from the Province starting in 2020.

The Director of Transit is the Fund Manager.

Local Street Renewal Reserve Fund

The Local Street Renewal Reserve was established in 2013 to increase investment in local streets, lanes and sidewalks. A separate property tax increase will fund this new reserve each year to ensure a dedicated funding system for local streets. Use of the Local Street Renewal Reserve for purposes other than local streets, lanes, or sidewalk renewals requires approval of 2/3 of City Council.

The Director of Public Works is the Fund Manager.

2. Status of the Capital Reserves (continued)

Regional Street Renewal Reserve Fund

The Regional Street Renewal Reserve was established in 2014 to increase investment in regional streets and sidewalks. A separate property tax increase will fund this new reserve each year to ensure a dedicated funding system for local streets. Use of the Regional Street Renewal Reserve for purposes other than regional streets or sidewalk renewals requires approval of 2/3 of City Council.

The Director of Public Works is the Fund Manager.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

4. Call Loans - General Revenue Fund

Call loans represent short-term investments with the General Revenue Fund which are callable by the Fund upon one business day notice. Call loans are recorded at cost, which together with accrued interest income, approximates fair value.

5. Investments

	2015	2014
Marketable securities		
Provincial bonds and bond coupons	**$ 1,497**	$ 1,824
Municipal bonds	**2,186**	1,679
	$ 3,683	$ 3,503

The aggregate market value of marketable securities at December 31, 2015 was $4,283 thousand (2014 - $4,220 thousand).

6. Due from Golf Services - Special Operating Agency

On December 11, 2013, Council adopted the recommendation that, effective January 1, 2014, the golf course improvement loans totaling $844 thousand be forgiven.

7. Debt

	2015	2014
General Capital Fund debt issued by the City, maturing in 2015 with an interest rate of 4.0%	**$ -**	$ 25

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

The City of Winnipeg ("the City") operates eighteen Special Purpose Reserves to account for the use of designated revenue for specific purposes. These Reserves are as follows:

Workers Compensation Reserve Fund

Under the terms of By-law No. 9802 of the former City of Winnipeg, provision was made for the establishment of a Workers Compensation Reserve Fund. On January 1, 1972, as a result of the amalgamation of the City of Winnipeg with former area municipalities, The Workers Compensation Reserve Fund was established in accordance with Section 338 of the former City of Winnipeg Act.

The City administers its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. Departments are charged an array of actual costs as well as surcharges related to financing fatality pensions and upgrades of benefits. The net result is that costs and surcharges are transferred to/from the Workers Compensation Reserve Fund. The Workers Compensation Reserve Fund serves to counteract any budgetary fluctuation from year to year that would result from a work related incident of major proportions.

The Corporate Controller is the Fund Manager.

Perpetual Maintenance Funds
(Brookside, St. Vital and Transcona Cemeteries)

The terms of By-law No. 14725 of the former City of Winnipeg, passed on April 8, 1935, created a fund for the perpetual care and maintenance of Brookside Cemetery. Later on By-law No. 1996/78, also created funds for the perpetual care and maintenance of St. Vital and Transcona Cemeteries.

Section 29 of By-law No. 5720/91 amending and restating By-law 1996/78, relating to Cemeteries, sets forth the purpose and use of the Perpetual Maintenance Funds.

These funds are for the purpose of creating, building up, and maintaining a perpetual maintenance fund for the care and maintenance of Brookside, St. Vital, and Transcona Cemeteries. There shall be paid to the Sinking Fund Trustees of The City of Winnipeg, during specified years and not later than the first day of June of each of the years, a sum equal to twenty-five per centum of the proceeds of the sale of plots and graves in cemeteries sold during the preceding year. The monies shall be so paid over to the Trustees for investment and administration and shall be treated in the same manner as interest and sinking fund charges. Commencing the first day of January 1991, and upon each and every first day of January thereafter the Trustees shall pay out fifty per centum of the yearly earnings of the fund for the previous year to the City. The yearly earnings shall be applied to offset the cost of the care and maintenance of the Cemeteries.

The Sinking Fund Trustees were also empowered to accept deposits in respect of perpetual maintenance of individual cemetery plots.

On January 1, 2003, The City of Winnipeg Act was replaced with new legislation entitled The City of Winnipeg Charter. Under this new legislation the investment and administration of the funds has been transferred to the City's administration.

The Director of Planning, Property and Development is the Funds Manager.

Insurance Reserve Fund

In 1960, the Insurance Reserve Fund was established. The reserve was to be used for the purpose of replacing or repairing City properties and/or contents that had been damaged by fire or any other cause. In 1973, the use of the Insurance Reserve Fund also included the purpose of paying for any other losses that the City might incur in any part of its self-insurance program. Such uses would include third party liability claims, or property damage claims, including motor vehicles.

The Corporate Controller is the Fund Manager.

Contributions in Lieu of Land Dedication Reserve Fund

On January 10, 1973, City Council adopted the policy that cash payments received by the City in lieu of land dedication for open space be deposited in a fund to the credit of each community. On January 17, 1979, City Council amended that policy to permit proceeds from the sale of surplus Parks and Recreation lands to be deposited to the Contributions in Lieu of Land Dedication Reserve Fund account of the respective community. On September 19, 1990, City Council adopted the recommendation that revenue would be apportioned amongst the communities on the basis of 75% to the account of the community in which the revenue was collected and 25% to be divided equally amongst all communities. This change was phased in over three years commencing in 1991.

Expenses are limited to the acquisition or improvement of land for parks, recreation facilities, or open space.

The Director of Planning, Property and Development is the Fund Manager.

Land Operating Reserve Fund

City Council, on May 16, 1973, authorized the establishment of a Land Operating Reserve Fund to reduce the need for the issuance and sale of debentures in connection with the acquisition cost of properties for resale.

Disbursements from this Reserve are limited to the acquisition cost of properties for resale, and any other expenses directly related to the acquisition, sale and improvement of disposable City properties. Use of the Reserve's funds for any other purpose requires the authorization of City Council. This Reserve is maintained by the proceeds from the sale of City-owned properties and interest earned.

In accordance with City Council directives, 5% of the gross sales revenue is allocated to the Historical Building Program, another 5% of gross sales revenue is allocated to the Enhanced Land Marketing Program to finance those activities necessary to facilitate the sale of surplus lands and 15% is allocated to the Community Centre Renovation Grant Program annually, subject to Council approval.

City Council, on July 19, 1999, adopted a policy that in order to sustain the business operations supported by the Reserve, equity be allowed to accumulate within the Reserve sufficient to eliminate the inter-fund debt owing to the General Revenue Fund created in past years. Any surplus funds greater than the amount required for the purposes of the Land Operating Reserve Fund and meeting the annual budgeted transfer to the General Revenue Fund is to be transferred to the Commitment Reserve Fund.

The Director of Planning, Property and Development is the Fund Manager.

Wading and Outdoor Pool Extended Season Reserve Fund

The Recreation Programming Reserve Fund was created by City Council on October 6, 1976 from cumulative surpluses and deficits of former Parks and Recreation Boards and Commissions as at December 31, 1976. These funds along with any forthcoming revenues and expenses were to be segregated by Community Committee and used for recreation programming projects in that Community.

With the adoption of the 2006 tax-supported budget, City Council approved a specific sub-component of the Recreation Programming Reserve dedicated to the annual extension of the regularly scheduled wading pool and outdoor pool season.

With the adoption of the 2013 tax-supported budget City Council approved the Recreation Programming Reserve be renamed the Wading and Outdoor Pool Extended Season Reserve and that the original recreation programming subcomponent of the Recreation Programming Reserve be closed.

The Reserve is funded with annual transfer from the General Revenue Fund with adjustments made during the year depending on the actual cost of the extended season.

With the adoption of the 2014 tax-supported budget City Council approved elimination of water charges to City pools reducing the budgeted transfer from the General Revenue Fund to $351,800 annually beginning in 2014 (from $490,000 in 2013) with adjustments made during the year depending on the actual cost of the extended season.

The Director of Community Services is the Fund Manager.

Snow Clearing Reserve Fund

The purpose of the fund is to absorb unexpected snowfall costs in years where the City experienced above average snowfall levels.

On December 14, 2004, City Council approved the establishment of a new Snow Clearing Reserve with the same purpose and guidelines as the former Reserve (established on March 22, 1995) with the exception that City Council may, at its discretion, approve a transfer from the Reserve to cover snow clearing costs greater than or other than as stipulated by the Reserve. Contributions to the Reserve would be the surplus from the annual operating snow clearing budget. The Reserve balance should never exceed $10.9 million.

On March 26, 2008, City Council further approved that the former restrictions on charges to the Snow Clearing Reserve in any one year be rescinded, and that no minimum balance be required (previously set at $5.0 million) before any charges can be made to the Reserve.

The Director of Public Works is the Fund Manager.

Commitment Reserve Fund

On March 12, 1998, City Council approved the establishment of the Commitment Reserve Fund. The purpose of the fund is to allow departments to carry forward committed budget dollars to the succeeding year thereby eliminating the need to re-budget. Contributions to the Reserve must be spent in the year following the transfer. However, contributions can be retained in the Reserve beyond the following year only if approved by the Fund Manager, otherwise the unspent amount must be transferred to the Financial Stabilization Reserve Fund.

On July 19, 1999, City Council further approved that at year-end, on an annual basis, any surplus funds greater than the amount required for the purposes of the Land Operating Reserve Fund be transferred to the Commitment Reserve Fund, which can then only be spent on one-time or capital costs in the following year. As with other contributions to this Reserve, the funds must be spent in the year following the transfer, otherwise the unspent amount may be transferred to the Financial Stabilization Reserve Fund.

The Chief Financial Officer is the Fund Manager.

Heritage Investment Reserve Fund

The Heritage Investment Reserve Fund was created by City Council on June 21, 2000. It funds all City and City-sponsored heritage programs and acts as a revolving fund so that future funding of heritage programs can be sustained and thereby reduces the need to obtain additional funding. An important source of ongoing funding for the Reserve will be incremental tax revenues from projects financed by the Fund.

The Director of Planning, Property and Development is the Fund Manager.

Housing Rehabilitation Investment Reserve Fund

The Housing Rehabilitation Investment Reserve Fund was created by City Council on June 21, 2000. It funds City housing programs not provided for in operating budgets. It was intended that this Reserve act as a revolving fund so that incremental tax revenues resulting from housing programs in which the Reserve invested would be returned to the Reserve to finance future projects. The Reserve continues to support housing programs in Housing Improvement Zones as well as the Aboriginal Housing Program and is funded by an annual transfer from the General Revenue Fund. Since 2012, the City has acted as the ‘Community Entity’ for the delivery of the federal government’s Homelessness Partnering Strategy (“HPS”), the related revenues and expenditures being recorded in the Reserve. Funding received covers the cost of grants provided under two HPS program streams ("Designated Community” and “Aboriginal Homelessness”) as well as administrative expenditures.

The Director of Planning, Property and Development is the Fund Manager.

Economic Development Investment Reserve Fund

The Economic Development Investment Reserve Fund was created by City Council on June 21, 2000. It is intended to fund City economic development incentive and investment projects. This Reserve invests directly in particular projects rather than be a funding mechanism for programs. The incremental portion of realty and business taxes generated by projects in which the fund has invested will be returned to the Reserve until the original investment has been repaid.

The Director of Planning, Property and Development is the Fund Manager.

General Purpose Reserve Fund

On March 15, 2000, City Council approved the establishment of the Pension Surplus Reserve Fund. The Reserve was funded by the retroactive refund of pension contributions for 1998 and 1999. City Council also approved that the purpose of the Reserve and further details including the use of these funds be subsequently determined by City Council.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES (continued)

On March 15, 2000, City Council approved the establishment of the Pension Stabilization Reserve Fund. The Reserve was funded by ongoing savings from the partial pension contribution holiday that were not used for operations. The purpose of the Reserve was to support general operating expenditures thereby reducing the amount of revenue to be raised through property taxation, in order to share the benefits of the surplus with the citizens of Winnipeg. The use of funds from the Reserve was contingent upon approval by City Council.

On May 23, 2001, City Council approved the amalgamation of the Pension Stabilization Reserve and Pension Surplus Reserve Funds and the new Fund be renamed the General Purpose Reserve Fund.

On October 28, 2015, City Council approved an amendment to the Councillors' Ward Allowance (CWA) Policy, Year end section on page 6, to include the following: "Any expenses not charged to the current year's CWA should be charged to the carry over fund established by the Ward Councillor, wherever possible, and that the carry over funds be established as a permitted use in the general purpose reserve."

The Chief Financial Officer is the Fund Manager.

Multiple-Family Dwelling Tax Investment Reserve Fund

On May 22, 2002, City Council approved the establishment of the Multiple-Family Dwelling Tax Investment Reserve Fund. The Reserve is designed to act as a bank that accumulates incremental taxes generated by approved multi-family dwelling construction/rehabilitation projects. When the incremental taxes for each project accumulates to the pre-approved amount, the balance is paid back to the applicant developer as a "Tax Incentive Grant".

The Director of Planning, Property and Development is the Fund Manager.

Insect Control Urgent Expenditures Reserve Fund

On March 23, 2005, City Council approved the establishment of the Insect Control Urgent Expenditures Reserve Fund. The purpose of the fund is to absorb unexpected costs for mosquito control in years where the City of Winnipeg experiences above average response levels.

The Reserve balance should never exceed $3.0 million and the Chief Administrative Officer has the authority to over-expend to a maximum of $3.0 million in the event of insufficient funds.

The Director of Public Works is the Fund Manager.

Permit Reserve Fund

On March 20, 2007, City Council approved the establishment of the Permit Reserve Fund. The purpose of the Reserve is to mitigate revenue shortfalls and fund temporary staffing needs during busy periods through economic boom/bust cycles. The Reserve is also meant to provide a source of funds for service and system improvements. The Reserve is funded by the excess of permit revenue in the General Revenue Fund compared to budget in any given year. The balance in the Reserve is capped at $3.0 million and any surplus funds over and above the cap are to be transferred to the General Revenue Fund.

On March 22, 2011, City Council approved the cap be revised to $2.0 million and any surplus funds above the cap be transferred to the Planning, Property and Development Department that is reported in the General Revenue Fund.

The Director of Planning, Property and Development is the Fund Manager.

Destination Marketing Reserve Fund

On October 22, 2008, City Council approved the creation of the Destination Marketing Reserve Fund with an effective date of January 1, 2009. The purpose of the Reserve is to support Economic Development Winnipeg Inc., The Convention Centre Corporation and special events including other organizations, projects and events that will encourage tourists to visit Winnipeg. The source of revenue for the Reserve is a 5% accommodation tax, which was adopted by City Council on April 23, 2008.

The Chief Financial Officer is the Fund Manager.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW

December 31
("$" amounts in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
Workers Compensation Reserve Fund					
Call loans - General Revenue Fund	**$ 736**	$ 1,133	$ 2,633	$ 3,367	$ 2,882
Investments	**$ 4,001**	$ 4,052	$ 2,083	$ 1,000	$ 999
Interest earned	**$ 61**	$ 66	$ 55	$ 47	$ 27
Brookside Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 13**	$ 237	$ 468	$ 470	$ 426
Investments	**$ 15,561**	$ 14,590	$ 13,848	$ 13,344	$ 12,340
Interest earned	**$ 644**	$ 624	$ 618	$ 612	$ 606
St. Vital Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 60**	$ 60	$ 40	$ 5	$ 136
Investments	**$ 1,046**	$ 800	$ 799	$ 799	$ 649
Interest earned	**$ 33**	$ 33	$ 36	$ 34	$ 52
Transcona Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 76**	$ 43	$ 25	$ 5	$ 88
Investments	**$ 696**	$ 565	$ 564	$ 563	$ 464
Interest earned	**$ 23**	$ 25	$ 25	$ 25	$ 37
Insurance Reserve Fund					
Call loans - General Revenue Fund	**$ 428**	$ 2,328	$ 4,841	$ 5,603	$ 4,103
Investments	**$ 1,000**	$ 5,064	$ 3,124	$ 1,000	$ 999
Interest earned	**$ 60**	$ 94	$ 74	$ 59	$ 39
Contributions in Lieu of Land Dedication Reserve Fund					
Cash dedications revenue	**$ 697**	$ 3,464	$ 1,108	$ 752	$ 707
Interest earned	**$ 42**	$ 64	$ 47	$ 46	$ 45
Park improvement expenses	**$ 919**	$ 1,363	$ 827	$ 432	$ 416
Land Operating Reserve Fund					
Number of properties sold	**28**	47	27	48	37
Number acquired - tax sale	**13**	5	10	2	4
Number exchanged	**-**	1	-	1	-
Wading and Outdoor Pool Extended Season Reserve Fund					
Transfer from General Revenue Fund	**$ 405**	$ 352	$ 536	$ 279	$ 490
Total expenses	**$ 469**	$ 291	$ 543	$ 550	$ 271
Number approved Programs/Projects	**-**	-	-	-	4

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

December 31
("$" amounts in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
Snow Clearing Reserve Fund					
Transfer (to)/from					
General Revenue Fund	**$ -**	$ -	$ -	$ -	$ -
Commitment Reserve Fund					
Allocation of equity:					
Corporate and other	**$ 368**	$ 171	$ 950	$ 3,308	$ 961
Planning, Property and Development	**100**	499	46	494	-
Community Services	**455**	22	347	441	128
Police Service	**3,082**	2,467	700	205	882
Corporate Support Services	**-**	-	296	150	-
Fire Paramedic Services	**120**	246	648	-	239
Public Works	**560**	334	1,106	-	135
Assessment and Taxation	**-**	-	-	-	-
	$ 4,685	$ 3,739	$ 4,093	$ 4,598	$ 2,345
Heritage Investment Reserve Fund					
Municipal realty tax revenue	**$ 780**	$ 646	$ 983	$ 1,095	$ 1,199
Housing Rehabilitation Investment Reserve Fund					
Grant expense	**$ 5,762**	$ 8,730	$ 8,914	$ 852	$ 919
Economic Development Investment Reserve Fund					
Municipal realty tax revenue	**$ 2,402**	$ 2,003	$ 210	$ 648	$ 263
General Purpose Reserve Fund					
Net transfer from (to) General Revenue Fund	**$ 15,502**	**$** (2,279)	$ (12,500)	$ 5,158	$ 1,700
Net transfer from (to) General Capital Fund	**$ -**	**$** -	$ (275)	$ (370)	$ 2,106
Grants	**$ -**	**$** -	$ -	$ -	$ -
Interest earned	**$ 3**	**$** 17	$ 85	$ 102	$ 63
Multiple-Family Dwelling Tax Investment Reserve Fund					
Municipal realty tax revenue	**$ 854**	$ -	$ 2,081	$ 2,198	$ 2,259
Interest earned	**$ 32**	$ 61	$ 67	$ 51	$ 38
Insect Control Urgent Expenditures Reserve Fund					
Net transfer from (to) General Revenue Fund	**$ 647**	**$** (1,008)	$ 436	$ 153	$ 2,323

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

December 31
("$" amounts in thousands of dollars)
(unaudited)

	2015	2014	2013	2012	2011
Permit Reserve Fund					
Net transfer (to) from					
General Revenue Fund	**$ 651**	$ (1,000)	$ (13)	$ (30)	$ (769)
Destination Marketing Reserve Fund					
Accommodation tax revenue	**$ 9,017**	$ 7,855	$ 7,451	$ 7,684	$ 7,585
Grants expense:					
Economic Development Winnipeg Inc.	**$ 2,993**	$ 2,560	$ 2,619	$ 2,989	$ 2,606
The Convention Centre Corporation Inc.	**-**	-	1,924	2,155	2,415
	$ 2,993	$ 2,560	$ 4,543	$ 5,144	$ 5,021

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	Workers Compensation Reserve	Brookside Cemetery Reserve	St. Vital Cemetery Reserve	Sub-Total
ASSETS				
Current				
Due from (to) General Revenue Fund (Note 3)	$ -	$ -	$ -	$ -
Call loans - General Revenue Fund (Note 4)	**736**	**13**	**60**	**809**
Accounts receivable	**11**	**122**	**9**	**142**
Land held for resale	-	-	-	-
	747	**135**	**69**	**951**
Investments (Note 5)	**4,001**	**15,561**	**1,046**	**20,608**
Investment in government business (Note 6)	-	-	-	-
Deferred charges	-	-	-	-
	$ 4,748	**$ 15,696**	**$ 1,115**	**$ 21,559**
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ -	$ -
Deferred Revenue	-	-	-	-
Due to Winnipeg Parking Authority - SOA	-	-	-	-
	-	-	-	-
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	**4,748**	**15,696**	**1,115**	**21,559**
	4,748	**15,696**	**1,115**	**21,559**
	$ 4,748	**$ 15,696**	**$ 1,115**	**$ 21,559**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	Sub-Total Brought Forward	Transcona Cemetery Reserve	Insurance Reserve	Land Dedication Reserve
ASSETS				
Current				
Due from (to) General Revenue Fund (Note 3)	$ -	$ -	$ -	$ 7,307
Call loans - General Revenue Fund (Note 4)	809	76	428	-
Accounts receivable	142	5	441	-
Land held for resale	-	-	-	-
	951	81	869	7,307
Investments (Note 5)	20,608	696	1,000	-
Investment in government business (Note 6)	-	-	-	-
Deferred charges	-	-	-	-
	$ 21,559	$ 777	$ 1,869	$ 7,307
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ 1,360	$ -
Deferred Revenue	-	-	-	-
Due to Winnipeg Parking Authority - SOA	-	-	-	-
	-	-	1,360	-
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	21,559	777	509	7,307
	21,559	777	509	7,307
	$ 21,559	$ 777	$ 1,869	$ 7,307

See accompanying notes to the financial statements

Land Operating Reserve	Wading & Outdoor Pool Extended Season Reserve	Snow Clearing Reserve	Commitment Reserve	Heritage Investment Reserve	Housing Rehabilitation Reserve	Sub-Total
$ 6,008	$ -	$ -	$ 4,732	$ (116)	$ 3,183	$ 21,114
-	-	-	-	-	-	1,313
6,806	-	-	-	259	1,076	8,729
18,334	-	-	-	-	-	18,334
31,148	-	-	4,732	143	4,259	49,490
5,611	-	-	-	-	-	27,915
5,339	-	-	-	-	-	5,339
62	-	-	-	-	-	62
$ 42,160	$ -	$ -	$ 4,732	$ 143	$ 4,259	$ 82,806
$ 5,444	$ -	$ -	$ 47	$ -	$ 123	$ 6,974
-	-	-	-	-		-
10,000	-	-	-	-	-	10,000
15,444	-	-	47	-	123	16,974
8,425	-	-	-	-	-	8,425
18,058	-	-	-	-	-	18,058
233	-	-	4,685	143	4,136	39,349
18,291	-	-	4,685	143	4,136	57,407
$ 42,160	$ -	$ -	$ 4,732	$ 143	$ 4,259	$ 82,806

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	Sub-Total Brought Forward	Economic Development Reserve	General Purpose Reserve	Multiple-Family Dwelling Reserve
ASSETS				
Current				
Due from (to) General Revenue Fund (Note 3)	$ 21,114	$ 3,905	$ 16,440	$ 4,630
Call loans - General Revenue Fund (Note 4)	1,313	-	-	-
Accounts receivable	8,729	-	-	-
Land held for resale	18,334	-	-	-
	49,490	3,905	16,440	4,630
Investments (Note 5)	27,915	-	-	-
Investment in government business (Note 6)	5,339	-	-	-
Deferred charges	62	-	-	-
	$ 82,806	$ 3,905	$ 16,440	$ 4,630
LIABILITIES				
Current				
Accounts payable	$ 6,974	$ 382	$ -	$ 30
Deferred Revenue	-	-	-	-
Due to Winnipeg Parking Authority - SOA	10,000	-	-	-
	16,974	382	-	30
EQUITY				
Contributed surplus (Note 7)	8,425	-	-	-
Allocated	18,058	-	-	-
Unallocated	39,349	3,523	16,440	4,600
	57,407	3,523	16,440	4,600
	$ 82,806	$ 3,905	$ 16,440	$ 4,630

See accompanying notes to the financial statements

Insect Control Reserve	Permit Reserve	Destination Marketing Reserve	Totals 2015	Totals 2014
$ 2,654	$ 1,510	$ 10,108	$ 60,361	$ 45,784
-	-	-	1,313	3,810
-	-	725	9,454	9,063
-	-	-	18,334	16,219
2,654	1,510	10,833	89,462	74,876
-	-	-	27,915	32,324
-	-	-	5,339	10,021
-	-	-	62	75
$ 2,654	$ 1,510	$ 10,833	$ 122,778	$ 117,296
$ -	$ -	$ 157	$ 7,543	$ 6,041
-	-	-	-	-
-	-	-	10,000	10,000
-	-	157	17,543	16,041
-	-	-	8,425	8,425
-	-	10,676	28,734	36,922
2,654	1,510	-	68,076	55,908
2,654	1,510	10,676	96,810	92,830
$ 2,654	$ 1,510	$ 10,833	$ 122,778	$ 117,296

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Workers Compensation Reserve	Brookside Cemetery Reserve	St. Vital Cemetery Reserve	Transcona Cemetery Reserve
Balance, beginning of year	$ 5,217	$ 14,938	$ 880	$ 615
Add:				
Transfer from General Revenue Fund	-	104	23	11
Other (Note 6)	1,215	374	198	141
Accommodation tax	-	-	-	-
Land sales	-	-	-	-
Municipal realty tax	-	-	-	-
Interest earned	61	644	33	23
Cash payments-in-lieu of land dedication	-	-	-	-
Transfer from General Purpose Reserve	-	-	-	-
Transfer from Waterworks System Fund	-	-	-	-
Transfer from Transit System Fund	-	-	-	-
Transfer from Land Operating Reserve	-	-	-	-
Transfer from General Capital Fund	-	-	-	-
Transfer from General Revenue Enterprise Fund	-	-	-	-
Transfer from Solid Waste Disposal Fund	-	-	-	-
Transfer from Sewage Disposal System Fund	-	-	-	-
Transfer from Winnipeg Parking - SOA	-	-	-	-
Transfer from Animal Services - SOA	-	-	-	-
	1,276	1,122	254	175
Deduct:				
Transfer to General Revenue Fund	1,300	300	14	9
Grants	-	-	-	-
Transfer to General Capital Fund	-	-	-	-
Other	423	-	-	-
Cost of sales	-	-	-	-
Transfer to General Revenue Enterprises	-	-	-	-
Transfer to Municipal Accommodations Fund	-	-	-	-
Transfer to Contributions in Lieu of Land Dedication Reserve	-	-	-	-
Transfer to General Revenue Fund - investment management fee	22	64	5	4
Transfer to Financial Stabilization Reserve	-	-	-	-
Transfer to Fleet Management - SOA	-	-	-	-
Transfer to Golf Services - SOA	-	-	-	-
Transfer to Transit	-	-	-	-
Transfer to Heritage Reserve	-	-	-	-
	1,745	364	19	13
Balance, end of year	$ 4,748	$ 15,696	$ 1,115	$ 777

See accompanying notes to the financial statements

Insurance Reserve	Land Dedication Reserve	Land Operating Reserve	Wading & Outdoor Pool Extended Season Reserve	Snow Clearing Reserve	Sub-Total
$ 5,244	$ 7,115	$ 31,334	$ 63	$ -	$ 65,406
1,358	-	-	405	-	1,901
(13)	-	3,880	-	-	5,795
-	-	-	-	-	-
-	-	6,180	-	-	6,180
-	-	-	-	-	-
60	42	289	1		1,153
-	697	-	-	-	697
-	-	-	-	-	-
-	-	-	-	-	-
188	-	-	-	-	188
-	625	-	-	-	625
-	-	112	-	-	112
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18	-	-	-	-	18
-	-	-	-	-	-
1,611	1,364	10,461	406	-	16,669
2,500	-	7,435	-	-	11,558
	45	-	-	-	45
732	150	10,465	-	-	11,347
2,328	918	1,739	345	-	5,753
-	-	2,257	-	-	2,257
-	-	447	-	-	447
48	-	-	123	-	171
-	-	625	-	-	625
15	29	55	1	-	195
-	-	-	-	-	-
336	-	-	-	-	336
14	30	-	-	-	44
373	-	481	-	-	854
-	-	-	-	-	-
6,346	1,172	23,504	469	-	33,632
$ 509	$ 7,307	$ 18,291	$ -	$ -	$ 48,443

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Sub-Total Brought Forward	Commitment Reserve	Heritage Investment Reserve	Housing Rehabilitation Reserve
Balance, beginning of year	$ 65,406	$ 3,739	$ 304	$ 2,158
Add:				
Transfer from General Revenue Fund	1,901	3,309	-	1,000
Other	5,795	-	-	6,735
Accommodation tax	-	-	-	
Land sales	6,180	-	-	
Municipal realty tax	-	-	780	
Interest earned	1,153	-	31	16
Cash payments-in-lieu of land dedication	697	-	-	-
Transfer from General Purpose Reserve	-	-	-	-
Transfer from Waterworks System Fund	-	-	-	-
Transfer from Transit System Fund	188	-	-	-
Transfer from Land Operating Reserve	625	-	-	-
Transfer from General Capital Fund	112	-	-	-
Transfer from General Revenue Enterprises Fund	-	-	307	-
Transfer from Solid Waste Disposal Fund	-	-	-	-
Transfer from Sewage Disposal System Fund	-	-	-	-
Transfer from Winnipeg Parking - SOA	18	-	-	-
Transfer from Animal Services - SOA	-	-	-	-
	16,669	3,309	1,118	7,751
Deduct:				
Transfer to General Revenue Fund	11,558	-	-	1,221
Grants	45		160	4,541
Transfer to General Capital Fund	11,347	402	-	-
Other	5,753	1,710	1,119	-
Cost of sales	2,257	-	-	-
Transfer to General Revenue Enterprises	447	-	-	-
Transfer to Municipal Accommodations Fund	171	-	-	-
Transfer to Contributions in Lieu of Land Dedication Reserve	625	-	-	-
Transfer to General Revenue Fund - investment management fee	195	-	-	11
Transfer to Financial Stabilization Reserve	-	251	-	-
Transfer to Fleet Management - SOA	336	-	-	-
Transfer to Golf Services - SOA	44	-	-	-
Transfer to Transit	854	-	-	-
Transfer to Heritage Reserve	-	-	-	-
	33,632	2,363	1,279	5,773
Balance, end of year	$ 48,443	$ 4,685	$ 143	$ 4,136

See accompanying notes to the financial statements

Economic Development Reserve	General Purpose Reserve	Multiple-Family Dwelling Reserve	Insect Control Reserve	Permit Reserve	Sub-Total
$ 3,697	$ 937	$ 5,536	$ 2,003	$ 1,014	$ 84,794
-	16,426	-	1,715	1,164	25,515
-	-	-	-	-	12,530
-	-	-	-	-	-
-	-	-	-	-	6,180
2,402		854			4,036
29	3	32	12	6	1,282
-	-	-	-	-	697
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	188
-	-	-	-	-	625
-	-	-	-	-	112
-	-	-	-	-	307
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	18
-	-	-	-	-	-
2,431	16,429	886	1,727	1,170	51,490
-	924	-	1,068	670	15,441
868	-	1,799	-	-	7,413
1,716	-	-	-	-	13,465
-	-	1	-	-	8,583
-	-	-	-	-	2,257
-	-	-	-	-	447
-	-	-	-	-	171
-	-	-	-	-	625
21	2	22	8	4	263
-	-	-	-	-	251
-	-	-	-	-	336
-	-	-	-	-	44
-	-	-	-	-	854
-	-	-	-	-	-
2,605	926	1,822	1,076	674	50,150
$ 3,523	$ 16,440	$ 4,600	$ 2,654	$ 1,510	$ 86,134

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Sub-Total Brought Forward	Destination Marketing Reserve	Totals 2015
Balance, beginning of year	$ 84,794	$ 8,036	$ 92,830
Add:			
Transfer from General Revenue Fund	25,515	-	25,515
Other	12,530	-	12,530
Accommodation tax	-	9,017	9,017
Land sales	6,180	-	6,180
Municipal realty tax	4,036	-	4,036
Interest earned	1,282	45	1,327
Cash payments-in-lieu of land dedication	697	-	697
Transfer from General Purpose Reserve	-	-	-
Transfer from Waterworks System Fund	-	-	-
Transfer from Transit System Fund	188	-	188
Transfer from Land Operating Reserve	625	-	625
Transfer from General Capital Fund	112	-	112
Transfer from General Revenue Enterprises Fund	307	-	307
Transfer from Solid Waste Disposal Fund	-	-	-
Transfer from Sewage Disposal System Fund	-	-	-
Transfer from Winnipeg Parking - SOA	18	-	18
Transfer from Animal Services - SOA	-	-	-
	51,490	9,062	60,552
Deduct:			
Transfer to General Revenue Fund	15,441	60	15,501
Grants	7,413	4,728	12,141
Transfer to General Capital Fund	13,465	1,500	14,965
Other	8,583	102	8,685
Cost of sales	2,257	-	2,257
Transfer to General Revenue Enterprises	447	-	447
Transfer to Municipal Accommodations Fund	171	-	171
Transfer to Contributions in Lieu of Land Dedication Reserve	625	-	625
Transfer to General Revenue Fund - investment management fee	263	32	295
Transfer to Financial Stabilization Reserve	251	-	251
Transfer to Fleet Management - SOA	336	-	336
Transfer to Golf Services - SOA	44	-	44
Transfer to Transit	854	-	854
Transfer to Heritage Reserve	-	-	-
	50,150	6,422	56,572
Balance, end of year	$ 86,134	$ 10,676	$ 96,810

See accompanying notes to the financial statements

Totals 2014
$ 77,864
6,799
14,597
7,855
24,787
2,649
1,299
3,464
-
74
99
93
213
21,108
15
113
-
-
83,165
21,508
14,092
9,492
10,494
7,882
1,359
2,615
93
247
84
23
29
281
-
68,199
$ 92,830

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

a) Basis of presentation

The Special Purpose Reserves follow the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Special Purpose Reserves Fund include the following:

Workers Compensation Reserve Fund
Perpetual Maintenance Reserve Funds
- Brookside Cemetery
- St. Vital Cemetery
- Transcona Cemetery

Insurance Reserve Fund
Contributions in Lieu of Land Dedication Reserve Fund
Land Operating Reserve Fund
Wading and Outdoor Pool Extended Season Reserve Fund
Snow Clearing Reserve Fund
Commitment Reserve Fund
Heritage Investment Reserve Fund
Housing Rehabilitation Investment Reserve Fund
Economic Development Investment Reserve Fund
General Purpose Reserve Fund
Multi-Family Dwelling Tax Investment Reserve Fund
Insect Control Urgent Expenditures Reserve Fund
Permit Reserve Fund
Destination Marketing Reserve Fund

b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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) 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.

d) Investment in bonds

Bonds are carried at cost plus accumulated amortization. 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.

e) Bond coupons

Bond coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

1. Significant Accounting Policies (continued)

f) Investment in government business

The investment in River Park South Developments Inc. is reported as a government business partnership and is therefore accounted for using the modified equity method. Under this method, the government business's accounting principles are not adjusted to conform with those of the City of Winnipeg (the "City") and inter-corporate transactions are not eliminated (Note 6).

2. Status of the Special Purpose Reserves

Workers Compensation Reserve Fund

Under the terms of By-law No. 9802 of the former City of Winnipeg, provision was made for the establishment of a Workers Compensation Reserve Fund. On January 1, 1972, as a result of the amalgamation of the City of Winnipeg with former area municipalities, The Workers Compensation Reserve Fund was established in accordance with Section 338 of the former City of Winnipeg Act.

The City administers its workers compensation program on a self insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. Departments are charged an array of actual costs as well as surcharges related to financing fatality pensions and upgrades of benefits. The net result is that costs and surcharges are transferred to/from the Workers Compensation Reserve Fund. The Workers Compensation Reserve Fund serves to counteract any budgetary fluctuation from year to year that would result from a work related incident of major proportions.

The Corporate Controller is the Fund Manager.

Perpetual Maintenance Funds (Brookside, St. Vital and Transcona Cemeteries)

Under the terms of By-law No. 14725 of the former City of Winnipeg, passed on April 8, 1935, created a fund for the perpetual care and maintenance of Brookside Cemetery. Later on By-law No. 1996/78, also created funds for the perpetual care and maintenance of St. Vital and Transcona Cemeteries.

Section 29 of By-law No. 5720/91 amending and restating By-law 1996/78, relating to Cemeteries, sets forth the purpose and use of the Perpetual Maintenance Funds.

These funds are for the purpose of creating, building up, and maintaining a perpetual maintenance fund for the care and maintenance of Brookside, St. Vital, and Transcona Cemeteries. There shall be paid to the Sinking Fund Trustees of The City of Winnipeg, during specified years and not later than the first day of June of each of the years, a sum equal to twenty-five per centum of the proceeds of the sale of plots and graves in cemeteries sold during the preceding year. The monies shall be so paid over to the Trustees for investment and administration and shall be treated in the same manner as interest and sinking fund charges. Commencing the first day of January 1991, and upon each and every first day of January thereafter the Trustees shall pay out fifty per centum of the yearly earnings of the fund for the previous year to the City. The yearly earnings shall be applied to offset the cost of the care and maintenance of the Cemeteries.

The Sinking Fund Trustees were also empowered to accept deposits in respect of perpetual maintenance of individual cemetery plots.

On January 1, 2003, The City of Winnipeg Act was replaced with new legislation entitled The City of Winnipeg Charter. Under this new legislation the investment and administration of the funds has been transferred to the administration of the City.

The Director of Planning, Property and Development is the Funds Manager.

2. *Status of the Special Purpose Reserves (continued)*

Insurance Reserve Fund

In 1960, the Insurance Reserve Fund was established. The reserve was to be used for the purpose of replacing or repairing City properties and/or contents that had been damaged by fire or any other cause. In 1973, the use of the Insurance Reserve Fund also included the purpose of paying for any other losses that the City might incur in any part of its self-insurance program. Such uses would include third party liability claims, or property damage claims, including motor vehicles.

The Corporate Controller is the Fund Manager.

Contributions in Lieu of Land Dedication Reserve Fund

City Council, on January 10, 1973, adopted a policy that cash payments received by the City in lieu of land dedications for open space be deposited in a fund to the credit of each community. On January 17, 1979, City Council amended the policy to also permit cash payments received from the sale of surplus Parks and Recreation lands to be deposited to the credit of each community. Disbursements from this Reserve are limited to costs of acquiring or improving lands for parks, recreational facilities or open space within that community.

The Director of the Planning, Property and Development is the Fund Manager.

Land Operating Reserve Fund

City Council, on May 16, 1973, authorized the establishment of a Land Operating Reserve Fund to reduce the need for the issuance and sale of debentures in connection with the acquisition cost of properties for resale. This Reserve is maintained by proceeds from the sale of City owned properties and interest earned. Disbursements are limited to the acquisition cost of properties for resale, and any other expenses related to the acquisition, sale and improvement of disposable City properties.

In accordance with City Council directives, 5% of the gross sales revenue is allocated to the Historical Building Program, another 5% of gross sales revenue is allocated to the Enhanced Land Marketing Program to finance those activities necessary to facilitate the sale of surplus lands and 15% is allocated to the Community Centre Renovation Grant Program annually, subject to Council approval.

City Council, on July 19, 1999, adopted a policy that in order to sustain the business operations supported by the Reserve, equity be allowed to accumulate within the Reserve sufficient to eliminate the inter-fund debt owing to the General Revenue Fund created in past years. Any surplus funds greater than the amount required for the purposes of the Land Operating Reserve Fund and meeting the annual budgeted transfer to the General Revenue Fund is to be transferred to the Commitment Reserve Fund.

The Director of Planning, Property and Development is the Fund Manager.

Wading and Outdoor Pool Extended Season Reserve Fund

With the adoption of the 2006 tax-supported budget, City Council approved a specific sub-component of the Recreation Programming Reserve dedicated to the annual extension of the regularly scheduled wading pool and outdoor pool season.

With the adoption of the 2013 tax-supported budget City Council approved the Recreation Programming Reserve be renamed the Wading and Outdoor Extended Season Reserve and that the original recreation programming subcomponent of the Recreation Programming Reserve be closed. The annual transfer from the General Revenue Fund is budgeted at $351,800 (2014 - $351,800) with adjustments made during the year depending on the actual cost of the extended season.

The Director of Community Services is the Fund Manager.

2. *Status of the Special Purpose Reserves (continued)*

Snow Clearing Reserve Fund

The purpose of the fund is to absorb unexpected snowfall costs in years where the City experienced above average snowfall levels.

On December 14, 2004, City Council approved the establishment of a new Snow Clearing Reserve Fund with the same purpose and guidelines as the former Reserve (established on March 22, 1995) with the exception that City Council may, at its discretion, approve a transfer from the Reserve to cover snow clearing costs greater than or other than as stipulated by the Reserve. Contributions to the Reserve would be the surplus from the annual operating snow clearing budget. The Reserve balance should never exceed $10.9 million.

On March 26, 2008, City Council further approved that the former restrictions on charges to the Snow Clearing Reserve in any one year be rescinded, and that no minimum balance be required (previously set at $5.0 million) before any charges can be made to the Reserve.

The Director of Public Works is the Fund Manager.

Commitment Reserve Fund

On March 12, 1998, City Council approved the establishment of the Commitment Reserve Fund. The purpose of the Reserve is to allow departments to carry forward committed budget dollars to the succeeding year thereby eliminating the need to re-budget. Contributions to the Reserve must be spent in the year following the transfer. However, contributions can be retained in the Reserve beyond the following year only if approved by the Fund Manager, otherwise the unspent amount must be transferred to the Financial Stabilization Reserve Fund.

On July 19, 1999, City Council further approved that at year-end, on an annual basis, any surplus funds greater than the amount required for the purposes of the Land Operating Reserve Fund be transferred to the Commitment Reserve Fund, which can than only be spent on one-time or capital costs in the following year. As with other contributions to this Reserve, the funds must be spent in the year following the transfer, otherwise the unspent amount may be transferred to the Financial Stabilization Reserve Fund.

The Chief Financial Officer is the Fund Manager.

Heritage Investment Reserve Fund

The Heritage Investment Reserve Fund was created by City Council on June 21, 2000. It funds all City and City-sponsored heritage programs and acts as a revolving fund so that future funding of heritage programs can be sustained and thereby reduces the need to obtain additional funding. An important source of on going funding for the Reserve will be incremental tax revenues from projects financed by the Fund.

The Director of Planning, Property and Development is the Fund Manager.

Housing Rehabilitation Investment Reserve Fund

The Housing Rehabilitation Investment Reserve Fund was created by City Council on June 21, 2000. It funds City housing programs not provided for in operating budgets. It is intended that this Reserve act as a revolving fund so that incremental tax revenues resulting from housing programs in which the Reserve has invested would be returned to the Reserve to finance future projects.

The Director of Planning, Property and Development is the Fund Manager.

2. *Status of the Special Purpose Reserves (continued)*

Economic Development Investment Reserve Fund

The Economic Development Investment Reserve Fund was created by City Council on June 21, 2000. It is intended to fund City economic development incentive and investment projects. Unlike the other investment reserves, this Reserve invests directly in particular projects rather than be a funding mechanism for programs. The incremental portion of realty and business taxes generated by projects in which the fund has invested will be returned to the Reserve until the original investment has been repaid.

The Director of Planning, Property and Development is the Fund Manager.

General Purpose Reserve Fund

On March 15, 2000, City Council approved the establishment of the Pension Surplus Reserve Fund. The Reserve was funded by the retroactive refund of pension contributions for 1998 and 1999. City Council also approved that the purpose of the Reserve and further details including the use of these funds be subsequently determined by City Council.

On March 15, 2000, City Council approved the establishment of the Pension Stabilization Reserve Fund. The Reserve was funded by ongoing savings from the partial pension contribution holiday that were not used for operations. The purpose of the Reserve was to support general operating expenditures thereby reducing the amount of revenue to be raised through property taxation, in order to share the benefits of the surplus with the citizens of Winnipeg. The use of funds from the Reserve was contingent upon approval by City Council.

On May 23, 2001, City Council approved that the Pension Stabilization Reserve and Pension Surplus Reserve Funds be combined and renamed the General Purpose Reserve Fund.

On October 28, 2015, City Council approved an amendment to the Councillors' Ward Allowance (CWA) Policy, Year end section on page 6, to include the following: "Any expenses not charged to the current year's CWA should be charged to the carry over fund established by the Ward Councillor, wherever possible, and that the carry over funds be established as a permitted use in the general purpose reserve."

The Chief Financial Officer is the Fund Manager.

Multiple-Family Dwelling Tax Investment Reserve Fund

On May 22, 2002, City Council approved the establishment of the Multiple-Family Dwelling Tax Investment Reserve Fund. The Reserve is designed to act as a bank that accumulates incremental taxes generated by approved multi-family dwelling construction/rehabilitation projects. When the incremental taxes for each project accumulates to the pre-approved amount, the balance is paid back to the applicant developer as a "Tax Incentive Grant".

The Director of Planning, Property and Development is the Fund Manager.

Insect Control Urgent Expenditures Reserve Fund

On March 23, 2005, City Council approved the establishment of the Insect Control Urgent Expenditures Reserve Fund. The purpose of the fund is to absorb unexpected costs for mosquito control in years where the City of Winnipeg experiences above average response levels. The Reserve is funded through an annual transfer from the operating budget and any year end unexpended insect control mill rate support budget. The Reserve balance should never exceed $3.0 million and the Chief Administrative Officer has the authority to over-expend to a maximum of $3.0 million in the event of insufficient funds.

The Director of Public Works is the Fund Manager.

2. *Status of the Special Purpose Reserves (continued)*

Permit Reserve Fund

On March 20, 2007, City Council approved the establishment of the Permit Reserve Fund. The purpose of the fund is to mitigate revenue shortfalls and fund temporary staffing needs during busy periods through economic boom/bust cycles. The Reserve is also meant to provide a source of funds for service and system improvements. The source of funds for the Reserve are the excess of permit revenue in the General Revenue Fund compared to budget in any given year. The balance in the Reserve is capped at $3.0 million and any surplus funds over and above the cap are to be transferred to the General Revenue Fund.

On March 22, 2011, City Council approved the cap be revised to $2.0 million and any surplus funds above the cap be transferred to the Planning, Property and Development Department that is reported in the General Revenue Fund.

The Director of Planning, Property and Development is the Fund Manager.

Destination Marketing Reserve Fund

On October 22, 2008, City Council approved the creation of the Destination Marketing Reserve Fund with an effective date of January 1, 2009. The purpose of the Reserve is to support Economic Development Winnipeg Inc., The Convention Centre Corporation and special events including other organizations, projects and events that will encourage tourists to visit Winnipeg. The source of revenue for the Reserve is the 5% accommodation tax, which was adopted by City Council on April 23, 2008.

Guidelines established for the Reserve include the following:

- A grant to Economic Development Winnipeg Inc. equal to the greater of $2.0 million or 30% of annual accommodation tax revenue;
- A grant of $1.5 million annually to The Winnipeg Convention Centre Corporation;
- Up to 40% of the annual accommodation tax revenue, to a maximum of the estimated annual payments required to service the amount of future debt that will be allocated to the City's portion of construction costs relating to a planned expansion at the Winnipeg Convention Centre, to be set aside within the Reserve. Dispositions from the Reserve for this purpose require approval of City Council;
- Expenses incurred in the General Revenue Fund to administer the accommodation tax will be transferred to the Reserve; and
- Commencing in 2013 the Destination Marketing Reserve Fund is paying an additional grant to the Winnipeg Convention Centre for debt servicing. This grant will be paid for 2013, 2014 and 2015.
- The remainder of the funds, net of the above, paid to Economic Development Winnipeg Inc. for the Special Event Marketing Fund. If yearly contributions to the Special Event Marketing Fund exceeds $1.0 million, any excess above this amount will be paid to Economic Development Winnipeg Inc. in the form of an additional grant. Dispositions from the Destination Marketing Reserve fund for this purpose will require the approval of the Fund Manager.

The Chief Financial Officer is the Fund Manager.

3. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

4. Call Loans - General Revenue Fund

Call loans represent short-term investments with The City of Winnipeg - General Revenue Fund which are callable by the Fund upon one business day notice. Call loans are recorded at cost, which together with accrued interest income, approximates fair value.

5. Investments

	2015	2014
Marketable securities		
Provincial bonds and bond coupons	**$ 5,300**	$ 4,389
Municipal bonds	**17,004**	20,682
	22,304	25,071
Other	**5,611**	7,253
	$ 27,915	$ 32,324

The aggregate market value of marketable securities at December 31, 2015 was $23,659 thousand (2014 - $27,399 thousand).

6. Investment in Government Business

River Park South Developments Inc.

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

The results of operations in 2015 of $2,758 thousand (2014 - $2,400 thousand) are included in the Statement of Changes in Equity as other revenue.

7. Contributed Surplus

On April 27, 1994, City Council, retroactive to December 31, 1993, approved by way of a capital reorganization the transfer of $17.3 million from the Land Operating Reserve Fund to the General Revenue Fund to fund the accrued liability for assessment appeal refunds and interest.

THE CITY OF WINNIPEG
TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

As at December 31
(unaudited)

	Library Trust	Portage and Main Concourse Trust	2015 Totals	2014 Totals
ASSETS				
Current				
Prepaid	**$ 763**	**$ -**	**$ 763**	$ -
Due from General Revenue Fund (Note 3)	**246,500**	**1,690**	**248,190**	273,858
	$ 247,263	**$ 1,690**	**$ 248,953**	$ 273,858
EQUITY				
Unallocated	**$ 247,263**	**$ 1,690**	**$ 248,953**	$ 273,858

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
TRUST FUNDS

STATEMENT OF CHANGES IN TRUST ACCOUNTS

For the years ended December 31
(unaudited)

	Library Trust	**Portage and Main Concourse Trust**	**2015 Totals**	2014 Totals
Opening balance	**$ 272,177**	**$ 1,681**	**$ 273,858**	$ 282,516
Add:				
Contributions	**231,775**	**-**	**231,775**	231,831
Interest earned	**1,896**	**9**	**1,905**	2,944
	233,671	**9**	**233,680**	234,775
Deduct:				
Disbursements	**258,585**	**-**	**258,585**	243,433
Closing balance	**$ 247,263**	**$ 1,690**	**$ 248,953**	$ 273,858

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(unaudited)

1. Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

a) Basis of presentation

The City of Winnipeg follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

b) Basis of accounting

These financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods and/or the creation of a legal obligation to pay.

2. Status of The City of Winnipeg Trust Funds

Library Trust

This trust is maintained by donations from private citizens and organizations in support of various library services. The Manager of Library Services is the Trust Manager.

Portage and Main Concourse Trust

This trust is maintained by a square foot levy applied to Concourse leased areas for the purpose of promoting or improving the concourse. The Director of Planning, Property and Development is the Trust Manager.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

PHOTO COURTESY OF: Freig & Associates

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Due from General Revenue Fund (Note 2)	**$ 133**	$ 132
Investment (Note 3)	**1,148**	1,148
	$ 1,281	$ 1,280
RETAINED EARNINGS	**$ 1,281**	$ 1,280

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF NET EARNINGS AND RETAINED EARNINGS

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

	2015	2014
REVENUES		
Interest	$ 1	$ 13
EXPENDITURES		
Transfer to General Capital Fund	-	2,000
Net earnings for the year	1	(1,987)
RETAINED EARNINGS, BEGINNING OF YEAR	1,280	3,267
RETAINED EARNINGS, END OF YEAR	$ 1,281	$ 1,280

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Summary of Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

a) Basis of accounting

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

2. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

3. *Investment*

	2015	2014
Fleet Management - Special Operating Agency	**$ 1,148**	$ 1,148

On January 1, 2008, Fleet Management - Special Operating Agency converted their long-term debt of $1,148 thousand to contributed surplus.

PHOTO: Dan Harper, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

Effective January 1, 2011, the Civic Accommodations and Building Services Funds were amalgamated into a new Fund known as the Municipal Accommodations Fund.

In June 2006, the City Auditor issued a report entitled "Public Works Asset Management Performance Audit, Part 2 - Facilities Maintenance". Included among the report's recommendations was "…that responsibility for facilities maintenance for all Civic facilities be assigned to one department, division or agency."

On June 20, 2007, City Council concurred in the recommendations of Executive Policy Committee and adopted an amendment to the City Organization By-law No. 7100/97 "such that the facilities maintenance and security function be moved from the Public Works Department to the Planning, Property and Development Department, and further that “facility maintenance” be transferred from the jurisdiction of the Standing Policy Committee on Infrastructure Renewal and Public Works to the Standing Policy Committee on Property and Development, effective as of September 17, 2007." As a result, the former Civic Accommodations Division of the Planning, Property and Development Department and the former Building Services Division of the Public Works Department were combined to form the Municipal Accommodations Division in the Planning, Property and Development Department.

The Municipal Accommodations Division is a self-financing utility enterprise and uses an "Actual/Market" model to distribute accommodation costs to all departments. This full cost recovery model is often referred to as the "Charge-Back System" and all services the Division provides are recovered from client departments. These services include leasing of civic accommodations, the programming, designing and project management of construction and renovation projects, design and consulting services, and the demolition of buildings. They also include facility maintenance, security, environmental monitoring and cleaning services.

The buildings receiving services include Community Services Department's recreation buildings, which are pools, arenas, recreation centres, community centres; Public Works Department's parks and open spaces buildings, accommodations facilities, cemeteries and Special Operating Agencies' facilities.

FIVE-YEAR REVIEW
As at December 31
(unaudited)

	2015	2014	2013	2012	2011
Number of facilities	**132**	134	129	128	129
Total area square footage	**3,286,049**	3,333,251	2,440,067	2,456,441	2,455,171

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 7,328**	$ **7,029**
Accounts receivable (Note 4)	**203**	**477**
Inventories	**-**	**22**
Prepaid expenses	**769**	**736**
	$ 8,300	**$ 8,264**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 7,912**	$ 8,135
Deferred revenue	**388**	129
	$ 8,300	$ 8,264

Commitments (Note 6)

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

STATEMENT OF OPERATIONS

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

	2015 Budget	2015 Actual	2014 Actual
REVENUES			
Contributions from City of Winnipeg departments (Note 8b)	**$ 81,807**	**$ 77,936**	$ 70,351
Other rental	**3,598**	**1,923**	3,601
Investment and other	**290**	**394**	645
Total Revenues	**85,695**	**80,253**	74,597
EXPENSES			
Municipal Accommodations	**53,689**	**51,361**	52,994
Transfer to General Capital Fund	**21,416**	**21,437**	17,863
Transfer to General Revenue Fund	**10,590**	**7,455**	3,740
Total Expenses (Note 9)	**85,695**	**80,253**	74,597
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

a) Basis of presentation

The Municipal Accommodations Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

b) Basis of accounting

The financial statements are generally prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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.

The accrual basis of accounting is modified for expenses relating to accrued vacation costs, compensated absences, legal claims, retirement allowance, workers compensation claims, insurance claims, and environmental costs which are recorded when payment is incurred.

c) Inventory

Inventories are recorded at the lower of cost or net realizable value.

d) Deferred revenue

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, or services performed.

e) Debt and finance charges

Municipal Accommodations Fund's tangible capital assets, including those financed by debt, are recorded along with the outstanding debt obligation in the General Capital Fund. Interest and payments on debt are funded by the Municipal Accommodations Fund with the interest expense recorded in the General Capital Fund.

1. *Significant Accounting Policies (continued)*

f) Administration and interest on capital work

In certain circumstances, capital project work capitalized in the General Capital Fund includes an administration fee of 1% of specific costs of the project to a maximum of $100 thousand on any individual project. In addition, financing charges of 2% are also capitalized as part of the project funded by the City. The administration fee and financing charge revenues are recorded in the General Revenue Fund.

2. *Status of the Municipal Accommodations Fund*

Effective January 1, 2011, the Civic Accommodations and Building Services Funds were amalgamated into a new Fund known as the Municipal Accommodations Fund.

The Municipal Accommodations Division of the Planning, Property and Development department is responsible for providing accommodations for all civic purposes. In providing this service the department undertakes the development of accommodation space, maintains building assets, renovations and disposes of buildings through demolition or sale.

The Division is also responsible for providing asset management and facility maintenance services for civic purposes. An accommodation charge back system is used as a step towards the full costing of services to other civic departments.

3. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this Fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

4. *Accounts Receivable*

	2015	2014
Maintenance billings and other	**$ 529**	$ **808**
Allowance for doubtful accounts	**(326)**	**(331)**
	$ 203	$ 477

5. *Accounts Payable and Accrued Liabilities*

	2015	2014
Accounts payable and accrued liabilities	**$ 5,474**	$ 5,907
Accrued interest on long-term debt	**1,090**	1,086
Performance deposits	**906**	645
Wages and employee benefits payable	**434**	345
Accrued debenture principle	**8**	152
	$ 7,912	$ 8,135

6. *Commitments*

Lease commitments

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

2016	$ 7,804
2017	7,357
2018	6,993
2019	5,509
2020	5,299
Subsequent	70,015
	$ 102,977

7. *Employee Benefits*

a) Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $1.6 million (2014 - $1.6 million).

b) Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2015 is estimated at $931 thousand (2014 - $920 thousand).

c) Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2015 is estimated at $1.5 million (2014 - $1.4 million).

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2015 is estimated at $1.2 million (2014 - $694 thousand).

e) Municipal Accommodations employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pensions costs to various departments. During the year $1.5 million (2014 - $1.5 million) of pension costs were allocated to Civic Accommodations. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and has disclosed an actuarial surplus.

8. *Contributions and Appropriations from Related Parties*

a) Included in Municipal Accommodations Fund expenses are:
- Transfer to The City of Winnipeg Fleet Management - Special Operating Agency for insurance, manufacturing services, and rental on vehicles and equipment owned/leased by the Agency is $929 thousand (2014 - $923 thousand);
- Transfer from the Insurance Reserve Fund for recovery of insurance claims is $48 thousand (2014 - $328 thousand);
- Transfer to the Computer Replacement Reserve Fund is $11 thousand (2014 - $11 thousand);
- Transfer to the General Revenue Fund for general government charges is $611 thousand (2014 - $608 thousand), which represents the estimated share of The City of Winnipeg's general expenses applicable to the Municipal Accommodations Fund; and
- Transfer to the General Revenue Fund for global savings is $94 thousand (2014 - $94 thousand);
- Transfer to the City of Winnipeg Parking Authority - Special Operating Agency for parking space rental is $10 thousand (2014 - $7 thousand).

b) Funds that transferred revenue to the Municipal Accommodations Fund were the following:

	2015	2014
General Revenue Fund	**$ 73,206**	$ 63,629
Sewage Disposal System	**1,196**	1,266
Waterworks System	**1,102**	1,060
Fleet Management - Special Operating Agency	**744**	744
Municipal Accommodations Fund	**590**	590
Winnipeg Parking Authority - Special Operating Agency	**269**	137
Transit System	**252**	252
Solid Waste Disposal Fund	**242**	174
Animal Services - Special Operating Agency	**212**	212
Wading and Outdoor Pool Extended Season Reserve Fund	**123**	102
Insurance Reserve Fund	**-**	2,185
	$ 77,936	$ 70,351

The majority of transfers represent charges for facility costs which include market rent, operating costs, maintenance costs and portfolio overheads.

9. *Expenses by Object*

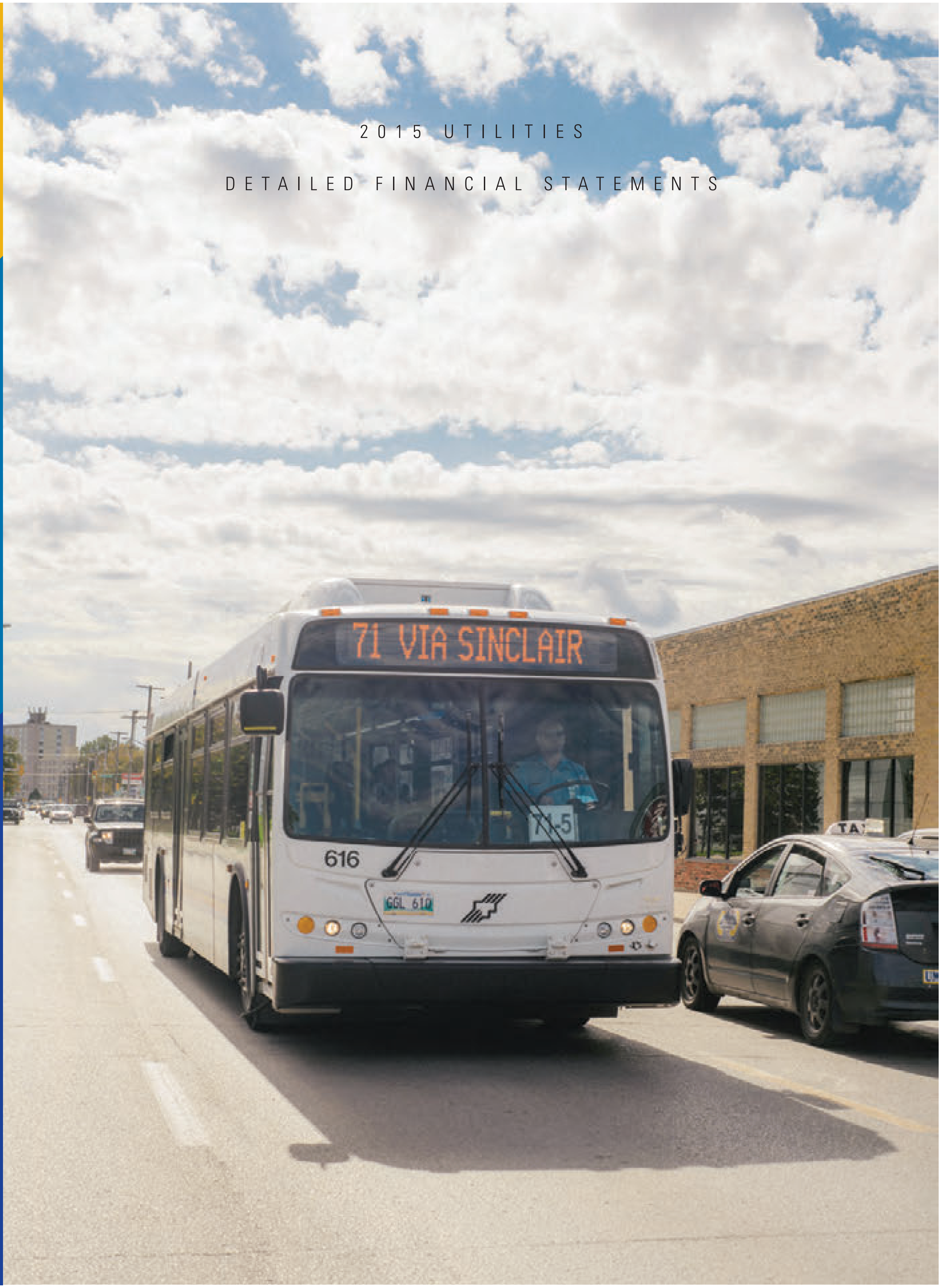
	2015 Budget	**2015 Actual**	2014 Actual
Services, materials and supplies	**$ 34,986**	**$ 32,878**	$ 35,886
Transfer to General Capital Fund	**21,416**	**21,437**	17,863
Salaries and employee benefits	**19,700**	**19,601**	18,585
Transfer to General Revenue Fund	**10,590**	**7,455**	3,740
Other grants and transfers	**1,217**	**1,977**	1,929
Debt and finance charges	**569**	**621**	800
Recoveries	**(2,783)**	**(3,716)**	(4,206)
	$ 85,695	**$ 80,253**	$ 74,597

10. Related Party Transactions

Included in these financial statements are revenue and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Municipal Accommodations Fund's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

2015 UTILITIES

DETAILED FINANCIAL STATEMENTS



THE CITY OF WINNIPEG
TRANSIT SYSTEM

The City of Winnipeg Transit Department provides reliable, comfortable and accessible public transit service to the citizens of Winnipeg through the provision of three services - regular transit, Handi-transit, and chartered bus and special events transit service. The department's mission is to provide the best public transit service possible and to be the mode of choice for travel to the City's major activity centres.

Passenger revenue decreased by $0.5 million from 2014, a 0.6 % decrease. Revenue passengers for 2015 numbered 48.2 million, a 3.2% decrease from 2014.

There is a renewed interest in Canada in using public transit as a preferred urban transportation mode of choice. This is supported by both senior levels of government who are making public transit and the environment priorities.

Through the Province's Building Manitoba Fund, an operating transfer of $37.1 million was provided to Winnipeg's transit system. This is $0.8 million less than the previous year. The Province of Manitoba's capital grant commitment was $9.1 million, increasing by $3.4 million from the previous year.

For purposes of funding capital investments, funds transferred to the Transit System included $10.8 million from the Transit Bus Replacement Reserve, $5.8 million from the Federal Gas Tax Reserve, and $4.2 million from the Southwest Rapid Transit Corridor Reserve. Developer Contributions of capital assets were valued at $2.7 million in 2015.

The appropriation from the General Revenue Fund decreased by $0.2 million from the previous year, a component of the net decrease in revenues of $0.3 million. The major contributor to the net decrease in revenues is the decrease in the provincial operating grant and passenger revenues which are partially offset by increases in advertising revenues. Operating expenses decreased by $0.3 million from the previous year. Savings in fuel were sufficient to offset increases due to the impact of contractual agreements on salaries and wages and increased costs for bus parts.

Handi-transit's trip requests decreased from 2014 by 1.1%. Costs were lower than the previous year by $0.3 million mainly due to decreased contractor expense and department vacancies.

Several achievements were realized during the year, including:

- The Southwest Transitway Stage 2 and Pembina Highway Underpass Project continued in the procurement phase. Funding agreements were outlined with the Provincial and Federal governments, three short-listed proponents were selected from the Request For Qualification, and the Request For Proposal was issued to them. The project is on track to have construction begin in the summer of 2016.

- Transit received 52 Xcelsior clean diesel air conditioned buses from New Flyer Industries Canada ULC. The remaining 6 buses on the 58 bus contract were delivered in early 2016.

- Development and testing of the smart card system continued, with employee smart cards being introduced.

- Additional articulated buses were introduced into service, adding much needed capacity to the transit system.

- The four year trial of battery-powered electric buses continued in its 2nd year.

- Bus stop platforms were upgraded at approximately 100 bus stops to improve accessibility and allow the use of articulated buses.

THE CITY OF WINNIPEG
TRANSIT SYSTEM

FIVE-YEAR REVIEW

December 31
("$" amounts in thousands of dollars, except for "Financial Statistics and Selected Ratios" section)
(unaudited)

	2015	2014	2013	2012	2011
Financial Position					
Tangible capital assets	**$ 319,795**	$ 297,602	$ 312,213	$ 291,368	$ 270,709
Total assets	**$ 347,959**	$ 320,291	$ 328,034	$ 308,566	$ 303,610
Debt	**$ 111,043**	$ 109,531	$ 111,184	$ 112,260	$ 115,056
Total liabilities	**$ 131,863**	$ 120,888	$ 117,305	$ 117,460	$ 130,611
Operations					
Passenger revenue	**$ 77,594**	$ 78,091	$ 76,482	$ 72,672	$ 69,946
- in relation to total revenue	**45.75%**	46.28%	45.93%	45.22%	46.31%
Appropriation from General Revenue Fund	**$ 47,209**	$ 47,444	$ 45,888	$ 46,279	$ 44,172
- in relation to total revenue	**27.83%**	28.12%	27.56%	28.79%	29.24%
Provincial operating transfers	**$ 38,048**	$ 37,854	$ 33,534	$ 33,164	$ 30,819
Operations expenses	**$ 74,956**	$ 70,816	$ 68,683	$ 65,268	$ 60,920
Plant and equipment expenses	**$ 52,084**	$ 54,530	$ 48,372	$ 44,453	$ 43,425
Total expenses	**$ 157,726**	$ 156,109	$ 147,434	$ 140,895	$ 133,290
Cash Flows					
Operating activities	**$ 39,842**	$ 13,025	$ 39,171	$ 27,348	$ 32,172
Debt issued, net	**$ 3,294**	$ 398	$ 1,459	$ (165)	$ 29,553
Payments to The Sinking Fund Trustees, net	**$ (1,416)**	$ (1,613)	$ (1,764)	$ (1,764)	$ (1,486)
Capital expenses	**$ (44,073)**	$ (6,167)	$ (40,180)	$ (38,521)	$ (69,108)
Financial Statistics and Selected Ratios					
Regular cash fare, end of year	**$ 2.60**	$ 2.55	$ 2.50	$ 2.45	$ 2.40
Handi-transit -					
Annual ridership (in thousands)	**455.1**	465.7	467.2	481.2	508.6
Total cost per passenger	**$ 23.01**	$ 22.96	$ 21.99	$ 21.14	$ 19.29
Revenue to cost ratio	**7%**	8%	10%	10%	11%
Regular transit -					
Annual ridership (in millions)	**48.2**	49.9	49.6	48.9	47.4
Bus hours operated (in thousands)	**1,532**	1,525	1,518	1,477	1,424
Direct operating cost per passenger	**$ 2.88**	$ 2.78	$ 2.63	$ 2.52	$ 2.47
Direct operating cost per vehicle hour	**$ 90.82**	$ 91.02	$ 85.74	$ 83.36	$ 82.14
Revenue to cost ratio	**60%**	59%	62%	61%	62%
Municipal operating cost per capita	**$ 40.75**	$ 47.97	$ 48.84	$ 49.73	$ 53.81

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
FINANCIAL ASSETS		
Cash	**$ 333**	$ 115
Accounts receivable (Note 3)	**11,657**	4,667
Due from General Revenue Fund (Note 4)	**9,280**	12,215
	21,270	16,997
LIABILITIES		
Accounts payable and accrued liabilities	**13,300**	4,948
Deferred revenue	**6,408**	6,409
Debt (Note 5)	**111,043**	109,531
	130,751	120,888
NET FINANCIAL LIABILITIES	**(109,481)**	(103,891)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**319,794**	297,602
Inventory (Note 7)	**5,827**	4,823
Prepaid expenses	**894**	869
	326,515	303,294
ACCUMULATED SURPLUS (Note 8)	**$ 217,034**	199,403

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2015 Budget	2015 Actual	2014 Actual
REVENUES			
System generated (Note 9)	**$ 85,849**	**$ 81,654**	$ 81,194
Appropriation from General Revenue Fund	**47,350**	**47,209**	47,444
Provincial Government transfers (Note 10)	**41,144**	**38,864**	39,542
Interest and other	**488**	**939**	541
Total revenues from operations	**174,831**	**168,666**	168,721
EXPENSES			
Operations (Note 11)	**77,375**	**73,000**	70,816
Plant and equipment (Note 12)	**53,848**	**52,163**	54,530
Other departmental (Note 13)	**13,109**	**12,326**	12,453
Client Services	**12,414**	**11,553**	11,836
Finance and administration	**3,385**	**2,526**	2,437
Planning, schedules and marketing	**2,496**	**2,031**	1,960
Information systems	**1,673**	**1,548**	1,449
Human resources	**751**	**702**	628
Total expenses from operations (Note 14)	**165,051**	**155,849**	156,109
Surplus for the year from operations	**9,780**	**12,817**	12,612
Net surplus from capital (Note 15)	**(9,780)**	**4,814**	(23,938)
NET SURPLUS (DEFICIT) FOR THE YEAR	**-**	**17,631**	(11,326)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**-**	**199,403**	210,729
ACCUMULATED SURPLUS, END OF YEAR	**$ -**	**$ 217,034**	$ 199,403

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 17,631**	$ (11,326)
Non-cash items related to operations		
Amortization	**21,848**	20,606
Loss on disposal of tangible capital assets	**510**	172
Working capital from operations	**39,989**	9,452
Net change in other working capital	**332**	3,573
	40,321	13,025
FINANCING		
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(366)**	(438)
Debt issued	**5,195**	2,440
Payments on other debt	**(1,901)**	(2,042)
Payments to The Sinking Fund Trustees for outstanding debt	**(1,416)**	(1,613)
Due from General Revenue Fund	**2,935**	(5,392)
	4,447	(7,045)
INVESTING		
Acquisition and construction of tangible capital assets	**(44,550)**	(6,167)
	(44,550)	(6,167)
Increase in cash	**218**	(187)
Cash, beginning of year	**115**	302
Cash, end of year	**$ 333**	$ 115

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

Basis of accounting

The 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 with the following exception:

Vacation credits, compensated absences, retirement allowance, workers compensation claims, and insurance claims which are accounted for on a cash basis.

a) Inventory

Inventory is recorded at the lower of cost or net replacement cost.

b) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 to 50 years
Vehicles	5 to 18 years
Land improvements	10 to 30 years
Roads, tunnels and bridges	30 to 50 years
Other equipment	3 to 10 years

Capital work in progress is not amortized until the asset is available for productive use.

c) Government transfers

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

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

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

1. *Significant Accounting Policies (continued)*

d) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant areas requiring the use of estimates include determination of useful lives of tangible capital assets, allowance for doubtful accounts receivable, obsolete inventory and employee benefits. Actual results could differ from those estimates.

2. *Status of the Transit System*

The City of Winnipeg, under the provisions of The City of Winnipeg Charter, has been provided the authority to operate a public transit system. The history of public transportation in the City began with the formation of the Winnipeg Street Railway Company in 1882 using horse drawn cars and sleighs and evolved to the modern diesel buses of today. The Transit System's mission statement is to provide the best public transportation service possible and to be the mode of choice for travel to the City's major activity centres.

Funding of operations is through user fees, appropriations from The City of Winnipeg's General Revenue Fund, and Province of Manitoba urban transit transfers.

3. *Accounts Receivable*

	2015	2014
Province of Manitoba	**$ 8,699**	$ 2,754
Advertising rights, charter and other	**2,958**	1,913
	$ 11,657	$ 4,667

4. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank, and the amounts reported as cash represent bank deposits not yet charged to this account. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014- 0.9%).

5. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2015**	2014
1995-2015	May 12	9.125	VR	6620/95	$ -	$ 7,000
2010-2041	June 3	5.150	WB	183/2008	**60,000**	60,000
2011-2051	Nov. 15	4.300	WC	150/09	**29,750**	29,750
2015-2045	May-16	3.828	WD-3	6/2015	**3,619**	-
					93,369	96,750
Funds on deposit with the Sinking Funds (Note 5b)					**(6,397)**	(11,615)
Net sinking fund debentures outstanding					**86,972**	85,135

Other debt outstanding

	2015	2014
Serial debentures issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.2% (2014 - 4.03%)	**300**	375
General Capital Fund debt issued by the City with varying maturities up to 2035 and a weighted average interest rate of 5.68% (2014 - 5.85%)	**23,771**	24,021
	$ 111,043	$ 109,531

Principal retirement on debt over the next five years are as follows:

	2016	2017	2018	2019	2020	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 93,369
Serial debentures	75	75	75	75	-	-
General Capital Fund debt	2,028	1,839	1,908	1,865	1,861	14,270
	$ 2,103	$ 1,914	$ 1,983	$ 1,940	$ 1,861	$ 107,639

a) All debentures are general obligations of The City of Winnipeg. Debenture debt is allocated to the General Capital Fund and the various utilities, including the Transit System, in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees 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 Winnipeg Transit System is currently paying between one to three percent on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

5. Debt (continued)

c) Included in interest and finance charges expense is $1.4 million (2014 - $1.3 million) paid to the General Capital Fund.

d) Cash paid for interest during the year was $4.7 million (2014 - $5.3 million).

6. Tangible Capital Assets

	Net Book Value **2015**	Net Book Value 2014
Vehicles	**$ 120,486**	$ 105,507
Buildings	**30,489**	29,463
Land improvements	**11,453**	11,158
Land	**15,176**	14,255
Roads, bridges and tunnels	**116,287**	115,027
Other	**17,762**	18,789
Assets under construction	**8,141**	3,403
	$ 319,794	$ 297,602

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

7. Inventory

	2015	2014
Stores	**$ 5,792**	$ 4,790
Tickets, passes and other	**35**	33
	$ 5,827	$ 4,823

8. Accumulated Surplus

	2015	2014
Appropriated	**$ 5,741**	$ 5,973
Unappropriated	**12,195**	7,448
Total accumulated surplus	**17,936**	13,421
Invested in tangible capital assets	**199,098**	185,982
	$ 217,034	$ 199,403

9. System Generated

	2015 Budget	**2015 Actual**	2014 Actual
Passenger	**$ 82,510**	**$ 77,594**	$ 78,091
Advertising rights	**1,826**	**2,596**	1,720
Charter and other	**1,513**	**1,464**	1,383
	$ 85,849	**$ 81,654**	$ 81,194

10. Provincial Government Transfers

The Provincial Government provided transfers of $37.1 million (2014 - $37.8 million) towards the operation of the Transit System, $1.8 million (2014 - $1.7 million) as a Local Government Support Transfer and $9.1 million (2014 - $5.7 million) as a Capital Transfer.

11. *Operations*

	2015 Budget	2015 Actual	2014 Actual
Bus operators	**$ 71,139**	**$ 66,534**	$ 64,529
Inspectors	**3,223**	**3,335**	3,000
Operations administration	**2,090**	**2,097**	2,000
Instruction	**923**	**1,034**	1,287
	$ 77,375	**$ 73,000**	$ 70,816

12. *Plant and Equipment*

	2015 Budget	2015 Actual	2014 Actual
Vehicle maintenance and overhaul	**$ 20,945**	**$ 23,883**	$ 21,193
Bus servicing	**21,779**	**18,038**	23,223
Facilities maintenance	**7,450**	**6,436**	6,519
Maintenance administration	**3,674**	**3,806**	3,595
	$ 53,848	**$ 52,163**	$ 54,530

13. *Other Departmental*

	2015 Budget	2015 Actual	2014 Actual
Interest and finance charges	**$ 6,715**	**$ 6,077**	$ 6,467
Taxes	**2,644**	**2,595**	2,528
Insurance and claims	**1,600**	**1,731**	1,477
General government charges and other	**1,312**	**1,324**	1,262
Employee benefits	**838**	**599**	719
	$ 13,109	**$ 12,326**	$ 12,453

a) Employee benefits

Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2015 is estimated at $5.7 million (2014 - $5.5 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $6.5 million (2014 - $6.4 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $6.1 million (2014 - $5.8 million).

The City of Winnipeg operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, The City of Winnipeg pays actual costs incurred plus an administration fee. The City of Winnipeg recognizes a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability is estimated to be $6.6 million (2014 - $4.3 million).

13. *Other Departmental (continued)*

Transit System's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $8.0 million (2014 - $7.5 million) of pension costs were allocated to the department. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and has an actuarial surplus.

b) General government charges

Included in general government charges and other is $789 thousand (2014 - $785 thousand) in general government charges to the General Revenue Fund, which represents the estimated share of The City of Winnipeg's general expenses applicable to the Transit System.

c) Civic accommodation charges

Included in expenses is $252 thousand (2014 - $252 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

d) Property and business taxes

Realty and business taxes represent full taxes paid to The City of Winnipeg. Taxes are assessed on property as if it were privately owned. During 2015, realty and business taxes paid to the General Revenue Fund was $766 thousand (2014 - $773 thousand).

e) Insurance

Included in expenses is a credit of $185 thousand (2014 - credit of $182 thousand) that has been recovered from the Insurance Reserve.

f) 311 and business technology services

Included in expenses is $783 thousand (2014 - $783 thousand) that has been charged by the General Revenue Fund for services provided by the Corporate Support Services department.

14. *Expenses by Object*

	2015 Budget	**2015 Actual**	2014 Actual
Salaries and wages	**$ 88,935**	**$ 84,321**	$ 80,748
Materials and supplies	**28,148**	**28,020**	31,155
Employee benefits	**18,430**	**17,065**	16,980
Services	**17,359**	**15,454**	15,937
Interest on debt	**6,623**	**5,988**	6,404
Taxes - municipal and payroll	**2,645**	**2,595**	2,528
Other	**2,745**	**2,093**	1,682
Insurance and transfer to Insurance Reserve	**1,724**	**1,718**	1,499
Recoveries	**(1,558)**	**(1,405)**	(824)
	$ 165,051	**$ 155,849**	$ 156,109

15. Net Surplus from Capital

		2015 Budget		2015 Actual		2014 Actual
Revenues						
Transfer from Transit Bus Replacement Reserve	**$**	**-**	**$**	**10,839**	$	(3,840)
Province of Manitoba capital transfers (Note 10)		**-**		**9,091**		5,733
Transfer from Federal Gas Tax Reserve		**-**		**5,762**		1,062
Transfer from SWRT Corridor Reserve		**-**		**4,200**		-
Developer Contributions		**-**		**2,695**		-
Transfer from Land Operating Reserve		**-**		**481**		-
		-		**33,068**		2,955
Expenses						
Amortization		**4,184**		**21,848**		20,606
Transfer to Transit Bus Replacement Reserve		**5,596**		**5,596**		5,681
Work in process costs expensed in year		**-**		**300**		434
Loss on disposal of tangible capital assets		**-**		**510**		172
		9,780		**28,254**		26,893
	$	**(9,780)**	**$**	**4,814**	$	(23,938)

16. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the Transit System is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

THE CITY OF WINNIPEG
TRANSIT SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)
(unaudited)

	Vehicles	Buildings	Land Improvements
Cost			
Balance, beginning of year	$ 213,053	$ 39,654	$ 25,423
Add: Additions during the year	27,272	2,051	2,324
Less: Disposals during the year	(1,255)	(225)	-
Balance, end of year	239,070	41,480	27,747
Accumulated amortization			
Balance, beginning of year	(107,546)	(10,191)	(14,265)
Add: Amortization	(12,285)	(1,004)	(2,029)
Less: Accumulated amortization on disposal	1,247	204	-
Balance, end of year	(118,584)	(10,991)	(16,294)
Net Book Value of Tangible Capital Assets	$ 120,486	$ 30,489	$ 11,453

Land	Roads, Bridges, and Tunnels	Other	Assets Under Construction	2015	2014
$ 14,255	$ 126,472	$ 32,449	$ 3,403	**$ 454,709**	$ 449,336
1,402	4,779	1,984	4,738	**44,550**	6,167
(481)	-	-	-	**(1,961)**	(794)
15,176	131,251	34,433	8,141	**497,298**	454,709
-	(11,445)	(13,660)	-	**(157,107)**	(137,123)
-	(3,519)	(3,011)	-	**(21,848)**	(20,606)
-	-	-	-	**1,451**	622
-	(14,964)	(16,671)	-	**(177,504)**	(157,107)
$ 15,176	$ 116,287	$ 17,762	$ 8,141	**$ 319,794**	$ 297,602

PHOTO: Ron Boily, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

The Water and Waste Department ("the Department") is committed to providing and improving services for drinking water, sewage, land drainage, flood control and solid waste to the residents and business interests of Winnipeg. The Department, through its employees, continuous improvement initiatives and technological advancements, strives for excellence in customer service, environmental stewardship, cost effectiveness and fiscal responsibility.

The objective of the Waterworks System is to provide an uninterrupted supply of potable water under adequate pressure at least cost to the residents of Winnipeg. The Department is responsible for the planning, operating, maintenance and administration of the system. The Waterworks System budget provides funding for the intake, 174.5 kms of aqueduct, five pumping stations, four reservoir systems, one water treatment plant, and the distribution network along with debt charges, employee benefits, taxes, contributions to the General Revenue Fund, utility dividend and transfers to the Water Main Renewal Reserve.

The water treatment plant commenced the delivery of water to the City December 2009. The total cost was $300 million. The plant has a treatment capacity of 400 million litres per day and was constructed to enhance public health protection. The benefits of water treatment are: reduced risk of waterborne disease, reduced levels of disinfection by-products, and to meet more stringent Canadian drinking water quality guidelines as required by our Public Water System Operating License.

City Council approved The Utility Dividend Policy on March 22, 2011. The policy states the utility will pay an annual dividend to the City of Winnipeg based on 8% of budgeted gross sales for the current year. The dividend policy is to be reviewed every four years within three months of each new term of City Council. On March 3, 2015, as part of the 2015 budget adoption process, Council approved to amend the policy from 8% to 12% of budgeted gross water sales.

The Waterworks System utility dividend was $12.4 million in 2015 (2014 - $8.1 million).

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2015	2014	2013	2012	2011
Block 1 rate in dollars (per cu. metre)	**$ 1.45**	$ 1.42	$ 1.39	$ 1.35	$ 1.34
Annual water pumped (million litres)	**71,100**	76,831	74,374	83,927	79,975
Water pumped in litres per capita per day	**271**	297	285	328	316
Average daily water pumped (million litres per day)	**195**	211	204	229	219
Maximum day water pumping rates (million litres per day)	**240**	261	260	312	291
Maximum hour water pumping rates (million litres per day)	**337**	375	369	479	468
Kilometres of aqueduct	**174.5**	174.5	174.5	174.5	174.5
Kilometres of feeder mains	**151.9**	149.9	149.9	149.9	148.3
Kilometres of water mains	**2,614.2**	2,592.3	2,584.7	2,557.0	2,531.0
Number of hydrants	**21,919**	21,692	21,335	21,101	21,031
Number of billed services	**203,607**	201,565	199,626	197,651	195,939

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Cash	**$ 2**	$ 4
Accounts receivable (Note 3)	**19,681**	19,092
Inventories	**1,432**	1,443
Due from General Revenue Fund (Note 4)	**-**	7,799
Prepaid expenses	**-**	7
	21,115	28,345
Tangible capital assets (Note 5)	**923,185**	903,826
Deferred charges (Note 6)	**1,942**	2,034
	$ 946,242	$ 934,205
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 7,210**	$ 6,564
Due to General Revenue Fund (Note 4)	**7,932**	-
Current portion of long-term debt (Note 8)	**3,043**	3,793
	18,185	10,357
Long-term debt (Note 8)	**133,296**	137,810
	151,481	148,167
ACCUMULATED SURPLUS (Note 9)	**794,761**	786,038
	$ 946,242	$ 934,205

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2015 Budget	2015 Actual	2014 Actual
REVENUES (Schedule 1)			
Sale of goods and services (Note 10)	**$ 103,554**	**$ 100,591**	$ 98,109
Government transfers and permits	**2,018**	**1,915**	1,614
Interest	**1,791**	**1,654**	2,197
Other	**255**	**425**	341
Total revenues	**107,618**	**104,585**	102,261
EXPENSES (Schedules 2 and 3)			
Water distribution	**46,985**	**44,914**	49,809
Debt and finance	**14,606**	**9,334**	10,840
Taxes, employee benefits and other (Note 11)	**6,970**	**6,739**	11,325
Engineering services	**4,237**	**3,945**	3,478
Finance and administration	**4,009**	**3,755**	3,411
Information systems and technology	**2,480**	**1,936**	2,138
Customer services	**1,345**	**1,370**	1,197
Environmental standards	**1,452**	**1,336**	1,277
Human resources	**1,019**	**976**	928
Total expenses from operations	**83,103**	**74,305**	84,403
Surplus for the year from operations	**24,515**	**30,280**	17,858
Transfers to other funds (Note 12)	**28,879**	**28,879**	24,089
Net surplus/(loss) from operations after transfers to other funds	**(4,364)**	**1,401**	(6,231)
Net surplus from capital (Schedule 4)	**-**	**7,322**	10,076
NET SURPLUS / (LOSS) FOR THE YEAR	**$ (4,364)**	**8,723**	3,845
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**786,038**	782,193
ACCUMULATED SURPLUS, END OF YEAR		**$ 794,761**	$ 786,038

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 8,723**	$ 3,845
Non-cash items related to operations		
Amortization	**22,351**	21,621
Loss on disposal of tangible capital assets	**130**	284
Working capital from operations	**22,481**	21,905
Change in net working capital other than cash	**(675)**	605
	30,529	26,355
FINANCING		
Due (to) from General Revenue Fund	**15,731**	17,551
Amortization of debenture discount	**92**	93
Payments to sinking fund	**(2,836)**	(3,592)
Interest on sinking fund	**(1,471)**	(2,041)
Debt retired	**(207)**	(201)
	11,309	11,810
INVESTING		
Purchase of tangible capital assets	**(41,840)**	(38,165)
Decrease in cash	**(2)**	-
Cash, beginning of year	**4**	4
Cash, end of year	**$ 2**	$ 4

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

Basis of accounting

The 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 with the following exception:

Vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims which are recorded on a cash basis.

a) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 to 50 years
Machinery and equipment	10 to 40 years
Information systems	5 to 10 years
Bridges and structures	25 to 30 years
Water and sewage plants and networks:	
Underground networks	50 to 100 years
Water pumping stations and reservoirs	50 to 75 years

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

b) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

c) 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.

1. *Significant Accounting Policies (continued)*

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

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

d) Debenture discounts and issue expenses

Issue expenses are charged to operations in the year of the related debenture issue and discounts on debentures issued are amortized over future periods to which they relate.

e) Shoal Lake Agreement

On June 30, 1989, agreement #7846 was formalized between The City of Winnipeg ("the City"), the Province of Manitoba ("the Province") and the Shoal Lake Indian Band Number 40 ("the Band"). The City and Province each paid $3 million to the Royal Trust Corporation of Canada. On January 1, 1996, the Canadian Imperial Bank of Commerce Trust was appointed as the new trustee. The principal sum of the trust created under the agreement is to be disbursed to the Band upon the expiry of the full term of 60 years, or upon termination of the agreement prior to the full term. The principal sum is to be calculated as the principal multiplied by the expired term divided by the full term with the balance returned equally to the City and the Province. The interest income is disbursed annually to the Band.

f) Water Main Renewal Reserve

On February 18, 1981, City Council adopted a motion that a reserve to fund the renewal of water mains be established and that there be an annual transfer of 100% of the water frontage levy revenue to the Water Main Renewal Reserve Fund. On January 30, 2002, City Council approved By-law No. 7958/2002 to include that frontage levies also fund the repair and replacement of streets and sidewalks in residential areas.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002. In 2009, City Council directed that the frontage levy revenue collected on the property tax be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. Since 2009, the Water Main Renewal Reserve is funded through water rates.

2. *Status of the Waterworks System*

Although the water supply system for the City of Winnipeg dates back to 1882, the Waterworks System ("Utility") was created in 1972 with the inception of Unicity. The Utility is self-supporting and is primarily funded by user fees which provide financing for the planning, design and construction, operation, maintenance and administration of the aqueduct, five pumping stations, four reservoir systems, a water treatment plant and the distribution network. The purpose of the Fund is to provide a structure to measure financial performance and accommodate long-term financial planning for the supply of water.

3. *Accounts Receivable*

		2015		2014
Water billings and other	**$**	**20,081**	$	19,492
Allowance for doubtful accounts		**(400)**		(400)
	$	**19,681**	$	19,092

4. *Due to / from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank, and the amount reported as cash represents bank deposits not yet charged to this account and change funds. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

5. *Tangible Capital Assets*

		Net Book Value		
		2015		2014
Land	**$**	**1,824**	$	1,824
Buildings		**3,453**		3,559
Machinery and equipment		**1,157**		1,139
Computer		**8,117**		8,676
Underground networks		**585,882**		565,103
Road and bridges		**578**		599
Water pumping stations and reservoirs		**312,692**		318,527
Assets under construction		**9,482**		4,399
	$	**923,185**	$	903,826

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2014 and 2015 there were no write-downs of tangible capital assets, and interim financing charges capitalized during 2015 were $191 thousand (2014 - $66 thousand). In addition, underground networks contributed to the City and recorded in the Waterworks System Fund totaled $12.9 million in 2015 (2014 - $13.8 million) and were capitalized at their fair value at the time of receipt.

6. *Deferred Charges*

		2015		2014
Deferred debenture discount	**$**	**1,942**	$	2,034

7. *Accounts Payable and Accrued Liabilities*

		2015		2014
Accrued debenture interest	**$**	**3,807**	$	4,113
Trade accounts payable		**1,487**		621
Other accrued liabilities		**980**		843
Performance deposits (miscellaneous capital holdbacks)		**522**		467
Deferred revenue and other		**414**		520
	$	**7,210**	$	6,564

8. *Long Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2015**	Amount of Debt 2014
1995-2015	May 12	9.125	VR	6620/95	**$ -**	$ 25,000
2006-2036	July 17	5.200	VZ	83/2004 and 72/2006	**60,000**	60,000
2008-2036	July 17	5.200		72/2006 B	**100,000**	100,000
					160,000	185,000
Equity in Sinking Funds (Note 8b)					**(26,005)**	(45,942)
Net sinking fund debentures outstanding					**133,995**	139,058

Other long-term debt outstanding

	2015	2014
Canada Mortgage and Housing Corporation ("CMHC") debt, maturity in 2025, interest rate of 3.35%	**2,344**	2,545
	136,339	141,603
Current portion of long-term debt	**(3,043)**	(3,793)
	$ 133,296	$ 137,810

Principal retirement on long-term debt over the next five years is as follows:

	2016	2017	2018	2019	2020	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 160,000
CMHC	207	214	221	229	237	1,236
	$ 207	$ 214	$ 221	$ 229	$ 237	$ 161,236

a) All debentures are general obligations of The City of Winnipeg. Debenture debt is allocated to the General Capital Fund and various utilities in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees on debt outstanding as at December 31, 2002. Sinking Fund arrangements after December 31, 2002 are managed by the City in a separate fund. The City of Winnipeg Waterworks System is currently paying between two and three percent on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Cash paid for interest during the year was $9.3 million (2014 - $10.7 million).

9. *Accumulated Surplus*

		2015		2014
Invested in tangible capital assets	**$**	**786,846**	$	762,223
Retained earnings		**7,915**		23,815
	$	**794,761**	$	786,038

Beginning 2011, City Council approved The Utility Dividend Policy that directs the Waterworks System to make annual dividend payments to the City of 8% of adopted budget gross sales. Council increased the utility dividend to 12% of budgeted water sales in 2015.

10. *Revenue*

Effective January 1, 2015 the block 1 water rate was $1.45 per hundred cubic metres (2014 - $1.42).

11. *Taxes, Employee Benefits and Other*

Property taxes

Property taxes represent full taxes paid to outside municipalities and to The City of Winnipeg General Revenue Fund. Taxes are assessed on property as if it were privately owned. The only exceptions to this are payments-in-lieu of taxes paid to the R.M. of Tache, the R.M. of Springfield and the Local Government District of Reynolds which equate to 10% of full taxes - "full taxes" being in each case the verifiable product of the City's (exempt) assessment multiplied by the jurisdiction's prevailing mill rate adjusted to mill rates which would prevail if "full taxes" were being paid by the City. During 2015, taxes paid to the General Revenue Fund was $2.7 million (2014 - $2.6 million).

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2015 is $2.9 million (2014 - $2.9 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2015 is estimated at $2.5 million (2014 - $1.5 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $2.0 million (2014 - $1.9 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $3.6 million (2014 - $3.5 million).

11. *Taxes, Employee Benefits and Other (continued)*

Waterworks System employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pensions costs to various departments. During the year $3.4 million (2014 - $3.3 million) of pension costs were allocated to the Waterworks System. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and has disclosed an actuarial surplus.

General government charges

Included in expenses is $1.06 million (2014 - $1.06 million) in general government service charges which represents the estimated share of The City of Winnipeg's General Revenue Fund's general expenditure.

Rent

Included in expenses is $1.1 million (2014 - $1.07 million) that has been charged by the Municipal Accommodations Fund for the rental of office space.

Insurance and damage claims

Included in expenses is $72 thousand credit (2014 - $74 thousand debit) charged by the City of Winnipeg Insurance Reserve.

12. *Transfers to Other Funds*

The Waterworks System transfers to other funds are as follows:

	2015	2014
Transfer to Water Main Renewal Reserve	**$ 16,500**	$ 16,000
Utility dividend transfer to general revenue	**12,379**	8,089
	$ 28,879	$ 24,089

13. *Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Waterworks System's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

14. *Comparative Figures*

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

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 1

REVENUES

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

	2015 Budget	2015 Actual	2014 Actual
Sale of goods and services			
Water sales	**$ 103,161**	**$ 100,374**	$ 97,909
Fire hydrant and other rentals	**348**	**167**	138
Sale of scrap material	**45**	**50**	62
	103,554	**100,591**	98,109
Government transfers, permits and other			
Permits and fees	**1,198**	**1,118**	880
Provincial support transfer	**820**	**797**	734
	2,018	**1,915**	1,614
Interest			
Sinking Fund earnings	**1,471**	**1,471**	2,041
Interest capitalized	**80**	**191**	66
Interest	**240**	**(8)**	90
	1,791	**1,654**	2,197
Other	**255**	**425**	341
Total revenues	**$ 107,618**	**$ 104,585**	$ 102,261

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2015 Budget	2015 Actual	2014 Actual
Water treatment and distribution			
Water treatment plant	**$ 18,446**	**$ 17,406**	$ 17,494
Water main maintenance	**10,856**	**8,686**	15,823
Service pipe maintenance	**5,061**	**6,537**	5,983
Hydrant maintenance	**2,482**	**3,192**	1,885
General administration	**2,126**	**1,918**	1,714
Emergency services	**1,961**	**1,911**	1,913
Railway maintenance and operations	**2,498**	**1,789**	1,772
Water meter maintenance	**1,379**	**1,221**	1,155
Valve maintenance	**988**	**1,066**	862
Intake operation	**570**	**577**	571
Stores - 552 Plinguet	**388**	**455**	432
Mechanical/civil/electrical maintenance allocation	**152**	**133**	183
Meter shop	**78**	**23**	22
	46,985	**44,914**	49,809
Corporate Division			
Taxes, employee benefits and other			
Property taxes	**3,056**	**3,086**	2,976
Rent	**1,101**	**1,101**	1,073
General government charges	**1,060**	**1,060**	1,055
Employee benefits	**734**	**930**	1,075
Provincial payroll tax	**887**	**775**	787
Insurance and damage claims	**648**	**549**	504
Other services	**234**	**220**	4,879
Transfer to (from) insurance reserve	**-**	**(72)**	74
Recoveries	**(750)**	**(910)**	(1,098)
	6,970	**6,739**	11,325
Debt and finance			
Long-term debt			
Interest	**9,250**	**9,242**	10,747
Finance charges	**92**	**92**	93
Amortization	**5,264**	**-**	-
	14,606	**9,334**	10,840

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2015 Budget	2015 Actual	2014 Actual
Engineering services division			
Water planning	**1,384**	**1,328**	1,206
Design and construction	**703**	**657**	534
Drafting and graphics	**669**	**531**	533
Administration	**605**	**374**	562
Engineer designate support	**-**	**369**	-
Customer technical services	**475**	**368**	329
Asset management	**255**	**189**	171
Services development	**146**	**129**	143
	4,237	**3,945**	3,478
Finance and administration division			
Customer billing	**2,555**	**2,527**	2,258
Accounting services	**496**	**484**	380
Capital planning	**240**	**250**	371
Office of the Director	**174**	**184**	-
Knowledge management	**215**	**140**	128
Rates and business analysis	**134**	**118**	159
Plinguet operational support	**197**	**52**	115
Landfill billing	**(2)**	**-**	-
	4,009	**3,755**	3,411
Information systems and technology division			
Major systems	**992**	**778**	670
Support services	**1,005**	**742**	866
Planning and design	**483**	**416**	602
	2,480	**1,936**	2,138
Customer services division			
Customer relations	**942**	**952**	853
Administration	**239**	**237**	250
Communications	**164**	**181**	94
	1,345	**1,370**	1,197
Environmental standards division			
Analytical services	**855**	**845**	780
Compliance	**331**	**287**	287
Administration	**266**	**204**	210
	1,452	**1,336**	1,277

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2015 Budget	2015 Actual	2014 Actual
Human resources division			
Human resources	**497**	**450**	425
Timekeeping and payroll	**159**	**188**	171
Work place health and safety	**163**	**173**	158
Human resources training	**200**	**165**	174
	1,019	**976**	928
Total expenses from operations	**83,103**	**74,305**	84,403
Transfers to other funds (Note 12)			
Transfer to Water Main Renewal Reserve	**16,500**	**16,500**	16,000
Dividend transfer to General Revenue	**12,379**	**12,379**	8,089
Total transfers to other funds	**28,879**	**28,879**	24,089
Total expenses	**$ 111,982**	**$ 103,184**	$ 108,492

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2015 Budget	2015 Actual	2014 Actual
Salaries	**$ 40,025**	**$ 35,873**	$ 36,666
Goods and services	**37,130**	**34,842**	41,603
Transfers	**31,064**	**30,992**	26,315
Interest on long-term debt	**9,342**	**9,334**	10,840
Employee benefits	**7,498**	**7,230**	7,159
Other expenses	**4,627**	**4,436**	4,996
Grants	**224**	**164**	160
Finance charges	**130**	**144**	142
Amortization/sinking fund	**5,264**	**-**	-
Recoveries	**(23,322)**	**(19,831)**	(19,389)
Total expenses	**$ 111,982**	**$ 103,184**	$ 108,492

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2015 Actual	2014 Actual
Revenues		
Transfers		
Water Main Renewal Reserve	**$ 14,927**	$ 16,314
General Capital Fund	**1,883**	1,649
Sewage Disposal System	**458**	457
	17,268	18,420
Developer contributions-in-kind	**12,907**	13,758
Total revenue from capital	**30,175**	32,178
Expenses		
Amortization	**22,351**	21,621
Other expenses	**372**	196
Loss on disposal of tangible capital assets	**130**	284
Transfer to Sewage Disposal System	**-**	1
Total expenses from capital	**22,853**	22,102
Net surplus from capital	**$ 7,322**	$ 10,076

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)
(unaudited)

	General			
	Land	Buildings	Machinery and Equipment	Computer
Cost				
Balance, beginning of year	$ 1,824	$ 5,752	$ 10,330	$ 39,191
Add: Additions during the year	-	-	161	1,339
Less: Disposals during the year	-	-	-	-
Balance, end of year	1,824	5,752	10,491	40,530
Accumulated amortization				
Balance, beginning of year	-	2,193	9,192	30,515
Add: Amortization	-	106	142	1,898
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	2,299	9,334	32,413
Net Book Value of Tangible Capital Assets	$ 1,824	$ 3,453	$ 1,157	$ 8,117

Schedule 5

Infrastructure				Totals	
Underground Networks	Roads and Bridges	Water Pumping Stations and Reservoirs	Assets Under Construction	**2015**	2014
$ 815,916	$ 630	$ 409,011	$ 4,399	**$ 1,287,053**	$ 1,250,304
33,285	-	1,972	5,083	**41,840**	38,165
(1,841)	-	-		**(1,841)**	(1,416)
847,360	630	410,983	9,482	**1,327,052**	1,287,053
250,814	31	90,483	-	**383,228**	362,738
12,376	21	7,808	-	**22,351**	21,621
(1,712)				**(1,712)**	(1,132)
	-	-	-	**-**	-
261,478	52	98,291	-	**403,867**	383,227
$ 585,882	$ 578	$ 312,692	$ 9,482	**$ 923,185**	$ 903,826

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

The Water and Waste Department ("the Department") is committed to providing and improving services for drinking water, sewage, land drainage, flood control and solid waste services to the residents and businesses of Winnipeg. The Department, through its employees, continuous improvement initiatives and technological advancements, strives for excellence in customer service, environmental stewardship, cost effectiveness and fiscal responsibility.

The objective of the Sewage Disposal System is to protect public health, and the aquatic environment through adequate collection and treatment of sewage generated in Winnipeg as well as hauled liquid waste received from Winnipeg and surrounding communities. The Department is responsible for the planning, engineering, contract administration, operation, maintenance and management of the system. The Sewage Disposal System budget provides funding for local collection sewers, the interception system, three sewage treatment plants, biosolids disposal and an industrial and hazardous waste control program along with debt charges, employee benefits, taxes and a contribution to the General Revenue Fund, utility dividend and transfers to the Environmental Projects Reserve and Sewer System Rehabilitation Reserve.

An Environmental Projects Reserve Fund was authorized by City Council on December 17, 1993. It was established to fund environmental projects to protect river quality. River quality is under the jurisdiction of the Province of Manitoba. In 2003, the Clean Environment Commission (CEC) conducted public hearings to review and receive comments on the City's sewage collection and treatment improvement program, and made several recommendations to upgrade and improve the sewage collection and treatment systems. In response Manitoba Conservation issued Environment Act Licences to the City for the North End Sewage Treatment Plant, West End Sewage Treatment Plant and South End Sewage Treatment Plant (NEWPCC, WEWPCC, SEWPCC) The licences stipulate effluent parameters that require upgrades to the sewage treatment plants. The licences require effluent disinfection, nutrient removal, centrate treatment, combined sewer overflow mitigation, and solids management to be in compliance with the Environment Act. Based on preliminary assessments the upgrade program is estimated to cost between $1.2 to $1.8 billion depending on market factors and interpretation of compliance requirements. The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund based upon the amount of water consumption billed. The reserve funds on going environmental programs and studies including a portion of the sewage collection and treatment system improvements as directed by the Province of Manitoba.

Sewage treatment upgrades to the NEWPCC effluent disinfection facility, NEWPCC centrate facility, and WEWPCC are complete and fully operational.

An engineering assignment for the SEWPCC nutrient removal upgrade was awarded in April 2013. The project is currently in the construction phase. An Engineering assignment for the NEWPCC nutrient reduction and recovery, including biosolids handling, was awarded in January 2016. This project is currently in the conceptual design phase.

City Council approved The Utility Dividend Policy on March 22, 2011. The policy states the utility will pay an annual dividend to the City of Winnipeg based on 8% of budgeted gross sales for the current year. The dividend policy is to be reviewed every four years within three months of each new term of City Council. On March 3, 2015, as part of the 2015 budget adoption process, Council approved to amend the policy from 8% to 12% of budgeted gross sewer sales. The Sewage Disposal System dividend was $18.4 million in 2015 (2014 - $11.9 million).

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2015	2014	2013	2012	2011
Rate in dollars (per cubic meter)	**$ 2.28**	$ 2.21	$ 2.15	$ 2.10	$ 1.97
Annual sewage received (million litres)*	**93,245**	101,750	89,423	90,685	104,784
Daily sewage received (million litres)*	**255.6**	278.8	245.0	247.8	290.4
Kilometres of interceptor sewers	**133.8**	120.0	119.4	118.7	120.8
Kilometres of combined sewers **	**1,026.2**	1,026.7	1,037.0	1,039.1	1,041.7
Kilometres of wastewater sewers	**1,448.4**	1,436.4	1,423.0	1,391.0	1,376.4
Kilometres of storm sewers	**1,370.3**	1,365.0	1,359.8	1,326.1	1,307.9
Number of lift stations	**74**	74	74	74	74
Number of billed sewer services	**203,491**	201,140	199,498	197,530	195,807

Note:
* Sewage received is dependent on both levels of precipitation and water conservation efforts.
** Reduction in combined sewers is due to sewer separation projects resulting from the combined sewer overflow and basement flood management program.

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Cash	**$ 1**	$ 1
Due from General Revenue Fund (Note 3)	**71,752**	73,601
Accounts receivable (Note 4)	**44,558**	36,889
Prepaid expenses	**267**	467
Inventory	**197**	220
	116,775	111,178
Tangible capital assets (Note 5)	**960,647**	903,638
	$ 1,077,422	$ 1,014,816
LIABILITIES		
Current		
Performance and other deposits	**$ 19,374**	$ 11,673
Accounts payable and accrued liabilities (Note 6)	**16,796**	9,849
	36,170	21,522
ACCUMULATED SURPLUS (Note 7)	**1,041,252**	993,294
	$ 1,077,422	$ 1,014,816

Commitment (Note 8)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2015 Budget	2015 Actual	2014 Actual
REVENUES (Schedule 1)			
Sewer services (Note 9)	**$ 152,937**	**$ 148,126**	$ 143,068
Government transfers, permits and other	**6,647**	**11,826**	8,458
Interest	**600**	**659**	925
Total revenues	**160,184**	**160,611**	152,451
EXPENSES (Schedules 2 and 3)			
Collection, interception and treatment	**46,388**	**43,580**	42,643
Taxes, employee benefits and other (Note 10)	**14,584**	**14,897**	14,324
Engineering services	**7,689**	**6,003**	6,807
Finance and administration	**3,817**	**3,245**	4,685
Environmental standards	**2,878**	**2,626**	2,513
Information systems and technology	**2,881**	**2,144**	2,011
Customer services	**1,007**	**949**	926
Human resources	**935**	**873**	865
Debt and finance	**5**	**4**	149
Total expenses from operations	**80,184**	**74,321**	74,923
Surplus for the year from operations	**80,000**	**86,290**	77,528
Transfers to other funds (Note 11)	**73,172**	**67,097**	59,829
Net surplus (loss) for the year from operations after transfer to other funds	**6,828**	**19,193**	17,699
Net surplus from capital (Schedule 4)	**-**	**28,765**	19,395
Net surplus for the year	**$ 6,828**	**47,958**	37,094
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**993,294**	956,200
ACCUMULATED SURPLUS, END OF YEAR		**$ 1,041,252**	$ 993,294

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 47,958**	$ 37,094
Non-cash items related to operations		
Amortization	**21,474**	20,994
Loss on disposal of tangible capital assets	**972**	263
Working capital from operations	**70,404**	58,351
Change in net working capital other than cash	**7,212**	6,010
	77,616	64,361
FINANCING		
Due from General Revenue Fund	**1,849**	(5,399)
Payments to sinking fund	**-**	(1,058)
Debt retired	**-**	(451)
Interest on sinking fund	**-**	(89)
	1,849	(6,997)
INVESTING		
Purchase of tangible capital assets	**(79,465)**	(57,364)
Cash, beginning of year	**1**	1
Cash, end of year	**$ 1**	$ 1

See accompanying notes and schedules to the financial statements

1. Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

Basis of accounting

The 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 with the following exceptions:

Vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims are recorded on a cash basis.

a) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 to 50 years
Machinery and equipment	10 to 25 years
Information systems	5 to 10 years
Water and sewage plants and networks:	
Underground networks	75 to 100 years
Sewage treatment plants and lift stations	50 to 75 years

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

b) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

1. *Significant Accounting Policies (continued)*

c) Government transfers

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

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

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

d) Sewer System Rehabilitation Reserve

On May 27, 1992, City Council authorized the establishment of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds for the renewal and rehabilitation of combined and wastewater sewers, respectively, that are budgeted within the Sewage Disposal System Fund ("Utility") capital budget. Funding was provided from the frontage levy identified for this purpose in By-law 549/73 (as amended from time to time). The purpose of the Reserves was to provide a consistent approach to financing infrastructure renewal and to renew and rehabilitate combined and wastewater sewers (as defined by the Sewer Utility By-law 5058/88).

The annual frontage levy funding was allocated by City Council between the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve in accordance with the capital program requirements. On January 30, 2002, City Council passed By-law No. 7958/2002 "Frontage Levy By-law" to include the repair and replacement of streets and sidewalks in residential areas.

On September 27, 2006, City Council approved the consolidation of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds into the Sewer System Rehabilitation Reserve Fund, which was effective October 1, 2006.

On December 15, 2009, City Council authorized, by way of approval of the Capital Budget, that effective 2009, the frontage levy revenue collected on property taxes will be phased out as of 2011. The frontage levy will be reported in the General Revenue Fund to pay for the upgrading, repair, replacement and maintenance of streets and sidewalks. Therefore, the future sources of funding for the Sewer System Rehabilitation Reserve Fund will include revenues from sewer rates, which are transferred from the Sewage Disposal System Fund, and interest. In 2015, $20.4 million (2014 - $20.6 million) was transferred to the Sewer System Rehabilitation Reserve Fund.

The Director of the Water and Waste Department is the Fund Manager.

e) Environmental Projects Reserve

On December 17, 1993, City Council authorized the establishment of a River Quality Environmental Studies Reserve Fund for the purpose of providing funding for environmental studies for river quality. On January 24, 1996, City Council changed the name of this reserve to the Environmental Projects Reserve Fund to more accurately reflect the nature of the projects reported in this reserve.

The 2015 sewer rate includes a provision of 28 cents (2014 - 27 cents) per cubic meter of billed water consumption to be transferred from the Sewage Disposal System Fund to this Reserve. In 2015, $16.8 million (2014 - $16.5 million) was transferred to the Environmental Projects Reserve Fund.

2. Status of the Sewage Disposal System

Although sewer collection and treatment began in the City of Winnipeg in 1935, the Sewage Disposal System was created in 1972 with the inception of Unicity. The Utility is self-supporting and is primarily funded by user fees which provide financing for the planning, design and construction, operation, maintenance and administration of local collection sewers, the interception system, three treatment plants, sludge disposal and an industrial and hazardous waste control program. The purpose of the Fund is to provide a structure to measure financial performance and accommodate long-term financial planning for the City's sewage collection and treatment system.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

4. Accounts Receivable

	2015	2014
Sewer billings	**$ 33,535**	$ 33,416
Government grant receivable	**6,740**	1,596
Other	**4,283**	1,877
	$ 44,558	$ 36,889

5. Tangible Capital Assets

	Net Book Value	
	2015	2014
Land	**$ 1,428**	$ 1,438
Land improvement	**95**	100
Buildings	**362**	374
Equipment	**100**	140
Information technology	**62**	84
Underground networks	**637,605**	611,091
Sewage treatment plants and lift stations	**240,377**	243,055
Assets under construction	**80,618**	47,356
	$ 960,647	$ 903,638

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2015 there was no write-down of tangible capital assets. Interim financing charges capitalized during 2015 were $972 thousand (2014 - $263 thousand). In addition, underground networks contributed to the City and recorded in the Sewage Disposal System Fund totaled $33.3 million in 2015 (2014 - $16.1 million) and were capitalized at their fair value at the time of receipt.

6. *Accounts Payable and Accrued Liabilities*

	2015	2014
Trade accounts payable	**$ 16,339**	$ 9,530
Other accrued liabilities	**457**	319
	$ 16,796	$ 9,849

7. *Accumulated Surplus*

	2015	2014
Invested in tangible capital assets	**$ 971,493**	$ 912,459
Retained earnings	**69,759**	80,835
	$ 1,041,252	$ 993,294

8. *Commitment*

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

The City's sewage treatment system treats and handles sewage and resulting residuals at its existing three major sewage treatment facilities, the South End, West End and North End Sewage Treatment Plants (the "Facilities"). Veolia's role will be to provide services to the City. Representatives of Veolia will work collaboratively with representatives of the City to provide advice and recommendations to the City with respect to the City's (i) management and operation of the Facilities for the handling and treatment of sewage, (ii) assessment, planning and delivery of upgrades and capital modifications to the Facilities, and (iii) assessment, planning and delivery of operational improvements to the Facilities during the term of this agreement. The Program will not include the City's supply of water or its waterworks system or work relating to the collection system or land drainage system.

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

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

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

8. *Commitment (continued)*

Compensation to Veolia under the agreement includes the following components:

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

The agreement only guarantees payment to Veolia in respect to the Direct Costs incurred in providing services (item number 1 above).

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

Veolia's withdrawals of amounts from the EARA are subject to certain limits and security posting requirements. If at the end of the 30-year term the EARA is negative, Veolia must repay the City this amount.

The agreement established a Performance Guarantee Security ("PGS"), which is a letter of credit and performance bond that together provide security to the City. At December 31, 2015, prepaid expenses include $267 thousand on account of the City's payment of Direct Costs related to the PGS (2014 - $467 thousand). In addition to the PGS, Veolia is providing a Parental Guarantee by its parent company.

The direct costs are recorded at the time they became payable to Veolia. The fee amounts are recorded at the time fee payments became due under the terms of the contract. If, in future periods, any of these fee amounts so recorded would become receivable by the City as a result of the application of the Painshare or KPI deduction mechanisms, then the City's entitlement to these amounts would be recorded as a reduction of expenses or a reduction of the related capital asset at the time the events which caused the rebate occurred. The Gainshare, Painshare, KPI earnings, and KPI deductions are recorded at such time that they are determined. To the extent that there are Gainshare and/or KPI Earnings amounts that are subsequently repaid to the City, then these amounts would be recorded as a reduction of expenses or a reduction of the related capital asset at the time the events which caused the rebate occurred.

9. *Revenue*

The sewer rate for 2015 was $2.28 per cubic meter (2014 - $2.21). The Environmental Projects Reserve contribution for 2015 was 28 cents per cubic meter (2014 - 27 cents).

10. *Taxes, Employee Benefits and Other*

Property taxes

Property taxes represent full taxes paid to outside municipalities and to The City of Winnipeg General Revenue Fund. Taxes are assessed on property as if it were privately owned. During 2015, realty taxes paid and transferred to the General Revenue Fund were $10.2 million (2014 - $9.9 million).

10. Taxes, Employee Benefits and Other (continued)

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2015 is $1.2 million (2014 - $1.2 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2015 is estimated at $1.6 million (2014 - $318 thousand).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2015 is estimated at $0.95 million (2014 - $0.92 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $1.6 million (2014 - $1.5 million).

Sewage Disposal System employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pension costs to various departments. During the year $1.5 million (2014 - $1.4 million) of pension costs were allocated to the Sewage Disposal System. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and has disclosed an actuarial surplus.

General government charges

The Sewage Disposal System is charged with the estimated share of the City's general government expenses. In 2015, this amounted to $0.9 million (2014 - $0.9 million) and was transferred to the General Revenue Fund.

Rent

Included in expenses is $1.3 million (2014 - $1.2 million) that has been charged by the Municipal Accommodations Fund for the rental of office space.

Insurance and damage claims

Included in expenses is $9 thousand recoverable (2014 - $113 thousand charged) from the City of Winnipeg Insurance Reserve.

11. Transfers to Other Funds

The Sewage Disposal System transfers to other funds are as follows:

	2015	2014
Transfer to Sewer System Rehabilitation Reserve	**$ 20,400**	$ 20,600
Utility dividend transfer to general revenue	**18,352**	11,899
Transfer to Environmental Projects Reserve	**16,838**	16,486
Transfer to General Revenue Fund - Land drainage	**11,507**	10,844
	$ 67,097	$ 59,829

Included in expenses is $9 thousand recoverable (2014 - $113 thousand charged) from the City of Winnipeg Insurance Reserve.

12. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Sewage Disposal System's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

13. Comparative Figures

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

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 1

REVENUES

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

	2015 Budget	**2015 Actual**	2014 Actual
Sewer services	**$ 152,937**	**$ 148,126**	$ 143,068
Government transfers, permits and other			
Industrial waste surcharges	**3,000**	**6,370**	3,863
Hauled waste	**1,975**	**3,239**	2,546
Other	**510**	**885**	871
Provincial transfers	**882**	**748**	829
Permits and fees	**280**	**584**	349
	6,647	**11,826**	8,458
Interest			
Interest	**500**	**466**	781
Capitalized	**100**	**193**	55
Sinking Fund earnings	**-**	**-**	89
	600	**659**	925
Total revenues	**$ 160,184**	**$ 160,611**	$ 152,451

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2015 Budget	**2015 Actual**	2014 Actual
Collection, interception and treatment			
North end sewage treatment plant	**$ 15,101**	**$ 13,407**	$ 14,768
Local sewer	**6,627**	**6,571**	6,844
Sludge disposal	**5,300**	**5,412**	2,873
South end sewage treatment plant	**3,990**	**3,885**	4,091
Interception system	**3,076**	**3,190**	3,137
Mechanical maintenance	**2,888**	**2,580**	2,534
Electrical maintenance/instrumentation	**2,401**	**2,338**	2,374
West end sewage treatment plant	**2,337**	**2,306**	2,248
Administration	**2,460**	**2,205**	2,140
Civil maintenance	**1,325**	**1,052**	987
Process control	**883**	**634**	647
	46,388	**43,580**	42,643
Taxes, employee benefits and other			
Property taxes	**10,278**	**10,277**	9,965
Miscellaneous	**2,022**	**2,827**	2,014
Rent	**1,196**	**1,196**	1,260
General government charges	**913**	**913**	908
Employee benefits	**417**	**392**	479
Provincial payroll tax	**385**	**333**	332
Insurance and claims	**373**	**253**	398
Recoveries	**(1,000)**	**(1,294)**	(1,032)
	14,584	**14,897**	14,324
Engineering services			
Sewer connections	**2,310**	**1,817**	2,680
Wastewater planning	**2,247**	**1,752**	1,587
Design and construction	**703**	**635**	534
Drafting and graphic	**669**	**513**	531
Asset management	**480**	**403**	396
Administrative services	**606**	**358**	560
Customer technical services	**478**	**350**	327
Engineering services development	**146**	**125**	142
Land drainage and flood planning	**50**	**50**	50
	7,689	**6,003**	6,807

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2015 Budget	**2015 Actual**	2014 Actual
Finance and administration			
Customer accounts	**2,556**	**2,293**	3,481
Financial services	**366**	**348**	359
Administrative services	**476**	**249**	442
Financial planning	**208**	**178**	211
Rates / business analysis	**211**	**177**	192
	3,817	**3,245**	4,685
Environmental standards			
Analysis	**1,615**	**1,546**	1,388
Industrial waste	**887**	**788**	820
Administration	**266**	**198**	210
Compliance	**110**	**94**	95
	2,878	**2,626**	2,513
Information systems and technology			
Support services	**1,295**	**883**	807
Major systems	**992**	**766**	602
Planning and design	**594**	**495**	602
	2,881	**2,144**	2,011
Customer services			
Customer relations	**942**	**925**	859
Administration	**24**	**24**	49
Communications	**41**	**-**	18
	1,007	**949**	926
Human resources			
Human resources	**456**	**398**	395
Timekeeping and payroll	**146**	**168**	160
Work place health and safety	**150**	**156**	146
Human resources training	**183**	**151**	164
	935	**873**	865
Debt and finance			
Long-term debt interest	**-**	**-**	147
Finance charges	**5**	**4**	2
	5	**4**	149
Total expenses from operations	**80,184**	**74,321**	74,923

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2015 Budget	2015 Actual	2014 Actual
Transfers to other funds (Note 11)			
Transfer to Sewer System Rehabilitation Reserve	**25,400**	**20,400**	20,600
Utility dividend transfer to general revenue	**18,352**	**18,352**	11,899
Transfer to Environmental Projects Reserve	**17,868**	**16,838**	16,486
Transfer to General Revenue Fund - Land drainage	**11,552**	**11,507**	10,844
	73,172	**67,097**	59,829
Total expenses	**$ 153,356**	**$ 141,418**	$ 134,752

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2015 Budget	2015 Actual	2014 Actual
Transfers to other funds	$ 73,172	$ 67,097	$ 59,829
Goods and services	49,392	46,295	44,163
Salaries	17,301	16,061	15,811
Other expenses	13,536	12,014	14,761
Employee benefits	3,285	3,218	3,102
Finance charges	5	4	2
Interest on long-term debt	-	-	147
Recoveries	(3,335)	(3,271)	(3,063)
Total expenses	$ 153,356	$ 141,418	$ 134,752

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2015 Actual	2014 Actual
Revenues		
Transfer from Sewer System Rehabilitation Reserve	**$ 15,402**	$ 13,022
Provincial and Federal capital transfers	**8,201**	1,499
Transfer from Environmental Projects Reserve	**6,761**	11,277
Transfer from General Capital	**1,901**	1,527
Transfer from Waterworks System	**-**	1
	32,265	27,326
Developer contributions-in-kind	**20,595**	15,404
Total revenues from capital	**52,860**	42,730
Expenses		
Amortization	**21,474**	20,994
Capital maintenance	**1,182**	1,621
Loss on disposal of tangible capital assets	**972**	263
Transfer to Waterworks System	**458**	457
Transfer to General Revenue	**9**	-
Total expenses from capital	**24,095**	23,335
Net surplus from capital	**$ 28,765**	$ 19,395

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)
(unaudited)

	General				
	Land	Land Improvements	Buildings	Equipment	Information Technology
Cost					
Balance, beginning of year	$ 1,438	$ 106	$ 989	$ 400	$ 227
Add: Additions during the year	-	5		-	-
Less: Disposals during the year	(10)	-	-	-	-
Balance, end of year	1,428	111	989	400	227
Accumulated amortization					
Balance, beginning of year	-	5	616	260	142
Add: Amortization	-	11	11	40	23
Less: Accumulated amortization on disposals	-	-	-	-	-
Balance, end of year	-	16	627	300	165
Net Book Value of Tangible Capital Assets	$ 1,428	$ 95	$ 362	$ 100	$ 62

Schedule 5

Infrastructure			Totals	
Underground Networks	Sewage Treatment Plants and Lift Stations	Assets Under Construction	**2015**	2014
$ 957,978	$ 414,288	$ 47,356	**$ 1,422,782**	$ 1,366,952
40,903	5,295	33,262	**79,465**	57,364
(3,557)	-	-	**(3,567)**	(1,535)
995,324	419,583	80,618	**1,498,680**	1,422,781
346,888	171,233	-	**519,144**	499,421
13,416	7,973	-	**21,474**	20,994
(2,585)	-	-	**(2,585)**	(1,272)
357,719	179,206	-	**538,033**	519,143
$ 637,605	$ 240,377	$ 80,618	**$ 960,647**	$ 903,638

PHOTO: AJ Batac

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

The Water and Waste Department ("Department") is committed to providing and improving services for drinking water, wastewater, land drainage and solid waste to the residents and business interests of Winnipeg. The Department, through its employees, continuous improvement initiatives and technological advancements, strives for excellence in customer service, environmental stewardship, cost effectiveness and fiscal responsibility.

The Solid Waste Disposal Fund was established in 1992 to create a self-supporting utility.

The objective of the Solid Waste Disposal Fund ("Fund") is to provide facilities for the receiving and disposal of solid waste generated in the City to protect the public health and the environment. The Department is responsible for the planning and monitoring of the City's closed landfill facilities, the operation of the Brady Road Resource Management Facility and the City's waste minimization programs. In addition, the Fund's budget provides funding for Take Pride Winnipeg, debt charges, employee benefits, taxes and transfers to the Waste Diversion and to the Brady Landfill Rehabilitation Reserves.

Commercial landfill tipping continues to be split between the City of Winnipeg Brady Road landfill and two other privately operated landfills in the capital region. The commercial tipping fee is $61.00 per tonne. Commercial tonnage coming to Brady Road landfill has decreased approximately 1.2% from 2014. In 2015 waste was also received from Falcon Lake and Hecla Island Provincial Parks and the Rural Municipalities of Springfield, MacDonald, and West St. Paul.

Waste minimization programs include multi-material residential recycling for single-family and multi-family residences, depot recycling, "Let's Chip-In" (seasonal-use tree recycling), curbside yard waste collection, back yard composting and public information/education programs.

The revenues from the recycling programs are comprised of support payments received from the Multi Material Stewardship Manitoba and the sale of recyclables. In 2015, the City realized $11.0 million in revenue (2014 - $10.1 million) from recycling.

In 2009, the Province of Manitoba introduced the Provincial Waste Reduction and Recycling Support initiative. Under this program, a levy is collected based on the volume of waste disposed at landfills within Manitoba. The levy is set at $10 per tonne on residential, commercial and small loads. The total levy collected throughout the province is granted to municipalities based on their share of total recycling throughout the province.

In 2011, City Council approved the Comprehensive Integrated Waste Management Strategy with the objective of achieving a greater than 50% diversion rate through implementation of various short and long-term initiatives commencing in 2012. Enhancements which included the completion of the City-wide roll out of the automated cart system for garbage collection, the move from a five day collection schedule to a weekly collection calendar and curbside yard waste collection, became effective October 1, 2012. Part of this roll out included the introduction of the waste diversion fee which is used to fund the Department's waste diversion initiatives. In 2015 this fee is $0.1507 per day.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

FIVE-YEAR REVIEW

December 31
(unaudited)

	2015	2014	2013	2012	2011
Solid Waste (tonnes)					
Single family residential	**124,838**	121,601	120,287	153,128	163,923
Multi-family and small commercial	**53,007**	54,409	53,610	48,606	46,292
Large commercial / industrial	**95,637**	96,832	101,584	105,334	87,520
Other (1)	**120,208**	117,419	117,990	119,170	146,678
Charitable organization	**2,138**	2,735	2,663	3,050	2,351
Total landfill tonnage	**395,828**	392,996	396,134	429,288	446,764
Residential small loads					
Number of loads	**93,220**	91,968	93,506	93,585	96,661
Compostable Yard Waste					
Total tonnage	**32,947**	29,754	23,223	11,327	7,778
Recyclables (tonnes)					
Blue cart	**49,504**	48,960	48,410	38,992	35,596
Depots/apartments	**6,193**	5,504	5,247	9,141	10,235
Total recyclables	**55,697**	54,464	53,657	48,133	45,831
Leachate Removed					
Total kilolitres	**72,475**	60,812	53,596	62,997	61,796

(1) Includes tonnage for small load on an estimated weight of 500kg per load entering the landfill.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Current		
Cash	**$ 258**	$ 64
Due from General Revenue Fund (Note 3)	**9,316**	1,197
Accounts receivable (Note 4)	**10,193**	10,718
	19,767	11,979
Tangible capital assets (Note 5)	**31,789**	26,541
	$ 51,556	$ 38,520
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 4,523**	$ 11,388
Current portion of long-term debt (Note 7)	**1,969**	1,402
	6,492	12,790
Long-term debt (Note 7)	**21,476**	8,837
	27,968	21,627
ACCUMULATED SURPLUS (Note 8)	**23,588**	16,893
	$ 51,556	$ 38,520

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2015 Budget	2015 Actual	2014 Actual
REVENUES (Schedule 1)			
Sales of services and regulatory fees	$ 34,981	$ 35,355	$ 30,912
Government transfers and other	4,728	5,738	5,465
Interest	107	260	199
Total revenues	39,816	41,353	36,576
EXPENSES (Schedules 2 and 3)			
Solid waste operations	35,293	30,351	31,070
Debt and finance	2,632	600	378
Employee benefits, taxes and other (Note 9)	405	405	664
Total expenses from operations	38,330	31,356	32,112
Surplus for the year from operations	1,486	9,997	4,464
Transfers to other funds (Note 10)	482	1,175	1,174
Surplus from operations after transfers to other funds	1,004	8,822	3,290
Net deficit from capital (Schedule 4)	-	(2,127)	(1,505)
Net surplus for the year	$ 1,004	6,695	1,785
ACCUMULATED SURPLUS, BEGINNING OF YEAR		16,893	15,108
ACCUMULATED SURPLUS, END OF YEAR		$ 23,588	$ 16,893

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 6,695**	$ 1,785
Non-cash items related to operations		
Amortization	**1,895**	1,615
Working capital from operations	**8,590**	3,400
Change in net working capital other than cash	**(6,340)**	943
	2,250	4,343
FINANCING		
Proceeds from loan	**15,000**	-
Repayment of loan	**(1,747)**	(1,337)
Redeem sinking fund investment	**1,000**	-
Retire sinking fund	**(1,000)**	-
Due from General Revenue Fund	**(8,119)**	971
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(17)**	(45)
Payments to The Sinking Fund Trustees for outstanding debt	**(30)**	(30)
	5,087	(441)
INVESTING		
Purchase of tangible capital assets	**(7,143)**	(4,019)
Increase (decrease) in cash	**194**	(117)
Cash position, beginning of year	**64**	181
Cash position, end of year	**$ 258**	$ 64

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

Basis of accounting

The 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 with the following exception:

The operations are accounted for on the accrual basis except for vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims which are recorded on a cash basis.

a) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 100 years
Machinery and equipment	10 to 20 years
Information technology	5 to 10 years

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

b) Brady Landfill Rehabilitation Reserve

City Council on December 17th, 1993, in accordance with Sections 338 (1) and (2) of the former City of Winnipeg Act, established the Reserve to provide funding, over time, for the future rehabilitation of the Brady Landfill Site.

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund. The transfer is based on 50 cents per tonne of the tipping fee charged at the Brady Landfill Site.

The Director of the Water and Waste department is the Fund Manager.

c) Waste Diversion Reserve

On October 19th, 2011, City Council approved the establishment of the Waste Diversion Reserve for the purpose of funding waste diversion programs and projects. The reserve is to be funded by surplus monies collected through the waste diversion services user fee.

1. Significant Accounting Policies (continued)

The Director of the Water and Waste department is the Fund Manager.

d) Government transfers

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

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

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

2. Status of the Solid Waste Disposal Fund

On March 23, 1992, City Council adopted a motion establishing the Solid Waste Disposal Fund ("Utility") as a separate fund within The City of Winnipeg's ("City") financial records. Upon establishment of this Utility, the capital assets, work in progress and related debt were transferred to this Utility from the General Capital Fund. The Utility is self-supporting and is primarily funded by landfill tipping fees. The purpose of the Fund is to improve the cost accountability of the solid waste management system and to establish a financial structure to accommodate long-term planning and financing of solid waste management programs.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from/to" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

4. Accounts Receivable

	2015	2014
Landfill tipping, recycling and waste diversion	**$ 10,466**	$ 10,931
Allowance for doubtful accounts	**(273)**	(213)
	$ 10,193	$ 10,718

5. Tangible Capital Assets

	Net Book Value	
	2015	2014
Land	**$ 541**	$ 541
Land improvements	**17,399**	11,141
Building and improvements	**4,821**	624
Machinery and equipment	**8,666**	9,619
Information technology	**25**	34
	31,452	21,959
Assets under construction	**337**	4,582
	$ 31,789	$ 26,541

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During the year, there were no write-downs of tangible capital assets (2014 - $nil). Interim financing charges capitalized during 2015 were $119 thousand (2014 - $67 thousand).

6. Accounts Payable and Accrued Liabilities

	2015	2014
Waste Reduction and Recycling Support Levy	**$ 2,074**	$ 2,199
Trade accounts payable	**2,029**	8,932
Other accrued liabilities	**341**	166
Accrued debenture interest payable	**79**	91
	$ 4,523	$ 11,388

7. *Long-Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2015**	2014
1995-2015	May 12	9.125	VR	6620/95	**$ -**	$ 1,000
Equity in Sinking Fund (Note 7b)					**-**	(953)
Net sinking fund debentures outstanding					**-**	47

Other debt outstanding

	2015	2014
TD Commercial Bank loan with a maturity date of April 24, 2035 and an interest rate of 3.09%	**14,625**	-
TD Commercial Bank loan with a maturity date of November 13, 2021 and an interest rate of 2.63%	**8,820**	10,192
	23,445	10,239
Current portion of debentures	**-**	(30)
Current portion of loan	**(1,969)**	(1,372)
	(1,969)	(1,402)
	$ 21,476	$ 8,837

Principal retirement on long-term debt over the next five years is as follows:

2016	2017	2018	2019	2020	2021 and Thereafter
$ 1,969	$ 2,026	$ 2,083	$ 2,141	$ 2,200	$ 13,026

a) All debentures are general obligations of The City of Winnipeg. Debenture debt is allocated to the General Capital Fund and various utilities in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City in a separate fund. The City of Winnipeg Solid Waste Disposal is currently paying three percent on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Cash paid for interest during the year was $0.6 million (2014 - $0.4 million).

8. *Accumulated Surplus*

	2015	2014
Retained earnings	**$ 15,316**	$ 6,938
Invested in tangible capital assets	**8,272**	9,955
	$ 23,588	$ 16,893

9. *Employee Benefits, Taxes and Other*

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2015 is $246 thousand (2014 - $182 thousand).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2015 is estimated at $625 thousand (2014 - $1.3 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $244 thousand (2014 - $241 thousand).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2015 at $133 thousand (2014 - $123 thousand).

Solid Waste employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates is pension costs to various departments. During 2015, $254 thousand (2014 - $279 thousand) of pension costs were allocated to Solid Waste. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and has an actuarial surplus.

General Government charges

The Solid Waste Disposal Fund is charged with the estimated share of the City's general government expenses. In 2015 this amounted to $136 thousand (2014 - $136 thousand) and was transferred to the General Revenue Fund.

Property taxes

Property taxes represent full taxes paid to The City of Winnipeg General Revenue Fund. In 2015, the amount incurred was $33 thousand (2014 - $30 thousand).

Insurance and damage claims

The Solid Waste Disposal Fund was charged $nil (2014 - $15 thousand) by the Insurance Reserve Fund.

10. Transfers to Other Funds

		2015		2014
Transfer to Waste Diversion Reserve	**$**	**1,000**	$	1,000
Transfer to Brady Landfill Rehabilitation Reserve		**175**		174
	$	**1,175**	$	1,174

Included in various expense categories is an amount of $242 thousand (2014 - $174 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

11. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Solid Waste Disposal's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 1

REVENUES

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

	2015 Budget	2015 Actual	2014 Actual
Sales of services and regulatory fees			
Landfill tipping fees	$ 12,772	$ 13,352	$ 10,424
Recycling	11,022	10,964	10,055
Waste diversion user fee	10,349	10,474	9,872
Small load fees	838	565	561
	34,981	35,355	30,912
Government transfers and other			
Waste reduction support	4,650	5,662	5,393
Provincial support	78	76	72
	4,728	5,738	5,465
Interest			
Interest capitalized	50	119	67
Late payment charges	40	90	62
Interest	-	34	25
Sinking fund earnings	17	17	45
	107	260	199
Total revenues	$ 39,816	$ 41,353	$ 36,576

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 2

EXPENSES

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

	2015 Budget	2015 Actual	2014 Actual
Solid waste operations			
Recycling	$ 16,361	$ 14,699	$ 15,626
Brady Road Resource Management Facility	9,875	7,994	9,161
Waste minimization	5,649	5,093	4,031
Landfill and environmental	2,162	1,635	1,417
Support services	768	628	605
Administration	478	302	230
	35,293	30,351	31,070
Debt and finance			
Interest on long-term debt	798	600	378
Amortization	1,834	-	-
	2,632	600	378
Employee benefits, taxes and other			
Employee benefits	119	144	393
General government charges	136	136	136
Provincial payroll tax	84	80	75
Property taxes	35	33	30
Insurance and damage claims	31	15	30
Recoveries	-	(3)	-
	405	405	664
Total Expenses from Operations	38,330	31,356	32,112
Transfers to other funds (Note 10)			
Transfer to Waste Diversion Reserve	300	1,000	1,000
Transfer to Brady Landfill Rehabilitation Reserve	182	175	174
	482	1,175	1,174
Total expenses	$ 38,812	$ 32,531	$ 33,286

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 3

EXPENSES BY OBJECT

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

	2015 Budget	**2015 Actual**	2014 Actual
Goods and services	**$ 31,512**	**$ 26,885**	$ 27,202
Salaries	**3,239**	**3,023**	3,165
Transfers	**482**	**1,175**	1,174
Employee benefits	**669**	**620**	901
Interest on long-term debt	**2,632**	**600**	378
Other expenses	**560**	**539**	513
Finance charges	**110**	**120**	67
Recoveries	**(392)**	**(431)**	(114)
Total expenses	**$ 38,812**	**$ 32,531**	$ 33,286

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 4

DEFICIT FROM CAPITAL

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

	2015 Actual	2014 Actual
Revenues		
Transfer from Waste Diversion Reserve Fund	**$ -**	$ 645
Total revenues from capital	**-**	645
Expenses		
Amortization	**1,895**	1,615
Capital maintenance	**147**	237
Transfer to Waste Diversion Reserve Fund	**54**	-
Capital studies and other equipment	**31**	298
Total expenses from capital	**2,127**	2,150
Net deficit from capital	**$ (2,127)**	$ (1,505)

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)
(unaudited)

	General			
	Land	**Land Improvements**	**Buildings**	**Machinery and Equipment**
Cost				
Balance, beginning of year	$ 541	$ 15,096	$ 848	$ 13,737
Add: Additions (completions) during the year	-	6,957	4,309	122
Balance, end of year	541	22,053	5,157	13,859
Accumulated amortization				
Balance, beginning of year	-	3,955	224	4,118
Add: Amortization	-	699	112	1,075
Balance, end of year	-	4,654	336	5,193
Net Book Value of Tangible Capital Assets	$ 541	$ 17,399	$ 4,821	$ 8,666

Schedule 5

		Totals	
Information Technology	**Assets Under Construction**	**2015**	2014
$ 93	$ 4,582	**$ 34,897**	$ 30,878
-	(4,245)	**7,143**	4,019
93	337	**42,040**	34,897
59	-	**8,356**	6,741
9	-	**1,895**	1,615
68	-	**10,251**	8,356
$ 25	$ 337	**$ 31,789**	$ 26,541

PHOTO COURTESY OF: Freig & Associates

2015 SPECIAL OPERATING AGENCIES

DETAILED FINANCIAL STATEMENTS

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(unaudited)

	2015	2014
FINANCIAL ASSETS		
Cash	**$ 18,055**	$ 22,638
Accounts receivable (Note 3)	**79,741**	74,866
Due from the City of Winnipeg - General Revenue Fund (Note 4)	**891,879**	640,072
	989,675	737,576
LIABILITIES		
Accounts payable and accrued liabilities	**200,519**	80,535
Deferred revenue	**511,130**	724,344
Vacation and overtime payable	**86,958**	90,454
Retirement allowances and compensated absences (Note 5a)	**121,000**	107,000
	919,607	1,002,333
NET FINANCIAL LIABILITIES	**70,068**	(264,757)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**72,073**	99,127
Inventories	**7,583**	13,101
Prepaid expenses	**88,090**	42,900
	167,746	155,128
ACCUMULATED SURPLUS (DEFICIT)	**$ 237,814**	$ (109,629)

Commitments (Note 8)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For the years ended December 31
(unaudited)

	Budget 2015	Actual 2015	Actual 2014
REVENUES			
Regulation fees	$ 2,151,001	$ 2,184,346	$ 1,721,695
Transfer (Note 9)	1,404,276	1,404,276	1,404,276
Sales of goods and services	96,188	69,770	81,066
Other revenue	30,690	55,296	44,384
Government transfers	26,166	29,254	27,919
Total Revenues	3,708,321	3,742,942	3,279,340
EXPENSES			
Salaries and employee benefits	1,756,519	1,659,288	1,561,280
Grants, transfers and other	621,285	691,178	529,020
Services (Note 10)	555,369	407,592	368,365
Administrative expenses (Note 10)	247,721	247,721	160,218
Rent (Note 10)	211,564	211,564	211,564
Materials, parts and supplies	132,196	106,974	113,160
Debt and finance charges	37,768	41,295	22,564
Amortization	25,654	27,054	20,373
Assets and purchases	3,306	2,833	6,275
Interest (Note 4)	176	-	-
Recoveries	-	-	-
Total Expenses	3,591,558	3,395,499	2,992,819
Excess of Revenues Over Expenses	116,763	347,443	286,521
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(109,629)	(109,629)	(396,150)
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR (Note 7)	$ 7,134	$ 237,814	$ (109,629)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF CASH FLOWS

For the years ended December 31
(unaudited)

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:

	2015	2014
OPERATING		
Excess of revenues over expenses	**$ 347,443**	$ 286,521
Non-cash charges to operations		
Amortization	**27,054**	20,373
Retirement allowances and compensated absences	**14,000**	13,000
	388,497	319,894
Net change in non-cash working capital balances related to operations	**(141,273)**	(326,776)
Cash (used in) provided by operating activities	**247,224**	(6,882)
CAPITAL		
Acquisition of tangible capital assets	**-**	(68,973)
FINANCING		
Change in due from/to The City of Winnipeg - General Revenue Fund	**(251,807)**	94,065
Increase (decrease) in cash	**(4,583)**	18,210
CASH, BEGINNING OF YEAR	**22,638**	4,428
CASH, END OF YEAR	**$ 18,055**	$ 22,638

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

For the years ended December 31
(unaudited)

	Budget 2015	Actual 2015	Actual 2014
Excess of Revenues Over Expenses	**$ 116,763**	**$ 347,443**	$ 286,521
Amortization of tangible capital assets	**25,654**	**27,054**	20,373
Change in inventories and prepaid expenses	**(11,000)**	**(39,672)**	(12,354)
Acquisition of tangible capital assets	**-**	**-**	(68,973)
DECREASE IN NET FINANCIAL LIABILITIES	**131,417**	**334,825**	225,567
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(264,757)**	**(264,757)**	(490,324)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (133,340)**	**$ 70,068**	$ (264,757)

See accompanying notes and schedule to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(unaudited)

1. Description of Business

Animal Services - Special Operating Agency (the "Agency") commenced operations on January 1, 2000. Goals since the establishment of the Agency have been to become financially self-sustaining to the greatest degree possible and to improve both the services provided to the public and the public's perception of Animal Services.

2. Significant Accounting Policies

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

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue in the period of which it is earned provided it is measurable and collection is reasonably certain. 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.

Non-financial assets

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

i) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives using the following annual rates:

Computer equipment	25%
Furniture and other equipment	20%
Communication radios	20%
Computer Software	20%

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

2. *Significant Accounting Policies (continued)*

Employee benefit plan

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 retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. The liabilities are discounted using current interest rates on long-term bonds.

Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions are based on the Agency's best information and judgment and may differ from actual results.

3. *Accounts Receivable*

	2015	2014
Trade accounts receivable	**$ 61,407**	$ 50,879
Allowance for doubtful accounts	**(10,546)**	(3,475)
	50,861	47,404
Province of Manitoba	**28,880**	27,462
	$ 79,741	$ 74,866

4. *Due from The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Bank transactions are credited or charged to the "Due from/to" account when they are processed through the bank. Interest is charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2015 interest rate was 0.35% (2014 - 0.9%). The 2015 budget approved by City Council includes an operating line of credit of $1,100,000.

During the year, the Agency paid $nil (2014 - $nil) in interest costs.

5. *Employee Benefits*

a) Retirement allowances and compensated absences

	2015	2014
Retirement allowances - accrued benefit liability	**$ 83,000**	$ 75,000
Compensated absences	**38,000**	32,000
	$ 121,000	$ 107,000

5. *Employee Benefits (continued)*

Qualifying City of Winnipeg employees are entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). These costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions and experienced gains and losses are amortized on a straight-line basis over 17.2 years. This represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance liability as at December 31 of each year. An actuarial valuation of the liability was calculated as of July 31, 2014. The results of this valuation were extrapolated to the financial reporting date of December 31, 2015 using year-end assumptions.

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

Information about the Agency's retirement allowance benefit plan and compensated absences is as follows:

	2015		2014	
	Retirement allowances	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit liability:				
Balance, beginning of year	**$ 78,000**	**67,000**	$ 74,000	$ 30,000
Current service cost	**6,000**	**9,000**	5,000	2,000
Interest cost	**2,000**	**2,000**	3,000	1,000
Benefit payments		**(7,000)**	-	(1,000)
Net actuarial (gain)/loss	**(3,000)**	**1,000**	(4,000)	35,000
Balance, end of year	**83,000**	**72,000**	78,000	67,000
Unamortized net actuarial (gain)/loss	**-**	**(34,000)**	(3,000)	(35,000)
Accrued benefit liability	**$ 83,000**	**$ 38,000**	$ 75,000	$ 32,000
Benefit expenses:				
Current service cost	**$ 6,000**	**9,000**	$ 5,000	$ 2,000
Interest cost	**2,000**	**2,000**	3,000	1,000
Amortization of net actuarial (gain)/loss	**-**	**2,000**	3,000	-
	$ 8,000	**$ 13,000**	$ 11,000	$ 3,000
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 75,000**	**$ 32,000**	$ 64,000	$ 30,000
Benefit expense	**8,000**	**13,000**	11,000	3,000
Benefit payments	**-**	**(7,000)**	-	(1,000)
Balance, end of year	**$ 83,000**	**$ 38,000**	$ 75,000	$ 32,000

5. *Employee Benefits (continued)*

The significant actuarial assumptions adopted in measuring the accrued benefit liability for the year ended December 31 are as follows:

	2015	2014
Valuation interest rate	**2.80%**	2.90%
General increases in pay	**2.50%**	2.50%
Expected average remaining service life	**17.2 years**	17.2 years

b) Pensions

The Agency's employees are eligible for pension under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pension costs to various departments. During the year, $125,464 (2014 - $123,235) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and it has an actuarial surplus.

6. *Tangible Capital Assets*

	Net Book Value	
	2015	2014
Computer equipment	**$ 2,756**	$ 4,775
Furniture and other equipment	**12,839**	21,430
Communication radios	**9,705**	12,786
Computer Software	**46,773**	60,136
	$ 72,073	$ 99,127

For additional information, see Schedule of Tangible Capital Assets.

7. *Accumulated Surplus/(Deficit)*

	Budget 2015	**Actual 2015**	Actual 2014
Invested in tangible capital assets	**$ 72,073**	**$ 72,073**	$ 99,127
Operating	**(64,939)**	**165,741**	(208,756)
	$ 7,134	**$ 237,814**	$ (109,629)

8. *Commitments*

The Agency and the Winnipeg Humane Society entered into a contract that was effective January 1, 2011 to December 31, 2013. The Service Agreement has been amended to extend the term to December 31, 2015. Subject to the Winnipeg Humane Society complying with the terms of the agreement, the Agency agreed to pay the Winnipeg Humane Society the sum of $425,000 per year, payable in quarterly instalments of $106,250. In addition, the Agency agreed to pay $20 for every cat spay/neuter that the Winnipeg Humane Society performed up to an annual maximum of $75,000.

9. Transfer from The City of Winnipeg

In 2013 the transfer from The City of Winnipeg was increased by $101,772 to $1,404,276 for the purpose of reducing the Agency's deficit. It is planned that the additional funding will be provided each year for 10 years, at which point the deficit will be eliminated.

The transfers from the City of Winnipeg over the past five years are as follows:

2011	$	1,334,276
2012		1,302,504
2013		1,404,276
2014		1,404,276
2015		1,404,276

10. Related Party Transactions

The Agency is wholly-owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to those disclosed elsewhere in the financial statements, the transactions that occurred are as follows:

Included in the Agency's expenditures is a transfer to The City of Winnipeg Municipal Accommodations Fund for rent of $211,564 (2014 - $211,564) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $170,000 (2014 - $83,338). Also included are lease costs of $114,743 (2014 - $118,472) to The City of Winnipeg Fleet Management - Special Operating Agency and $77,721 (2014 - $76,830) for general government charges that have been paid to the City of Winnipeg - General Revenue Fund, which represents the estimated share of The City of Winnipeg's general expenses applicable to the Agency.

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

Schedule 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(unaudited)

	Computer Equipment	Furniture and Other Equipment	Communication Radios	Computer Software	2015 Total	2014 Total
Cost						
Balance, Beginning of year	**$ 149,454**	**$ 121,375**	**$ 52,911**	**$ 66,818**	**$ 390,558**	$ 321,585
Add:						
Additions during the year	**-**	**-**	**-**	**-**	**-**	68,973
Less:						
Disposals during the year	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**149,454**	**121,375**	**52,911**	**66,818**	**390,558**	390,558
Accumulated amortization						
Balance, Beginning of year	**144,679**	**99,945**	**40,125**	**6,682**	**291,431**	271,058
Add:						
Amortization	**2,019**	**8,591**	**3,081**	**13,363**	**27,054**	20,373
Less:						
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**146,698**	**108,536**	**43,206**	**20,045**	**318,485**	291,431
Net Book Value of Tangible Capital Assets	**$ 2,756**	**$ 12,839**	**$ 9,705**	**$ 46,773**	**$ 72,073**	$ 99,127

PHOTO: Stu McKay, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

On March 20, 1997, City Council adopted a document entitled "Reshaping our Civic Government". The document identified the development of Special Operating Agencies ("SOA") as one of the five strategic initiatives needed to create a more affordable and fundamentally better civic government.

On September 24, 1997, City Council adopted the strategic direction with regard to SOAs identified in the report entitled "Special Operating Agencies Initiative". Pursuant to the foregoing process, the Community Services Department prepared a feasibility study which recommended the establishment of a SOA with the mandate to manage and be accountable for maximizing the return on City-owned golf course assets.

On February 23, 2000, City Council directed that a Business Plan and Operating Charter for a Golf Services SOA be prepared and further that the municipal golf course operation be realigned under the purview of the Planning, Property and Development Department.

The SOA manages the golf courses operated by the City and administers the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to the City on golf operations and ensure the long term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2015	2014
FINANCIAL ASSETS		
Accounts receivable (Note 3)	**$ 278**	$ 309
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 4)	**7,055**	7,656
Accounts payable and accrued liabilities	**57**	81
Deferred revenue	**92**	66
Debt (Note 5)	**2,900**	2,963
Accrued employee benefits (Note 6a)	**166**	152
	10,270	10,918
NET FINANCIAL LIABILITIES	**(9,992)**	(10,609)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**22,787**	22,683
Inventories	**43**	40
	22,830	22,723
ACCUMULATED SURPLUS (Note 8)	**$ 12,838**	$ 12,114

Commitments (Note 10)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget 2015	Actual 2015	Actual 2014
REVENUES			
Green fees	**$ 1,901**	**$ 1,585**	$ 1,407
Transfer from The City of Winnipeg - General Revenue Fund	**750**	**970**	150
Equipment rentals	**368**	**355**	305
Net revenue from leasing operations	**264**	**307**	268
Transfer from The City of Winnipeg - Golf Course Reserve Fund	**206**	**168**	95
Other	**37**	**86**	35
Merchandise sales	**42**	**58**	43
Concessions	**51**	**36**	43
Transfer from The City of Winnipeg - Contributions in Lieu of Land Dedication Reserve Fund	**-**	**30**	25
Debt forgiven	**-**	**-**	844
Gain on sale of tangible capital assets	**-**	**-**	24
Total Revenues	**3,619**	**3,595**	3,239
EXPENSES			
Salaries and employee benefits (Note 6)	**1,441**	**1,353**	1,241
Services (Note 9)	**619**	**704**	536
Amortization	**194**	**217**	209
Supplies	**225**	**208**	171
Other	**29**	**188**	40
Interest (Notes 4 and 5)	**244**	**51**	80
Total Expenses	**2,752**	**2,721**	2,277
Annual Surplus Before Other	**867**	**874**	962
OTHER			
Transfer to The City of Winnipeg - Golf Course Reserve Fund	**-**	**150**	132
Annual Surplus	**$ 867**	**724**	830
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**12,114**	11,284
ACCUMULATED SURPLUS, END OF YEAR		**$ 12,838**	$ 12,114

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 724**	$ 830
Non-cash charges to operations		
Amortization	**217**	209
Gain on forgiveness of debt	**-**	(844)
Gain on disposal of tangible capital assets	**-**	(24)
Retirement allowance and compensated absences	**12**	8
	953	179
Net change in non-cash working capital balances related to operations	**32**	(41)
Cash provided by operating activities	**985**	138
CAPITAL		
Acquisition of tangible capital assets	**(321)**	(233)
Proceeds on disposal of tangible capital assets	**-**	24
Cash used in capital activities	**(321)**	(209)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(601)**	71
Repayment of debt - The City of Winnipeg	**(63)**	-
Cash (used in) provided by financing activities	**(664)**	71
CASH, BEGINNING OF YEAR	**-**	-
CASH, END OF YEAR	**$ -**	$ -

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

	Budget 2015	Actual 2015	Actual 2014
ANNUAL SURPLUS	$ 867	$ 724	$ 830
Amortization of tangible capital assets	194	217	209
Acquisition of tangible capital assets	(206)	(321)	(233)
Change in inventories	-	(3)	(40)
Proceeds on disposal of tangible capital assets	-	-	24
Gain on disposal of tangible capital assets	-	-	(24)
DECREASE IN NET FINANCIAL LIABILITIES	855	617	766
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(10,424)	(10,609)	(11,375)
NET FINANCIAL LIABILITIES, END OF YEAR	$ (9,569)	$ (9,992)	$ (10,609)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. Status of Golf Services - Special Operating Agency

On February 23, 2000, City Council directed that a Business Plan and Operating Charter for Golf Services - Special Operating Agency (the "Agency") be prepared and further that the municipal golf course operations be realigned under the purview of the Planning, Property and Development Department.

The Agency manages the golf courses operated by The City of Winnipeg and administers the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to The City of Winnipeg on golf operations and ensure the long-term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

2. Significant Accounting Policies

The 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 accounting

The 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 recorded as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

b) Deferred revenue

Sales of prepaid passes that have not been redeemed are deferred and recognized as revenue in the year in which the rounds are played.

c) Employee benefit plan

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 retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. The liabilities are discounted using current interest rates on long-term bonds.

2. *Significant Accounting Policies (continued)*

d) 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 deficiency of revenues over expenses, provides the change in financial liabilities for the year.

i) Tangible capital assets

Land and buildings are stated at assessed values as of January 1, 2002, which were determined by The City of Winnipeg Assessment and Taxation Department. All golf course improvements incurred up to January 1, 2002 are assumed to be fully amortized. Equipment on hand as at January 1, 2002 is recorded at its estimated net realizable value on that date. Subsequent acquisitions 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:

Building	25 years
Equipment	5 to 10 years
Golf course improvements	20 years

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value. The amount of inventory expensed during the year was $32 thousand (2014 - $27 thousand).

e) Revenue recognition

Green fees and equipment rentals income are recognized when the services are provided. Sale of goods are recorded when the customer receives the product. Income from prepaid passes is recognized in the year in which the rounds are played.

f) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as employee benefits, and the useful life of tangible capital assets. These estimates and assumptions are based on the Agency's best information and judgment and may differ significantly from actual results.

3. *Accounts Receivable*

	2015	2014
Trade accounts receivable	**$ 428**	$ 309
Allowance for doubtful accounts	**(150)**	-
	$ 278	$ 309

4. *Due to The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank. Interest is credited or charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.35% (2014 - 0.9%).

Interest paid to The City of Winnipeg - General Revenue Fund was $51 thousand (2014 - $80 thousand).

5. *Debt*

	2015	2014
The City of Winnipeg - General Revenue Fund		
Start-up loan, non-interest bearing	**$ 2,900**	$ 2,963

a) Principal repayments due within the next five years and thereafter are as follows:

2016	$ 34
2017	36
2018	39
2019	41
2020	43
Thereafter	2,707
	$ 2,900

6. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2015	2014
Retirement allowance - accrued liability	**$ 126**	$ 123
Vacation	**25**	23
Compensated absences	**15**	6
	$ 166	$ 152

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 13.5 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance obligations as at December 31 of each year. An actuarial valuation report of the obligation was prepared effective December 31, 2014 calculated as of July 31, 2014. The results of this valuation were extrapolated to the financial reporting date of December 31, 2015 using year-end assumptions.

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

6. Accrued Employee Benefits (continued)

Information about the Agency's retirement allowance benefit plan and compensated absences are as follows:

	2015		2014	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 92**	**$ 72**	$ 104	$ 40
Current service cost	**6**	**10**	6	2
Interest cost	**3**	**2**	4	1
Benefit payments	**-**	**(10)**	-	(5)
Amortization of net actuarial (gain) loss	**(16)**	**2**	(22)	34
Balance, end of year	**85**	**76**	92	72
Unamortized net actuarial gain (loss)	**41**	**(61)**	31	(66)
Accrued benefit liability	**$ 126**	**$ 15**	$ 123	$ 6
Benefit expense consists of the following:				
Current service cost	**$ 6**	**$ 10**	$ 6	$ 2
Interest cost	**3**	**2**	4	1
Amortization of net actuarial (gain) loss	**(6)**	**7**	(4)	4
	$ 3	**$ 19**	$ 6	$ 7
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 123**	**$ 6**	$ 117	$ 4
Benefits expense	**3**	**19**	6	7
Benefits payments	**-**	**(10)**	-	(5)
Balance, end of year	**$ 126**	**$ 15**	$ 123	$ 6

The significant actuarial assumptions adopted in measuring the retirement allowance and compensated absences obligations for the year ended December 31 are as follows:

	2015	2014
Valuation interest rate	**2.8%**	2.9%
General increases in pay	**2.5%**	2.5%

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.

6. Accrued Employee Benefits (continued)

b) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $69 thousand (2014 - $66 thousand) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2015 and it has an actuarial surplus.

7. Tangible Capital Assets

	Net Book Value **2015**	2014
Land	**$ 20,376**	$ 20,376
Building	**1,141**	1,117
Golf course improvements	**914**	810
Equipment	**356**	380
	$ 22,787	$ 22,683

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

8. Accumulated Surplus

	Budget 2015	**Actual 2015**	Actual 2014
Invested in tangible capital assets	**$ 2,104**	**$ 2,213**	$ 2,109
Contributed surplus	**20,574**	**20,574**	20,574
Operating	**(9,546)**	**(9,949)**	(10,569)
	$ 13,132	**$ 12,838**	$ 12,114

9. Related Party Transactions

The Agency is wholly-owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to those disclosed elsewhere in the financial statements, the transactions that occurred are as follows:

a) An amount of $4 thousand (2014 - $10 thousand) has been charged to City of Winnipeg Departments for miscellaneous services;

b) An amount of $9 thousand (2014 - $20 thousand) has been charged by City of Winnipeg Departments for miscellaneous services;

c) An amount of $167 thousand (2014 - $125 thousand) has been charged by The City of Winnipeg - Municipal Accommodations Fund for services provided at the various golf courses;

9. Related Party Transactions (continued)

d) An amount of $132 thousand (2014 - $81 thousand) has been charged by The City of Winnipeg Fleet Management - Special Operating Agency for insurance and rental on vehicles and equipment owned/leased by the Agency.

10. Commitments

The Agency has entered into a lease agreement with a third party for the lease of a building facility for a 25 year term until 2040. Future minimum annual lease payments are as follows:

	Operating Leases
2016	$ 41
2017	41
2018	41
2019 and thereafter	867
	$ 990

11. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

Schedule 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)

	Land	Building	Equipment	Golf Course Improvements	Total 2015	Total 2014
Cost						
Balance, beginning of year	$ 20,376	$ 2,300	$ 1,273	$ 1,187	$ 25,136	$ 25,327
Add:						
Additions during the year	-	117	36	168	321	233
Less:						
Disposals during the year	-	-		-	-	(424)
Balance, end of year	20,376	2,417	1,309	1,355	25,457	25,136
Accumulated amortization						
Balance, beginning of year	-	1,183	893	377	2,453	2,668
Add:						
Amortization	-	94	60	63	217	209
Less:						
Accumulated amortization on disposals	-	-		-	-	(424)
Balance, end of year	-	1,277	953	440	2,670	2,453
Net Book Value of Tangible Capital Assets	$ 20,376	$ 1,140	$ 356	$ 915	$ 22,787	$ 22,683

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2015	2014
FINANCIAL ASSETS		
Accounts receivable	**$ 95**	$ 98
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 3)	**7,977**	2,781
Accounts payable and accrued liabilities	**1,740**	1,265
Debt (Note 4)	**30,489**	37,296
Accrued employee benefits (Note 5a)	**1,742**	1,605
	41,948	42,947
NET FINANCIAL LIABILITIES	**(41,853)**	(42,849)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**62,120**	62,387
Inventories	**1,736**	1,758
Prepaid expenses	**537**	513
	64,393	64,658
ACCUMULATED SURPLUS	**$ 22,540**	$ 21,809

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget 2015	Actual 2015	Actual 2014
REVENUES			
Fleet leases	$ **29,637**	$ **25,763**	$ 27,000
Services and parts revenue (Schedule 1)	**8,140**	**8,021**	8,428
Fuel sales	**9,575**	**6,921**	9,639
Rental income	**3,444**	**3,492**	3,592
Gain on sale of tangible capital assets	**100**	**788**	418
Total Revenues	**50,896**	**44,985**	49,077
EXPENSES			
Amortization	**16,683**	**13,980**	14,592
Supplies	**12,141**	**9,652**	12,210
Salaries and employee benefits	**11,246**	**9,333**	8,997
Services	**7,504**	**8,569**	9,053
Interest (Notes 3 and 4)	**1,778**	**1,198**	1,472
Other expenses	**1,621**	**1,430**	1,432
Total Expenses	**50,973**	**44,162**	47,756
Annual Surplus Before Other	**(77)**	**823**	1,321
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 8e)	**92**	**92**	1,842
Annual (Deficit) Surplus	$ **(169)**	**731**	(521)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**21,809**	22,330
ACCUMULATED SURPLUS, END OF YEAR		$ **22,540**	$ 21,809

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual (Deficit) Surplus	**$ 731**	$ (521)
Non-cash charges to operations		
Amortization	**13,980**	14,592
Gain on sale of tangible capital assets	**(788)**	(418)
	13,923	13,653
Net change in non-cash working capital balances related to operations	**613**	(48)
Cash provided by operating activities	**14,536**	13,605
CAPITAL		
Acquisition of tangible capital assets	**(14,156)**	(7,413)
Proceeds on disposal of tangible capital assets	**1,231**	501
Cash used in capital activities	**(12,925)**	(6,912)
FINANCING		
Change in due to/from The City of Winnipeg - General Revenue Fund	**5,196**	(6,957)
Proceeds from term loans	**4,200**	11,000
Repayment of term loans	**(11,007)**	(10,736)
Cash provided by (used in) financing activities	**(1,611)**	(6,693)
CASH, BEGINNING OF YEAR	**-**	-
CASH, END OF YEAR	**$ -**	$ -

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

	Budget 2015	**Actual 2015**	Actual 2014
ANNUAL (DEFICIT) SURPLUS	**$ (169)**	**$ 731**	$ (521)
Amortization of tangible capital assets	**16,683**	**13,980**	14,592
Proceeds on disposal of tangible capital assets	**100**	**1,231**	501
Change in inventories and prepaid expenses	**(45)**	**(2)**	(54)
Gain on sale of tangible capital assets	**(100)**	**(788)**	(418)
Acquisition of tangible capital assets	**(21,652)**	**(14,156)**	(7,413)
(INCREASE) DECREASE IN NET FINANCIAL LIABILITIES	**(5,183)**	**996**	6,687
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(52,547)**	**(42,849)**	(49,536)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (57,730)**	**$ (41,853)**	$ (42,849)

See accompanying notes and schedules to the financial statements

1. Status of the Winnipeg Fleet Management Agency

On May 28, 2003, City Council adopted the Winnipeg Fleet Management Agency Selection Report, that recommended the Equipment and Material Services operation of the Public Works Department commence operations as a Special Operating Agency effective January 1, 2003.

The Agency provides economical, state-of-the-art, safe and eco-friendly fleet vehicle, equipment and other asset management services to The City of Winnipeg and other pubic organizations, in support of their service delivery.

2. Significant Accounting Policies

These 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 accounting

The 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.

b) 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 (deficit) surplus, provides the change in net financial liabilities for the year.

i) Tangible capital assets

Tangible capital assets, other than land and buildings, transferred from The City of Winnipeg on January 1, 2003 are recorded at their estimated fair value on that date. Subsequent acquisitions are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Land and buildings are stated at fair value as of January 1, 2003, which was determined by The City of Winnipeg Assessment and Taxation Department.

Tangible capital assets are amortized on the basis of their cost less approximate residual value over their estimated useful lives using the following rates and methods:

Buildings	4% to 8%	Straight-line
Fleet assets		
Acquired at start-up	30%	Declining balance
Purchased	1 to 15 years	Straight-line
Equipment	3% to 30%	Straight-line

Amortization begins once an asset is placed into service.

2. *Significant Accounting Policies (continued)*

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

c) Revenue recognition

The Agency enters into operating lease agreements to supply and maintain vehicles and equipment to lessees for specified lease periods. The Agency recognizes the monthly lease payments from the lessees as income each month. Services and parts revenue, including insurance and fuel sales, are recognized upon the completion of the work or transfer of the goods or service. Revenue from short-term rentals of vehicles or equipment is recognized as income evenly over the rental period.

d) Government transfers

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or are not the result of a direct financial return.

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

e) Employee benefit plan

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 retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. The liabilities are discounted using current interest rates on long-term bonds.

f) Estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions. These estimates and assumptions are based on the Agency's best information and judgment and may differ significantly from actual results.

3. *Due to/from The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due to/from" account when they are processed through the bank. Interest is credited or charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.35% (2014 - 0.9%). As well, the Agency has negotiated an operating line of credit up to $300 thousand and a line of credit for short-term financing from The City of Winnipeg.

Funds were advanced during the year as short-term bridge financing between the time when cash is needed and term financing is arranged for capital acquisitions.

Interest paid to The City of Winnipeg - General Revenue Fund was $9 thousand (2014 - $39 thousand). Interest received from The City of Winnipeg - General Revenue Fund was $2 thousand (2014 - $6 thousand).

4. *Debt*

Lender	Maturity Date	Interest Rate	**2015**	2014
Royal Bank of Canada (Note 4b)	2016 - 2020	1.49% - 5.20%	**$ 13,250**	$ 18,008
The Toronto-Dominion Bank (Note 4b)	2016 - 2024	2.17% - 4.14%	**17,061**	19,110
			30,311	37,118
The City of Winnipeg - non-interest bearing, no repayment schedule			**178**	178
			$ 30,489	$ 37,296

a) Principal repayments due within the next five years and thereafter are as follows:

2016	$ 9,289
2017	7,668
2018	6,046
2019	3,424
2020	1,392
Thereafter	2,492
	$ 30,311

b) The Agency has credit facilities by way of series of unsecured term loans. The term loans bear a fixed rate of interest quoted by the bank at the time of each borrowing. As at December 31, 2015, $30,311 thousand (2014 - $37,118 thousand) was outstanding under these facilities. The effective interest rate at December 31, 2015 was 3.6% (2014 - 3.9%).

c) Cash paid for interest during the year is $1,212 thousand (2014 - $1,434 thousand).

5. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2015	2014
Vacation	**$ 668**	$ 633
Retirement allowance - accrued liability	**886**	825
Compensated absences	**188**	147
	$ 1,742	$ 1,605

Under the retirement allowance program, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 13.2 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation report 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, 2015 using year-end assumptions.

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

5. *Accrued Employee Benefits (continued)*

Information about the Agency's retirement allowance benefit plan and compensated absences are as follows:

	2015		2014	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 723**	**$ 444**	$ 895	$ 214
Current service cost	**42**	**48**	49	16
Interest cost	**21**	**14**	34	8
Benefit payments	**-**	**(46)**	-	(18)
Amortization of net actuarial loss	**(52)**	**3**	(255)	224
Balance, end of year	**734**	**463**	723	444
Unamortized net actuarial gain/loss	**152**	**(275)**	102	(297)
Accrued benefit liability	**$ 886**	**$ 188**	$ 825	$ 147
Benefit expense consists of the following:				
Current service cost	**$ 42**	**$ 48**	$ 49	$ 16
Interest cost	**21**	**14**	34	8
Amortization of net actuarial loss	**(2)**	**25**	17	8
	$ 61	**$ 87**	$ 100	$ 32
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 825**	**$ 147**	$ 725	$ 133
Benefits expense	**61**	**87**	100	32
Benefits payments	**-**	**(46)**	-	(18)
Balance, end of year	**$ 886**	**$ 188**	$ 825	$ 147

The significant actuarial assumptions adopted in measuring the retirement allowance and compensated absences obligations for the year ended December 31 are as follows:

	2015	2014
Valuation interest rate	2.8%	2.9%
General increases in pay	2.5%	2.5%

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.

b) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $759 thousand (2014 - $727 thousand) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and it has an actuarial surplus.

6. *Tangible Capital Assets*

	Net Book Value	
	2015	2014
Land	**$ 390**	$ 390
Buildings	**2,105**	2,263
Fleet assets	**55,969**	56,272
Equipment	**3,656**	3,462
	$ 62,120	$ 62,387

For additional information, see the Schedule of Tangible Capital Assets (Schedule 2).

The net book value of fleet assets and property not yet in service is $5,218 thousand (2014 - $2,254 thousand), and equipment not yet in service is $nil thousand (2014 - $nil).

Fleet assets written off during the year is $nil (2014 - $nil). Interest capitalized during 2015 is $nil (2014 - $nil).

7. *Accumulated Surplus*

	Budget 2015	**Actual 2015**	Actual 2014
Contributed surplus	**11,425**	**$ 11,425**	$ 11,425
Invested in tangible capital assets	**26,354**	**20,206**	13,666
Operating	**(16,922)**	**(9,091)**	(3,282)
	20,857	**$ 22,540**	$ 21,809

8. *Related Party Transactions*

The Agency is wholly owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to those disclosed elsewhere in the financial statements, the related party transactions that occurred are as follows:

a) Revenues include sales of goods and services of $42,671 thousand and (2014 - $46,971 thousand) to The City of Winnipeg.

b) An amount of $1,152 thousand (2014 - $1,219 thousand) has been transferred to the General Revenue Fund for operator training and miscellaneous services.

c) An amount of $900 thousand (2014 - $894 thousand) has been transferred to the Municipal Accommodations Fund for the rental of office and garage space, and miscellaneous services.

d) An amount of $1 thousand (2014 - $2 thousand) has been transferred to the Parking Services Agency for miscellaneous services.

e) An amount of $92 thousand (2014 - $1,842 thousand) has been transferred to the General Revenue Fund as a return on investment.

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

Schedule 1

SCHEDULE OF SERVICES AND PARTS REVENUE

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

	Budget 2015	Actual 2015	Actual 2014
Consumables and corrective maintenance	**$ 3,924**	**$ 3,736**	$ 3,955
Insurance revenue	**1,781**	**1,824**	1,794
Power tools	**787**	**787**	772
Manufacturing sales	**722**	**718**	928
Autopac rebate	**607**	**611**	592
Other	**160**	**186**	228
Provincial support grant	**159**	**159**	159
	$ 8,140	**$ 8,021**	$ 8,428

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

Schedule 2

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)

	Land	Buildings	Fleet Assets	Equipment	Total 2015	Total 2014
Cost						
Balance, beginning of year	$ 390	$ 3,756	$ 140,858	$ 6,978	$ 151,982	$ 146,731
Add:						
Additions during the year	-	8	13,614	534	14,156	7,413
Less:						
Disposals during the year	-	-	(6,915)	(53)	(6,968)	(2,162)
Balance, end of year	390	3,764	147,557	7,459	159,170	151,982
Accumulated amortization						
Balance, beginning of year	-	1,493	84,586	3,516	89,595	77,082
Add:						
Amortization	-	166	13,475	339	13,980	14,592
Less:						
Accumulated amortization on disposals	-	-	(6,473)	(52)	(6,525)	(2,079)
Balance, end of year	-	1,659	91,588	3,803	97,050	89,595
Net Book Value of Tangible Capital Assets	$ 390	$ 2,105	$ 55,969	$ 3,656	$ 62,120	$ 62,387

PHOTO: Nilo Manalo, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2015	2014
FINANCIAL ASSETS		
Cash	**$ 39**	$ 48
Due from (to) The City of Winnipeg - General Revenue Fund (Note 3)	**1,537**	(1,570)
Accounts receivable	**980**	4,848
Due from The City of Winnipeg - Land Operating Reserve (Note 4)	**10,000**	10,000
	12,556	13,326
LIABILITIES		
Accounts payable and accrued liabilities	**1,205**	621
Deferred revenue	**127**	120
Debt (Note 5)	**3,918**	3,918
Accrued employee benefits (Note 6)	**402**	198
	5,652	4,857
NET FINANCIAL ASSETS	**6,904**	8,469
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**7,637**	9,020
Inventories	**106**	209
Prepaid expenses	**-**	1
	7,743	9,230
ACCUMULATED SURPLUS (Note 8)	**$ 14,647**	$ 17,699

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget 2015	**Actual 2015**	Actual 2014
REVENUES			
Enforcement (Note 9)	**$ 8,268**	**$ 8,084**	$ 8,497
Meters	**5,776**	**6,239**	5,866
Parking fees (Note 10a)			
Surface parking lots	**1,587**	**1,520**	1,403
Millennium Library parkade	**1,041**	**586**	563
Special events	**368**	**480**	410
Parking permits	**83**	**99**	91
Sundry	**73**	**56**	40
Total Revenues	**17,196**	**17,064**	16,870
EXPENSES			
Services (Notes 10b, c, and d)			
Enforcement - contracts	**3,000**	**2,820**	2,841
Utilities	**1,068**	**861**	1,049
Parkade management	**260**	**231**	243
Special events	**135**	**120**	127
Meters	**42**	**45**	37
Other services (Note 10e)	**2,791**	**2,531**	2,342
Salaries and employee benefits (Note 6)	**4,000**	**3,205**	2,540
Amortization	**1,624**	**1,488**	1,543
Materials, parts and supplies	**1,949**	**874**	1,166
Provision for bad debts	**1,002**	**3,558**	1,074
Debt and finance charges	**155**	**181**	165
Recoveries	**(3)**	**(27)**	(6)
Other (Notes 10f, g, h, i, and j)	**1,522**	**1,229**	1,050
Total Expenses	**17,545**	**17,116**	14,171
Excess of Revenues over Expenses before Other	**(349)**	**(52)**	2,699
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 10k)	**3,000**	**3,000**	2,000
Annual (Deficiency) Excess of Revenues over Expenses	**(3,349)**	**(3,052)**	699
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**17,699**	**17,699**	17,000
ACCUMULATED SURPLUS, END OF YEAR	**$ 14,350**	**$ 14,647**	$ 17,699

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF CASH FLOWS

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	**$ (3,052)**	$ 699
Non-cash items related to operations		
Amortization	**1,488**	1,543
Loss on sale of tangible capital assets	**-**	13
Retirement allowance and compensated absences	**-**	14
	(1,564)	2,269
Net change in non-cash working capital balances related to operations	**4,767**	(951)
Cash provided by operating activities	**3,203**	1,318
FINANCING		
Change in due from/to The City of Winnipeg - General Revenue Fund	**(3,107)**	81
Repayment of debt	**-**	(694)
Cash used in financing activities	**(3,107)**	(613)
CAPITAL		
Purchase of tangible capital assets	**(105)**	(686)
Cash used in capital activities	**(105)**	(686)
INCREASE (DECREASE) IN CASH	**(9)**	19
CASH, BEGINNING OF YEAR	**48**	29
CASH, END OF YEAR	**$ 39**	$ 48

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE OF NET FINANCIAL ASSETS

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

	Budget 2015	Actual 2015	Actual 2014
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**$ (3,349)**	**$ (3,052)**	$ 699
Amortization of tangible capital assets	**1,624**	**1,488**	1,543
Change in inventories and prepaid expenses	**-**	**104**	39
Loss on sale of tangible capital assets	**-**	**-**	13
Acquisition of tangible capital assets	**(1,492)**	**(105)**	(686)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	**(3,217)**	**(1,565)**	1,608
NET FINANCIAL ASSETS , BEGINNING OF YEAR	**5,645**	**8,469**	6,861
NET FINANCIAL ASSETS, END OF YEAR	**$ 2,428**	**$ 6,904**	$ 8,469

See accompanying notes and schedule to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. *Description of Business*

On March 20, 1997, City Council adopted the Reshaping Our Civic Government document identifying the development of Special Operating Agencies ("SOA") as one of five strategic initiatives needed to create a more affordable City government.

On February 24, 1999, City Council adopted the 1999 Alternative Service Delivery Review Agenda which identified the municipal parking services operations as an Alternative Services Delivery ("ASD") candidate. A feasibility study was subsequently prepared and presented to the ASD Committee.

On December 11, 2002, City Council adopted the recommendation of the ASD Committee that an Operating Charter and Business Plan for a SOA with a mandate to manage and be accountable for city-owned parking resources, be prepared for consideration by City Council.

The Winnipeg Parking Authority - Special Operating Agency ("the Agency") was created effective October 27, 2004 and commenced operations on January 1, 2005.

The Agency manages the parking facilities and related assets owned and previously operated by The City of Winnipeg ("the City"). The intent of the Agency is to provide excellent customer service, maximize the annual return of parking operations, and ensure its long-term sustainability.

2. *Significant Accounting Policies*

The 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 accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which it is earned provided it is measurable and collection is reasonably certain. Expenses are recorded in the period in which they are incurred as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) Deferred revenue

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 or services performed.

c) Non-financial assets

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

2. Significant Accounting Policies (continued)

i) Tangible capital assets

Land and equipment were transferred January 1, 2005 from the City at a fair market value as determined by independent consultants.

Property, equipment and leasehold improvements are amortized on a straight-line basis over the estimated useful life of the asset. The amortization rates are as follows:

Leasehold improvements	15 Years
Parking surfaces	5%
Parkades	4%
Vehicles	20%
Meters and pay stations	10%
Equipment	10-20%
Computer equipment	33%
Office furniture and equipment	20%
Parkade betterments	5%

ii) Leases

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

iii) Inventories

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

d) Employee benefit plan

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 retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. The liabilities are discounted using current interest rates on long-term bonds.

e) Use of estimates

The preparation of financial statement in conformity with Canadian generally acceptable accounting principles requires management to make estimates. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

3. Due from/to The City of Winnipeg - General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due from/to" account when they are processed through the bank. Interest is charged or credited based on the City's average short-term earnings (cost of funds) on the single bank account. The December 31, 2015 effective interest rate was 0.35% (2014 - 0.9%).

Interest received from The City of Winnipeg General Revenue Fund on the line of credit was $6 thousand for the year (2014 - paid $7 thousand).

4. Due from The City of Winnipeg - Land Operating Reserve

In 2010, Winnipeg Square Parkade was sold and the proceeds of disposition were deposited to The City of Winnipeg - Land Operating Reserve. There is no specific repayment terms on the receivable.

5. Debt

	2015	2014
The City of Winnipeg - General Revenue Fund		
Start-up loan with no specific terms of repayment	**$ 3,918**	$ 3,918
	$ 3,918	$ 3,918

b) Interest paid to The City of Winnipeg General Revenue Fund on the start-up loan was $nil (2014 - $nil).

6. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

	2015	2014
Vacation	**$ 246**	$ 73
Retirement allowance - accrued benefit liability	**115**	96
Compensated absences	**41**	29
	$ 402	$ 198

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). The costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 15.7 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance liability as at December 31 of each year. An actuarial valuation of the liability was calculated as of July 31, 2014. The results of this valuation were extrapolated to the financial reporting date of December 31, 2015 using year-end assumptions.

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

6. Accrued Employee Benefits (continued)

Information about the Agency's retirement allowance benefit plan and compensated absences are as follows:

	2015		2014	
	Retirement Allowance	**Compensated Absences**	Retirement Allowance	Compensated Absences
Accrued benefit liability:				
Balance, beginning of year	**$ 143**	**$ 104**	$ 103	$ 15
Current service cost	**11**	**15**	7	2
Interest cost	**4**	**3**	4	1
Benefit payments	**-**	**(12)**	-	(1)
Net actuarial (gain)/loss	**(11)**	**-**	29	87
Balance, end of year	**147**	**110**	143	104
Unamortized net actuarial (loss)/gain	**(32)**	**(69)**	(47)	(75)
Accrued benefit liability	**$ 115**	**$ 41**	$ 96	$ 29
Benefit expense:				
Current service cost	**$ 11**	**$ 15**	$ 7	$ 2
Interest cost	**4**	**3**	4	1
Amortization of net actuarial (gain)/loss	**4**	**6**	2	(1)
	$ 19	**$ 24**	$ 13	$ 2
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 96**	**$ 29**	$ 83	$ 28
Benefit expense	**19**	**24**	13	2
Benefit payments	**-**	**(12)**	-	(1)
	$ 115	**$ 41**	$ 96	$ 29

The significant actuarial assumptions adopted in measuring the accrued benefit liability for the year ended December 31 are as follows:

	2015	2014
Valuation interest rate	**2.80%**	2.90%
General increases in pay	**2.50%**	2.50%

b) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $245 thousand (2014 - $214 thousand) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2014 and it has an actuarial surplus.

7. Tangible Capital Assets

	Net Book Value 2015	Net Book Value 2014
Land	**$ 73**	$ 73
Parkades	**4,587**	4,772
Authority assets		
Leasehold improvements	**211**	243
Parking surfaces	**270**	290
	481	533
Equipment		
Meters and pay stations	**2,411**	3,456
Equipment	**82**	182
Computer equipment	**2**	1
Office furniture and equipment	**1**	2
Vehicles	**-**	1
	2,496	3,642
	$ 7,637	$ 9,020

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

During the year, $66 thousand (2014 - $13 thousand) of tangible capital assets were written-down. The current year write down was a result of a retroactive change to the estimated lifespan of audio/visual equipment.

8. Accumulated Surplus

	Budget 2015	Actual 2015	Actual 2014
Restricted funds for future investment	**$ 12,000**	**$ 12,000**	$ 12,000
Invested in tangible capital assets	**4,897**	**3,646**	5,029
Contributed surplus	**172**	**172**	172
Operating	**(2,719)**	**(1,171)**	498
	$ 14,350	**$ 14,647**	$ 17,699

9. Enforcement Revenue

Prior to 2005, enforcement revenue was accounted for using the cash basis of accounting by the City. At January 1, 2005 a gross enforcement receivable was estimated at $12.182 million. Any collection of pre-2005 enforcement receivable is recorded using the cash basis of accounting. The Agency accounted for $358 thousand (2014 - $339 thousand) during 2015.

10. Related Party Transactions

The Agency is wholly-owned by the City. Transactions between the Agency and the City are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) Revenues include sales of $308 thousand (2014 - $239 thousand) to the City.

b) In Services, an amount of $269 thousand (2014 - $137 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for the rental of office space.

10. Related Party Transactions (continued)

c) In Services, an amount of $48 thousand (2014 - $48 thousand) has been charged by The City of Winnipeg Transit System Department for coin counting and deposit services.

d) In Services, an amount of $349 thousand (2014 - $406 thousand) has been charged by The City of Winnipeg Fleet Management - Special Operating Agency for insurance, fuel, maintenance, and rental on vehicles owned/leased by the Agency.

e) An amount of $136 thousand (2014 - $152 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for services provided at the various locations.

f) An amount of $38 thousand (2014 - $38 thousand) for general government charges has been included and paid to The City of Winnipeg General Revenue Fund which represents the estimated share of the City's general expenses applicable to the Agency.

g) An amount of $345 thousand (2014 - $288 thousand) has been transferred to The City of Winnipeg General Revenue Fund for the cost of information technology, finance and human resources support services.

h) An amount of $177 thousand (2014 - $192 thousand) has been transferred to The City of Winnipeg General Revenue Fund for payments-in-lieu of municipal taxes. These charges are based on estimated assessments and the mill rate that would have been applicable had these facilities been privately owned.

i) An amount of $133 thousand (2014 - $133 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of 311 services.

j) An amount of $42 thousand (2014 - $42 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of assets transferred to the Agency.

k) An amount of $3 million (2014 - $2 million) has been transferred to The City of Winnipeg General Revenue Fund as a return on investment.

11. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

Schedule 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)

	Land	**Parkades**	**Authority Assets**	**Equipment**	**Total 2015**	Total 2014 (Re-stated)
Cost						
Balance, beginning of year	**$ 73**	**$ 6,585**	**$ 977**	**$ 12,508**	**$ 20,143**	$ 19,479
Add:						
Additions during the year	**-**	**83**	**4**	**18**	**105**	686
Less:						
Disposals during the year	**-**	**-**	**-**	**-**	**-**	(22)
Balance, end of year	**73**	**6,668**	**981**	**12,526**	**20,248**	20,143
Accumulated amortization						
Balance, beginning of year	**-**	**1,814**	**443**	**8,866**	**11,123**	9,589
Add:						
Amortization	**-**	**267**	**57**	**1,164**	**1,488**	1,543
Less:						
Accumulated amortization	**-**	**-**	**-**	**-**	**-**	-
on disposals					**-**	(9)
Balance, end of year	**-**	**2,081**	**500**	**10,030**	**12,611**	11,123
Net Book Value of Tangible Capital Assets	**$ 73**	**$ 4,587**	**$ 481**	**$ 2,496**	**$ 7,637**	$ 9,020

PHOTO: Kildonan East Collegiate Photography Program, courtesy Winnipeg Arts Council

2015 WHOLLY OWNED CORPORATIONS

DETAILED FINANCIAL STATEMENTS

THE CONVENTION CENTRE CORPORATION
STATEMENT OF REVENUES AND EXPENDITURES
Year Ended December 31

	2015	2014
Operating revenue (Note 15)	**$ 14,216,502**	$ 13,234,363
Operating costs	**7,302,072**	6,347,931
Net operating revenue	**6,914,430**	6,886,432
General operating grant (Note 14)		
City of Winnipeg	**1,500,000**	1,500,000
Province of Manitoba	**1,406,000**	1,406,000
	2,906,000	2,906,000
	9,820,430	9,792,432
Expenditures		
Accounting and financial services and human resources	**1,034,958**	834,827
Administration	**2,030,583**	2,007,474
Building maintenance	**3,844,033**	3,755,998
Client services	**1,083,098**	1,123,636
Sales and promotion	**869,696**	957,268
Security	**591,174**	506,327
	9,453,542	9,185,530
Operating fund excess of revenue over expenditures	**366,888**	606,902
City of Winnipeg debt servicing grants		
Debentures (Note 14)	**235,190**	376,627
Recognition of deferred contributions related to capital assets (Notes 5, 6 and 7)	**550,527**	688,376
Amortization of capital assets (Note 3)	**(816,923)**	(990,207)
Interest on City of Winnipeg debentures	**(88,043)**	(151,301)
Excess of revenue over expenditures	**$ 247,639**	$ 530,397

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF FUND BALANCES
Year ended December 31

		2015		2014
BALANCE, beginning of year	**$**	**4,037,954**	$	3,507,557
Excess of revenue over expenditures		**247,639**		530,397
BALANCE, end of year	**$**	**4,285,593**	$	4,037,954

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31

	2015	2014
ASSETS		
Current		
Cash	**$ 1,559,134**	$ 1,996,103
Accounts receivable	**2,233,812**	1,707,156
Receivable - expansion (Note 8)	**4,949,378**	13,098,326
Inventory	**382,711**	201,034
Prepaid expenses	**74,088**	67,875
Prepaid expenses - expansion	**-**	131,412
	9,199,123	17,201,906
Long-term prepaid expenses - expansion	**-**	44,246
Long-term receivable	**193,335**	241,667
Capital assets (Note 3)	**181,852,434**	112,908,552
	$ 191,244,892	$ 130,396,371
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 2,684,418**	$ 2,153,572
Accounts payable - expansion	**1,647,458**	6,415,840
Customer deposits and unearned revenue	**857,593**	611,018
Advance - expansion (Note 8)	**-**	7,608,298
Current portion of City of Winnipeg debentures (Note 4)	**-**	147,146
Due to Province of Manitoba (Note 10)	**1,400,000**	7,000,000
Due to City of Winnipeg (Note 11)	**3,750,000**	-
Demand loan - expansion (Note 8)	**18,900,000**	-
	29,239,469	23,935,874
Deferred contributions related to capital assets (Note 5)	**-**	94,933
Deferred funding - wall cladding replacement and stabilization (Note 6)	**2,287,164**	2,617,123
Deferred funding - roof replacement (Note 7)	**2,585,999**	2,711,634
Deferred funding - expansion (Note 8)	**148,646,667**	96,998,853
Due to Province of Manitoba (Note 10)	**4,200,000**	-
	186,959,299	126,358,417
FUND BALANCES		
Operating fund	**897,488**	530,600
Restricted fund	**2,176,526**	3,172,538
Invested in capital assets (Note 13)	**1,211,579**	334,816
	4,285,593	4,037,954
	$ 191,244,892	$ 130,396,371

Inter-fund loan (Note 12) & Commitments (Note 18)

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF CASH FLOWS
Year ended December 31

	2015	2014 (Note 21)
Increase (decrease) in cash and cash equivalents		
OPERATING		
Excess of revenue over expenditures	**$ 247,639**	$ 530,397
Adjustments for:		
amortization of capital assets	**816,923**	990,207
recognition of deferred contributions related to capital assets	**(550,527)**	(688,376)
	514,035	832,228
Net changes in working capital balances		
Accounts receivable	**(526,656)**	(311,731)
Receivable - expansion funding	**8,148,948**	(6,950,816)
Inventory	**(181,677)**	2,680
Prepaid expenses	**(6,213)**	4,734
Prepaid expenses - expansion	**131,412**	(21,257)
Long-term receivable	**48,332**	(241,667)
Long-term prepaid expenses - expansion	**44,246**	104,841
Accounts payable and accrued liabilities	**530,846**	(391,900)
Accounts payable related to expansion	**(4,768,382)**	3,380,130
Customer deposits and unearned revenue	**246,575**	13,671
Advance of expansion funding used	**(7,608,298)**	(758,138)
	(3,426,832)	(4,337,225)
FINANCING		
City of Winnipeg debenture repayments	**(147,146)**	(225,326)
Due to Province of Manitoba repayment	**(1,400,000)**	-
Due to City of Winnipeg	**3,750,000**	-
Demand loan - expansion	**18,900,000**	-
	21,102,854	(225,326)
CAPITAL		
Major repair and replacement expenditures	**(1,126,892)**	(85,817)
Expansion costs	**(68,633,913)**	(69,207,559)
Advance of expansion funding	**51,647,814**	67,655,637
	(18,112,991)	(1,637,739)
NET DECREASE IN CASH	**(436,969)**	(6,200,290)
Cash and cash equivalents, net of bank indebtedness		
Beginning of year	**1,996,103**	8,196,393
End of year	**$ 1,559,134**	$ 1,996,103

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

1. Nature of Operations

The Corporation was incorporated by special act under the laws of Manitoba to operate and promote the RBC Convention Centre (formerly named the Winnipeg Convention Centre). The Corporation is a not-for-profit organization and is therefore not subject to income taxes.

2. Summary of Significant Accounting Policies

Basis of accounting

The Corporation's financial statements are prepared in accordance with Canadian public sector accounting standards in the CPA Public Sector Accounting Handbook. The Corporation has elected to apply the accounting standard recommendations applicable solely to government not-for-profit organizations in Sections PS 4200 to PS 4270 of the CPA Public Sector Accounting Handbook.

Fund method of accounting

Operating Fund
Under the fund method of accounting the excess of operating revenue over expenditures is allocated to the Operating Fund. Any additions to the Operating Fund may be transferred to the Restricted Fund for future expenditures or major repairs and replacements by Board of Directors resolution. It is the policy of the Corporation to retain a defined sufficient amount in the Operating Fund to fund future operations, and if necessary, to transfer funds from the Restricted Fund to meet the defined objective.

Restricted Fund
The Restricted Fund represents the excess of revenues over expenditures that are internally restricted by board resolution for future expenditures or major repairs and replacements on capital assets. As capital assets are acquired, a like amount is transferred from the Restricted Fund to the Invested in Capital Assets Fund.

Invested in Capital Assets Fund
This fund represents the unamortized investment in capital assets net of amounts funded by grants and debentures. The Invested in Capital Asset Fund is reduced by the amortization of such assets.

Cash

Cash and cash equivalents consist of bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Inventory

Food and beverage inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Capital assets

Capital assets are recorded at cost.

2. *Summary of Significant Accounting Policies (continued)*

Amortization is calculated at the following rates and basis:

Major capital expenditures	-	at rate of related debenture repayment
Revitalization program	-	at rate of debenture repayment
Major repair and replacement	-	on a straight line basis over 5 years
Wall cladding replacement and stabilization	-	on a straight line basis over 20 years
Roof replacement	-	on a straight line basis over 25 years
Assets under construction	-	not amortized until completed
Art Holdings	-	not amortized

When the Corporation recognizes that a capital asset no longer has any long-term service potential, the excess of net carrying amount of the capital asset over its residual value is recognized as an expense in the statement of revenues and expenditures.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Operating revenue, which consists mainly of room rentals and food and beverage sales from events held at the RBC Convention Centre, are recognized as revenue when the events are held.

Financial instruments

The Corporation applies the recommendations of Sections PS 1201, Financial Statement Presentation, and PS 3450, Financial Instruments, of the CPA Public Sector Accounting Handbook.

Initial measurement

The Corporation recognizes a financial asset or a financial liability on the statement of financial position when, and only when, it becomes a party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at cost.

The Corporation's financial instruments consist of cash, accounts receivable, receivable - expansion, accounts payable and accrued liabilities, accounts payable - expansion, the City of Winnipeg debentures, due to the Province of Manitoba, due to City of Winnipeg and demand loan - expansion.

Subsequent measurement

At each reporting date, the Corporation measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

The Corporation determines whether there is any objective evidence of impairment of the financial assets. Any financial asset impairment is recognized in the statement of revenues and expenditures.

2. Summary of Significant Accounting Policies (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes its estimates to be appropriate; however, actual results could differ from the amounts estimated.

3. Capital Assets

	Cost	Accumulated Depreciation	2015 Net Book Value	2014 Net Book Value
Land - expansion	**$ 7,130,880**	**$ -**	**$ 7,130,880**	$ 7,130,880
Major capital expenditures	**2,000,000**	**2,000,000**	**-**	4,747
Revitalization program				
City of Winnipeg portion	**3,000,000**	**3,000,000**	**-**	142,399
Province of Manitoba portion	**2,000,000**	**2,000,000**	**-**	94,933
Major repair and replacement	**14,051,480**	**12,872,503**	**1,178,977**	171,336
Wall cladding replacement	**6,599,175**	**4,312,011**	**2,287,164**	2,617,123
Roof replacement	**3,140,880**	**554,881**	**2,585,999**	2,711,634
Expansion project under construction	**168,636,814**	**-**	**168,636,814**	100,002,900
Art holdings	**32,600**	**-**	**32,600**	32,600
	$ 206,591,829	**$ 24,739,395**	**$ 181,852,434**	$ 112,908,552

Major capital expenditures

Major capital expenditures represent expenditures for major capital projects incurred in the years 1987 to 1995 inclusive.

Major capital expenditures are carried at cost and are equal to the related debentures (Note 4). The costs are amortized in an amount equal to the principal repayments on the related debentures, which approximates the estimated useful life of the assets.

Revitalization program

In the years 1991 to 1996 inclusive, the Corporation incurred costs for revitalization programs funded by the City of Winnipeg and the Province of Manitoba.

City of Winnipeg portion

The revitalization programs expenditures funded by the City are carried at cost and are equal to the related debentures (Note 4). The costs are amortized in an amount equal to the principal repayments on the debentures, which approximates the estimated useful life of the assets.

Province of Manitoba portion

The revitalization programs funded by the Province are carried at cost and amortized at the same rate as the City of Winnipeg revitalization program assets.

3. Capital Assets (continued)

Major repair and replacement

A portion of major repairs and replacements incurred after 1993 have been funded by grants from the City of Winnipeg and the Province of Manitoba. The assets are carried at cost and amortized over their estimated useful life. The funded portion included with deferred contributions related to capital assets, is recognized on the same basis. These assets were fully amortized and related funding fully recognized as revenue at the end of 2014.

Wall cladding replacement and stabilization

This amount represents the expenditures for the replacement of the exterior tyndall stone cladding of the RBC Convention Centre. Pursuant to a funding agreement dated March 21, 2002, the City of Winnipeg and the Province of Manitoba agreed to equally fund the project up to $6.6 million.

The expenditures are carried at cost and are being amortized on a straight line basis over 20 years. The funding for this project is recorded as deferred contributions and is amortized to income at the same rate as the asset is amortized.

Roof replacement

This amount represents the expenditures for the replacement of the roof of the RBC Convention Centre. Pursuant to a funding agreement dated August 4, 2011, the City of Winnipeg and the Province of Manitoba agreed to equally fund the project.

The expenditures are carried at cost and are being amortized on a straight line basis over 25 years, with one-half of the annual amortization claimed in the year the construction was commenced. The funding for this project is recorded as deferred contributions and is amortized to income at the same rate as the asset is amortized.

Expansion project under construction

This amount represents the expenditures for the expansion of the existing facility. These expenditures include construction, design, project management, legal, insurance, bulk equipment and supplies purchases, and other related costs. Once construction is complete, the costs will be amortized over the useful life of the assets. The funding for the project is recorded as deferred funding and will be amortized to income at the same rate as the asset is amortized.

Interest on directly attributable debt is capitalized during the construction period. Interest at prime minus 1% (1.70%) in the amount of $150,150 (2014 - $nil) was capitalized during the year and included in the expansion project under construction balance.

Amortization expenses

	2015	2014
Major capital expenditures	**$ 4,747**	$ 12,071
Revitalization program:		
City of Winnipeg portion	**142,399**	213,256
Province of Manitoba portion	**94,933**	149,278
Major repair and replacement	**119,250**	160,008
Wall cladding replacement	**329,959**	329,959
Roof replacement	**125,635**	125,635
	$ 816,923	$ 990,207

4. City of Winnipeg Debentures

	Debenture	Sinking Fund	**Net of Sinking Fund 2015**	Net of Sinking Fund 2014
For revitalization program expenditures:				
Bearing interest at 9.125%, maturing May 12, 2015, with annual Sinking Fund contributions of $90,728 earning interest at 5%	$ 3,000,000	$ 3,000,000	**$ -**	$ 142,399
For major capital expenditures:				
Sinking Fund Debenture, bearing interest at 9.125%, maturing May 12, 2015, with annual Sinking Fund contributions of $3,024 earning interest at 5%	100,000	100,000	**-**	4,747
	$ 3,100,000	3,100,000	**-**	147,146
Current portion			**-**	147,146
			$ -	$ -

Debt service costs will be funded by grants from the City of Winnipeg. The Corporation annually allocates an amount from grants received from the City of Winnipeg to cover debt service costs and the grants are recorded to income when those costs are incurred.

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent externally restricted contributions including the provincial portion of the revitalization program assets and funds granted for major repair and replacement assets. These amounts are recognized as income as the related assets are amortized.

	2015	2014
Beginning balance	**$ 94,933**	$ 327,715
Deduct amounts recognized as revenue:		
Major repair and replacement expenditures	**-**	(89,618)
Provincial portion of revitalization program expenditures	**(94,933)**	(143,164)
	$ -	$ 94,933

6. Deferred Funding - Wall Cladding Replacement and Stabilization

Deferred funding - wall cladding replacement and stabilization represent restricted contributions from the City of Winnipeg and the Province of Manitoba for the funding of the wall cladding replacement and stabilization project more fully disclosed in Note 3. This amount is being amortized into income as the related asset is amortized.

		2015		2014
Beginning balance	**$**	**2,617,123**	$	2,947,082
Deduct amount amortized to revenue		**(329,959)**		(329,959)
	$	**2,287,164**	$	2,617,123

7. Deferred Funding - Roof Replacement

Deferred funding - roof replacement represents restricted contributions from the City of Winnipeg and the Province of Manitoba for the funding of the roof replacement project more fully disclosed in Note 3. This amount is being amortized into income as the related asset is amortized.

		2015		2014
Beginning balance	$	**2,711,634**	$	2,837,269
Deduct amount amortized to revenue		**(125,635)**		(125,635)
	$	**2,585,999**	$	2,711,634

8. Receivable - Expansion; Advance - Expansion; Deferred Funding - Expansion; Demand Loan - Expansion

In order to finance the cost of the expansion, the Corporation entered into agreements with the City of Winnipeg for funding of up to $51,000,000, the Province of Manitoba for funding of up to $51,000,000, and the Government of Canada for funding of up to $46,646,667.

The funding received is being deferred until the completion of the project and will be amortized on the same basis as the related asset. Deferred funding - expansion at December 31 are as follows:

		2015		2014
City of Winnipeg	$	**51,000,000**	$	31,743,338
Province of Manitoba		**51,000,000**		32,329,723
Government of Canada		**46,646,667**		32,925,792
	$	**148,646,667**	$	96,998,853

In 2014, the Province of Manitoba advanced a portion of their funding requirement for which eligible expenditures had not yet been incurred. The balance of this advance on hand at December 31, 2015 is $nil (2014 - $7,608,298).

8. Receivable - Expansion; Advance - Expansion; Deferred Funding - Expansion; Demand Loan - Expansion (continued)

Certain funding requirements were due at December 31 as follows:

		2015		2014
City of Winnipeg	$	**1,000,000**	$	9,045,105
Province of Manitoba		**2,550,000**		-
Government of Canada		**1,399,378**		4,053,221
	$	**4,949,378**	$	13,098,326

Effective January 11, 2013, the Corporation entered into a credit agreement with the Royal Bank of Canada to secure financing of $33,000,000 in order to fund its portion of the future expansion costs. This financing can be taken as a risk based pricing loan or fixed rate term loan. These funds can be accessed by the Corporation at any time, with the interest rate to be determined at the time funds are withdrawn. This expansion financing is secured by a promissory note signed by the Corporation for $33,000,000, a general security agreement, and a guarantee from the city of Winnipeg. During the year, the Corporation accessed these funds in the for of a demand loan credit facility, bearing interest at the RBC prime rate minus 1%, maturing January 15, 2016. Subsequent to year end, the maturity date was extended to March 31, 2016 and a portion of this credit facility is being renegotiated into a term loan. The balance drawn against this credit agreement at year-end is $18,900,000 (2014 - $nil).

9. Demand operating loan

The corporation has a demand operating loan credit facility from the Royal Bank of Canada of $250,000, which bears interest at the bank's prime rate and is secured by a general security agreement. The balance at December 31, 2015 and December 31, 2014 is nil.

10. Due to Province of Manitoba

Pursuant to an agreement made in 2012, the Province of Manitoba sold land to the City of Winnipeg, for the purpose of the expansion of the RBC Convention Centre. The City of Winnipeg is the registered owner of the land. However, the RBC convention Centre, as the beneficial owner of the land, agreed to pay the $7,000,000 purchase price to the Province of Manitoba. During the year, repayment terms were renegotiated. The balance is non-interest bearing and repayable over five years starting in 2015. Repayments over the next four years are as follows:

2016	$	1,400,000
2017		1,400,000
2018		1,400,000
2019		1,400,000
	$	**5,600,000**

11. Due to the City of Winnipeg

Balance due to the City of Winnipeg is non-interest bearing and due on demand.

12. Inter-fund loan

The balance in the inter-fund loan from the Operating Fund to Invested in Capital Assets Fund at December 31, 2015 is $2,621,025 (2014 - $3,179,705). This loan is non-interest bearing and will be repaid as funds are drawn from the credit facility available for the expansion.

13. Invested in capital assets

	2015	2014
Investment in capital assets		
Capital assets	**$ 181,852,434**	$ 112,908,552
Prepaids - expansion	**-**	131,412
Long-term prepaids - expansion	**-**	44,246
Amounts financed by		
City of Winnipeg debentures	**-**	(147,146)
Deferred contributions	**-**	(94,933)
Deferred funding - wall cladding	**(2,287,164)**	(2,617,123)
Deferred funding - roof replacement	**(2,585,999)**	(2,711,634)
Deferred funding - expansion	**(148,646,667)**	(96,998,853)
Due to Province of Manitoba - land purchase	**(5,600,000)**	(7,000,000)
Demand loan - expansion	**(18,900,000)**	-
Inter-fund loan from operating fund (Note 12)	**(2,621,025)**	(3,179,705)
	$ 1,211,579	$ 334,816

	2015	2014
Changes in net assets invested in capital assets		
Deficiency of revenue over expenditures	**$ (119,249)**	$ (76,505)
Payment of accounts payable	**-**	3,799
Purchase of capital assets - expansion, net of prepaids	**68,458,254**	69,207,559
Purchase of capital assets - non-expansion	**1,126,892**	85,817
Purchase of prepaids by capital fund	**-**	175,658
Deferred funding - expansion received	**(51,647,814)**	(67,655,637)
Due to Province of Manitoba repayment	**1,400,000**	-
Demand loan - expansion received	**(18,900,000)**	-
Inter-fund loan from operating fund received (Note 12)	**558,680**	(3,179,705)
	$ 876,763	$ (1,439,014)

14. Grants

The Corporation operates with the assistance of grants from the City of Winnipeg and the Province of Manitoba.

		2015		2014
City of Winnipeg	**$**	**1,735,190**	$	1,876,627
Province of Manitoba		**1,406,000**		1,406,000
	$	**3,141,190**	$	3,282,627
The grants are allocated as follows:				
General operating grant	**$**	**2,906,000**	$	2,906,000
Debt service				
- City of Winnipeg debenture		**235,190**		376,627
	$	**3,141,190**	$	3,282,627

15. Related Party Transactions

In addition to the grants and contributions received from the City of Winnipeg and the Province of Manitoba (Notes 5, 6, 7, and 8), the City of Winnipeg debentures (Note 4), and the payable to the Province of Manitoba (Note 10), and the payable to the City of Winnipeg, (Note 11), the Corporation has the following transactions with these related parties during the year.

Operating revenues of $326,532 (2014 - $246,236) related to events held at the RBC Convention Centre.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. Financial Instruments

Financial risk management objectives and policies

The Corporation is exposed to various financial risks resulting from its operating, investing and financing activities. The Corporation's management manages financial risks.

During the year, there were no changes to the financial instrument risk management policies, procedures and practices. The means used by the Corporation to manage each of the financial risks are described in the following paragraphs.

Credit risk

The Corporation is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Corporation has determined that the financial assets with more credit risk exposure are trade and other receivables since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Corporation.

The trade and other receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Corporation's exposure to doubtful accounts is not significant.

The credit risk regarding cash and cash equivalents is considered to be negligible because they are held by reputable financial institutions with an investment grade external credit rating.

16. *Financial Instruments (continued)*

Credit Risk (continued)

The carrying amount on the statement of financial position of the Corporation's financial assets exposed to credit risk represents the maximum amount exposed to credit risk.

The Corporation's management considers that all the above financial assets that are not impaired or past due are of good credit quality. None of the Corporation's financial assets are secured by a collateral instrument or other form of credit enhancement. There are no impaired financial assets or significant past due amounts as at December 31, 2015 and December 31, 2014.

Market risk

The Corporation's financial instruments expose it to market risk, in particular, interest rate risk.

Interest rate risk

The Corporation is exposed to interest rate risk with respect to financial liabilities bearing fixed and variable interest rates. The City of Winnipeg debentures bear interest at fixed rates and the Corporation is, therefore, subject to fair value risk.

The Corporation is not exposed to significant currency or other price risk.

Liquidity risk

The Corporation's liquidity risk represents the risk that the Corporation could encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Corporation has financing sources for a sufficient authorized amount. The Corporation establishes budget and cash estimates to ensure it has the necessary funds to fulfill its obligations.

As at December 31, 2015, the Corporation's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Due within 1 year	Due in 1-5 years
Accounts payable and accrued liabilities	$ 2,684,418	$ -
Accounts payable - expansion	1,647,458	-
Payable to City of Winnipeg	3,750,000	-
Payable to Province of Manitoba	1,400,000	4,200,000
Demand loan - expansion	18,900,000	-
	$ 28,381,876	$ 4,200,000

17. Comparison to Budgeted Results

		Actual 2015		Budget 2015 (Unaudited)		Variance
Operating revenue	**$**	**14,216,502**	$	13,540,905	$	675,597
Operating costs		**7,302,072**		6,489,168		812,904
Net operating revenue		**6,914,430**		7,051,737		(137,307)
General operating grants		**3,141,190**		3,141,190		-
		10,055,620		10,192,927		(137,307)
Expenditures		**9,453,542**		9,957,737		(504,195)
General operating grant allocated to debenture repayments		**235,190**		235,190		-
Operating fund excess of revenue over expenditures	**$**	**366,888**	$	-	$	366,888

18. Commitments

The Corporation has entered into service contracts for elevator maintenance, housekeeping, garbage and security services. These contracts expire at different periods between 2016 and 2025. In addition, the Corporation has entered into a sponsorship commitment until 2017.

Future minimum payments in aggregate for each of the next three years are as follows:

2016	1,058,551
2017	409,026
2018	25,998
2019	25,998
2020	25,998

19. Pension Plan

Description of benefit plan

The employees of the Corporation are members of the City of Winnipeg Civic Employees Defined Benefit Pension Plan. The Corporation funds its required portion of pension costs in monthly amounts specified by the City of Winnipeg.

Total cash payments

Total cash payments by the Corporation for employee future benefits for fiscal year 2015 were $551,845 (2014 - $479,822).

20. Economic Dependency

The Corporation is dependent on the City of Winnipeg and the Province of Manitoba for funding and financing which is essential to its continuing operations.

21. Comparative figures

Certain of the 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2015.

WINNIPEG ENTERPRISES CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31
(unaudited)

		2015		2014
ASSETS				
Cash	**$**	**56**	$	56
Accounts receivable (Note 3)		**1,186,923**		1,129,154
	$	**1,186,979**	$	1,129,210
LIABILITIES				
Due to City of Winnipeg - General Revenue Fund (Note 4)	**$**	**979,598**	$	973,021
NET ASSETS		**207,381**		156,189
	$	**1,186,979**	$	1,129,210

See accompanying notes to the financial statements

WINNIPEG ENTERPRISES CORPORATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the years ended December 31
(unaudited)

	2015	2014
REVENUES		
Interest (Note 3)	**$ 57,770**	$ 54,958
EXPENSES		
Interest on debt and other finance charges	**6,578**	13,375
Professional fees	**-**	379
	6,578	13,754
NET INCOME FOR THE YEAR	**51,192**	41,204
NET ASSETS (CAPITAL DEFICIENCY) - BEGINNING OF YEAR	**156,189**	114,985
NET ASSETS - END OF YEAR	**$ 207,381**	$ 156,189

See accompanying notes to the financial statements

WINNIPEG ENTERPRISES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(unaudited)

1. *Entity Definition and Wind-Up of Operations*

Winnipeg Enterprises Corporation ("the Corporation") is a not-for-profit organization established by the Winnipeg Enterprises Corporation Incorporation Act on July 26, 1952 under the laws of the Province of Manitoba. As at March 31, 2005, the Corporation has wound-down its operations and is being managed by The City of Winnipeg ("the City"), its sole director. The City has assumed all remaining and prospective debt and liabilities of the Corporation.

2. *Significant Accounting Policies*

The 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 and services and/or the creation of a legal obligation to pay.

Financial instruments

Financial instruments include cash, accounts receivable, due to City of Winnipeg - General Revenue Fund. Unless otherwise stated, the book value of the Corporation's financial assets and liabilities approximates their fair value. It is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the statement of financial position. Actual results could differ from these estimates.

3. *Entertainment Funding Tax - Winnipeg Football Club*

On May 18, 2005, City Council approved the amendment to the Canad Inns Stadium lease with the Corporation. The amendment included a provision which allows the City to use the entertainment funding tax, which relates to one pre-season game and nine regular season games, to first repay the remaining amount invested by the Corporation in the Winnipeg Football Club ("WFC") by way of income debentures totalling $1,194,000. This has been repaid in its entirety. Thereafter, this entertainment funding tax will be used to reduce the debt in the Corporation associated with WFC, which totalled approximately $3,265,244 as at December 31, 2004. The unamortized amount of this debt, based on an interest rate of 5% net of the entertainment funding tax applied against the debt, as at December 31, 2015 is $1,186,923 (2014 - $1,129,154).

Entertainment Funding Tax - Winnipeg Football Club (continued)

On December 15, 2010, City Council approved an amendment to the Economic Development Initiative for the re-development of the existing Stadium site and the new Stadium development at the University of Manitoba. All the entertainment funding tax remitted to the City in relation to the new Stadium will be used to repay this debt. Once the debt has been repaid, the entertainment funding tax on regular season and exhibition Blue Bomber football games will be used as follows:

- The first $2.0 million shall be paid by WFC to BBB Stadium Inc. ("BBB") to be applied by BBB to pay down the outstanding balance of the Provincial loan required to be repaid by WFC;
- The next $0.5 million shall be paid by WFC to BBB to be applied by BBB to a Stadium Capital Fund; and
- The balance, if any, shall be paid by WFC to BBB to be applied by BBB to pay down the outstanding balance of the Provincial loan required to be repaid by WFC.

On December 12, 2012, City Council approved the request by the WFC to defer and retain future entertainment funding tax payments commencing in 2012 for five years. The outstanding debt including the accrued interest is to be repaid by the end of 2017.

4. *Due to City of Winnipeg - General Revenue Fund*

The City operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank. Interest is charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2015 effective interest rate was 0.45% (2014 - 0.9%).

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2015, with comparative information for 2014

	2015	2014 (as restated, Note 3)
ASSETS		
Current Assets		
Restricted cash (Note 4)	**$ 1,513,314**	3,568,797
Accounts receivable (Note 5)	**1,124,265**	1,042,490
Prepaid expenses	**4,011**	33,777
Property held for resale (Note 6)	**796,770**	796,770
Current portion of mortgages receivable (Note 7)	**862,610**	985,298
Current portion of loans receivable (Note 8)	**4,447,221**	3,479,283
Current portion of SHED project receivable (Note 9)	**802,621**	415,765
	9,550,812	10,322,180
Mortgages receivable (Note 7)	**4,866,511**	1,896,647
Loans receivable (Note 8)	**1,860,235**	3,294,773
SHED project receivable (Note 9)	**5,535,879**	4,332,774
Investment in hotel properties (Note 10)	**6,557,519**	11,600,951
Capital assets (Note 11)	**5,151,780**	8,382,544
	$ 33,522,736	$ 39,829,869
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current Liabilities		
Bank indebtedness (Note 12)	**$ 9,579,210**	$ 12,893,912
Accounts payable and accrued liabilities	**437,586**	519,551
Payable to STR Properties Inc. (Note 10)	**3,932,935**	-
Current portion of long-term debt (Note 13)	**587,325**	2,460,129
	14,537,056	15,873,592
Long-term debt (Note 13)	**9,208,410**	9,788,745
Forgivable loans (Note 14)	**3,771,039**	5,252,753
Deferred contributions (Note 15)		
Expenses of future periods	**720,348**	828,668
Capital assets	**534,512**	391,992
	1,254,860	1,220,660
NET ASSETS		
Invested in capital assets (Note 17)	**846,229**	842,779
General operations	**(200,398)**	(20,189)
Urban Development Bank	**4,105,540**	6,871,529
	4,751,371	7,694,119
Commitments (Note 16)		
	$ 33,522,736	$ 39,829,869

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2015, with comparative information for 2014

	Invested in Capital Assets	General Operations	Urban Development Bank	Total
Balance, January 1, 2014	$ 1,002,087	$ 97,000	$ 7,682,011	$ 8,781,098
Deficiency of revenue over expenditures	(193,049)	(117,189)	(776,741)	(1,086,979)
Net change in invested in capital assets (Note 17)	33,741	-	(33,741)	-
Balance, December 31, 2014	**842,779**	**(20,189)**	**6,871,529**	**7,694,119**
Deficiency of revenue over expenditures	**(11,758)**	**(180,209)**	**(2,750,781)**	**(2,942,748)**
Net change in invested in capital assets (Note 17)	**15,208**	**-**	**(15,208)**	**-**
Balance, December 31, 2015	**$ 846,229**	**$ (200,398)**	**$ 4,105,540**	**$ 4,751,371**

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2015, with comparative information for 2014

	General Operations	Urban Development Bank	2015 Total	2014 Total
				(as restated, Note 3)
Revenue				
Grants				
City of Winnipeg:				
- Operational grant	**$ 100,000**	**$ -**	**$ 100,000**	$ 300,000
- Downtown Residential Development Grant	**-**	**13,284**	**13,284**	12,978
- Homelessness Partnering Project	**-**	**116,671**	**116,671**	438,384
- SHED project	**-**	**980,638**	**980,638**	829,164
Province of Manitoba:				
- Winnipeg regeneration strategy grant	**-**	**238,000**	**238,000**	207,551
- SHED project	**-**	**980,638**	**980,638**	829,164
- Urban development initiatives grant (Note 10)	**-**	**2,590,200**	**2,590,200**	-
- Designated grants	**-**	**128,320**	**128,320**	244,490
Amortization of deferred contributions (Note 15)	**-**	**301,694**	**301,694**	310,027
Interest	**486,461**	**-**	**486,461**	357,787
Commissions and development fees (Note 10)	**160,459**	**430**	**160,889**	309,122
Rental	**40,500**	**590,210**	**630,710**	652,117
Loss from investment in hotel properties (Note 10)	**-**	**(5,043,432)**	**(5,043,432)**	(391,155)
Gain on transfer of operation (Note 19)	**-**	**172,204**	**172,204**	-
Other	**-**	**4,277**	**4,277**	-
	787,420	**1,073,134**	**1,860,554**	4,099,629
Expenditures				
Administration	**24,599**	**1,932**	**26,531**	51,275
Amortization	**12,986**	**472,670**	**485,656**	503,076
Bank charges and interest	**1,802**	**210,508**	**212,310**	252,145
Interest on long-term debt	**-**	**404,952**	**404,952**	414,519
Cost of properties	**-**	**88,870**	**88,870**	80,364
SHED project expenditures	**-**	**1,624,091**	**1,624,091**	1,331,466
Grants paid out -				
Designated revenues	**-**	**148,320**	**148,320**	244,490
Wages and Benefits	**732,744**	**-**	**732,744**	841,450
Insurance	**18,382**	**19,758**	**38,140**	36,243
Office	**126,863**	**-**	**126,863**	123,587
Professional fees:				
IT and other	**20,048**	**-**	**20,048**	13,008
Accounting, legal and transaction costs	**35,754**	**81,512**	**117,266**	116,954
Marketing	**7,437**	**-**	**7,437**	30,143
Project development	**-**	**291,495**	**291,495**	232,494
Rental properties	**-**	**468,579**	**468,579**	905,394
Community investment	**-**	**10,000**	**10,000**	10,000
	980,615	**3,822,687**	**4,803,302**	5,186,608
Deficiency of revenue over expenditures for the year	**$ (193,195)**	**$ (2,749,553)**	**$ (2,942,748)**	$ (1,086,979)
Allocated to:				
General operations	**$ (180,209)**	**$ -**	**$ (180,209)**	$ (117,189)
Urban Development Bank	**-**	**(2,750,781)**	**(2,750,781)**	(776,741)
Invested in capital assets	**(12,986)**	**1,228**	**(11,758)**	(193,049)
Deficiency of revenue over expenditures for the year	**$ (193,195)**	**$ (2,749,553)**	**$ (2,942,748)**	$ (1,086,979)

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015, with comparative information for 2014

	2015	2014 (as restated, Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenditures for the year	**$ (2,942,748)**	$ (1,086,979)
Adjustments for:		
Amortization of capital assets	**485,655**	503,076
Amortization of deferred contributions	**(301,694)**	(310,027)
Loss from investment in hotel properties	**5,043,432**	391,155
Gain on transfer of operations	**(172,204)**	-
	2,112,441	(502,775)
Changes in non-cash working capital balances		
Restricted cash	**2,055,483**	1,657,023
Accounts receivable	**(81,775)**	(380,188)
Prepaid expenses	**29,766**	4,482
Accounts payable and accrued liabilities	**(81,965)**	(87,707)
Increase (decrease) in deferred contributions related to expenses of future periods	**(108,320)**	80,370
	3,925,630	771,205
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	**(2,973)**	(6,617)
Proceeds from transfer of operations (Note 19)	**1,882,786**	-
	1,879,813	(6,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances of mortgages receivable	**(3,016,572)**	(98,644)
Principal repaid on mortgages receivable	**169,396**	275,768
Advances of loans receivable	**(194,608)**	(1,309,179)
Principal repaid on loans receivable	**661,208**	982,163
Advances of SHED project receivable	**(1,797,844)**	(1,658,328)
Principal repaid on SHED project receivable	**207,883**	-
	(3,970,537)	(1,808,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in bank indebtedness	**(3,314,702)**	1,213,707
Payable to STR Properties Inc.	**3,932,935**	-
Repayment of long-term debt	**(2,453,139)**	(170,075)
	(1,834,906)	1,043,632
Cash, being cash beginning and end of year	**$ -**	$ -

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2015

1. *General*

CentreVenture Development Corporation (the Corporation) is a non-profit organization incorporated without share capital under the laws of the Province of Manitoba (the Province) on July 9, 1999. The goal of the Corporation is to promote and foster economic, residential and cultural growth and development in the downtown district of The City of Winnipeg (the City). The Corporation is exempt from income tax by virtue of p. 149(1)(e) of the *Income Tax Act.*

2. *Significant accounting policies*

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

a) Basis of consolidation:

These consolidated financial statements include the accounts of the Corporation, its wholly-owned subsidiaries Centre Village Housing Inc. and BellMain Residences Inc., which operate under common management. Intra-company and inter-company transactions and balances have been eliminated upon consolidation.

The Corporation has a 89% (2014 - 89%) investment in STR Properties Inc. and CCC Properties Inc. which are profit-oriented enterprises. The Corporation accounts for its investment in these entities using the modified equity method. Under this method, the accounting principles of the entities are not adjusted to conform with those of the Corporation and inter-company transactions are not eliminated.

b) Basis of financial presentation:

The Corporation records its financial transactions on the following basis:

General Operations:

General operations includes transactions related to operations and administration of the Corporation.

Urban Development Bank:

The Urban Development Bank (UDB) was initiated in 1999 through a contribution by the City. Funds are intended to enable the Corporation to facilitate economic development initiatives with private and non-profit sectors and provide creative financing options to encourage downtown investment. The assets of the UDB are invested in loans, receivables and property held for development.

The UDB funds, as defined by Board policy, shall not be used to fund the day-to-day operations of the Corporation. The UDB is funded by various levels of government and other funding organizations.

2. *Significant accounting policies (continued)*

c) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

d) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Interest income and rental revenue is recognized on an accrual basis consistent with the terms of the related mortgage and loan agreements and when collection is reasonably assured. Reasonable assurance is based upon the Corporation's past experience with its claims and collections associated with clients and similar transactions.

Sale proceeds on properties and the related costs of properties are recognized when the risks and rewards of ownership are transferred to the purchaser and collection is reasonably assured. Reasonable assurance is based upon the Corporation's past experience with its claims and collections associated with clients and similar transactions. A transaction fee is levied by the Corporation on these sales.

e) Special projects - restricted funding arrangements:

In addition to regular operating revenues, the Corporation receives grants from time to time for specific programs or initiatives to be administered by the Corporation which are accounted for through the UDB. The following special funding arrangements were ongoing during the year:

Province of Manitoba - North Main Economic Development Program Grant:

The purpose of this grant is to attract business investment to the North Main area of downtown Winnipeg.

City of Winnipeg - Downtown Housing Strategy:

The purpose of this grant is to encourage unique and innovative approaches that support downtown housing developments and result in quality, affordable housing by providing financial assistance to proponents.

City of Winnipeg - Gail Parvin Hammerquist:

The purpose of this grant is to fund innovative measures to attract new investment, occupants and uses for heritage buildings, as well as to conserve the heritage character, architectural elements and detailing of designated buildings.

2. *Significant accounting policies (continued)*

City of Winnipeg/Province of Manitoba - Downtown Residential Development Program (DRDG):

The purpose of this program is to promote and support significant improvement projects to revitalize communities and neighborhoods, encourage economic development, enhance social and cultural development, and preserve heritage properties. The Corporation provides administration and other services to the City for this program.

City of Winnipeg/Province of Manitoba - Sports, Hospitality, and Entertainment District (SHED) Project:

The purpose of this program is to make the SHED a key destination downtown, by providing funds to the Corporation to stimulate private and public investment in the District, with the goal of revitalizing Winnipeg's downtown.

City of Winnipeg - Homelessness Partnering Strategy:

The purpose of this grant is to fund renovations at the Bell Hotel whose goal is to provide affordable housing to individuals who have experienced extended periods of homelessness.

f) Mortgages and loans receivable:

Mortgages and loans are carried at the unpaid principal plus accrued interest, less allowances for doubtful loans. Amounts considered uncollectible are written-off in the year in which the uncollectible amount is determined. Recoveries on mortgages and loans previously written-off are taken into income in the year the amount is received.

g) Allowance for doubtful loans:

The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the Corporation's portfolio. The allowance is evaluated on an ongoing basis and increased as deemed necessary, which is charged against income and is reduced by write-offs.

h) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis in accordance with the following estimated useful life of the asset:

Asset	**Term**
Buildings	25 years
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	3 to 15 years

i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimated as additional information becomes available in the future.

3. Prior period adjustments

The Corporation made adjustments to the 2014 comparative figures as follows:

a) The Corporation administers the DRDG program on behalf of the City. As a result, all assets and liabilities of the program should not be included in the Corporation's consolidated statement of financial position. The DRDG program assets and liabilities have been removed from the comparative period consolidated statement of financial position and disclosed in note 21.

b) The Corporation had entered into an agreement with the City and the Province for the SHED project in prior years. Based on the terms and conditions of the agreement, the City and the Province are providing the Corporation with grant funding for the SHED project. The grant funding and related SHED expenditures should be recognized in the consolidated statement of operations of the Corporation. In addition, interest on the loans payable related to the SHED project should also be recognized in the consolidated statement of operation of the Corporation. The comparative period consolidated statement of operation has been restated to recognized grant funding of $1,658,328, SHED expenditures of $1,331,466 and interest on long-term debt of $326,862.

c) Capital assets and deferred contributions related to capital assets were understated by $391,992 at December 31, 2014 due to the annual forgiveness on the forgivable loans recorded directly to the consolidated statement of operations by the Corporation instead of transferring the forgiveness amount to deferred contributions and amortizing over the useful life of the related capital asset. In addition, amortization on the related capital asset was determined based on the period of forgiveness of the forgivable loan instead of its useful life.

The above adjustments did not impact the deficiency of revenue over expenditures as previously reported for the year ended December 31, 2014 or the previously reported net assets at January 1, 2014 or December 31, 2014. The above adjustments resulted in the following changes to the 2014 comparative year financial statements:

		Increase (decrease)
Consolidated statement of financial position:		
Restricted cash	**$**	(634)
Accounts receivable		(2,032)
DRDG TIF receivable		(2,611,225)
Capital assets		391,992
Long-term debt		(2,613,891)
Deferred contributions related to capital assets		391,992
Consolidated statement of operations:		
Grants:		
City of Winnipeg - SHED project		829,164
Province of Manitoba - SHED project		829,164
Amortization of deferred government assistance		(452,547)
Amortization of deferred contributions related to capital assets		310,027
Amortization		(142,520)
Interest on long-term debt		326,862
SHED project expenditures		1,331,466
Consolidated statement of cash flows:		
Operating activities		1,937
Investing activities		2,406,578
Financing activities		(2,408,515)

4. *Restricted cash*

The cash held by the Corporation is restricted for the SHED project and the operation of Centre Village Housing Inc.

5. *Accounts receivable*

		2015		2014
Trade and other receivable	**$**	**1,016,787**	$	774,376
Goods and services tax receivable		**7,478**		118,133
Grants receivable		**100,000**		149,981
	$	**1,124,265**	$	1,042,490

6. *Property held for resale*

Under the asset agreement between the Corporation and the City, the Corporation has the option to acquire an interest in surplus City-owned properties and buildings within the downtown area for the consideration of one dollar or a maximum of three years back property taxes. Any properties obtained under either of these options are recorded at the consideration price. The land inventory available under the asset agreement has been substantially depleted.

Property held for resale also includes properties acquired at fair market value from third parties for the purpose of development and/or resale. Material costs associated with the acquisition, development and resale of these properties are capitalized at cost.

7. *Mortgages receivable*

		2015		2014
Mortgages receivable	**$**	**5,728,607**	$	2,898,077
Accrued interest receivable		**20,514**		3,868
Allowance for doubtful loans		**(20,000)**		(20,000)
		5,729,121		2,881,945
Current portion of mortgages receivable		**862,610**		985,298
	$	**4,866,511**	$	1,896,647

Mortgages receivable are on various properties in downtown Winnipeg with terms ranging from demand to maturity of 25 years, monthly installments applied to interest first, compounded semi-annually not in advance. Mortgages receivable are secured by recourse to the related underlying property, personal and corporate guarantees, and other forms of security except for $2,005,443 (2014 - $2,154,785) for which the City funds principal and interest payments and has provided a guarantee on the related term loan payable that the Corporation had obtained to providing financing for the mortgage (note 13). Interest rates charged for mortgages range from 5.25 % to 8.0% (2014 - 5.25% to 8.0%) and are both fixed and variable in reference to the Bank of Canada's prime rate of lending at the time of loan disbursement.

7. *Mortgages receivable (continued)*

Mortgage principal receipts are expected as follows:

2016	$	862,610
2017		3,179,564
2018		170,278
2019		177,889
2020		185,841
Thereafter		1,152,425
	$	5,728,607

The above schedule lists the expected receipts based on mortgages maturing during the year. Negotiations to renew mortgages may occur as terms expire throughout 2016.

8. *Loans receivable*

		2015		2014
Loans receivable	**$**	**6,391,865**	$	6,851,338
Accrued interest receivable		**20,591**		27,718
Allowance for doubtful loans		**(105,000)**		(105,000)
		6,307,456		6,774,056
Current portion of loans receivable		**4,447,221**		3,479,283
	$	**1,860,235**	$	3,294,773

Loans receivable from various borrowers have a maximum term to maturity of 30 years, payable in monthly interest installments plus annual principal payment, and are secured by an assignment of Heritage Tax Credits or other forms of security. Interest rates charged, ranging from 5.0% to 8.5% (2014 - 5.0% to 8.5%), are both fixed and variable in reference to the Bank of Canada's prime rate of lending at the time of loan disbursement.

Loan principal receipts are expected as follows:

2016	$	4,447,221
2017		783,705
2018		234,200
2019		234,200
2020		225,000
Thereafter		467,539
	$	6,391,865

9. SHED project receivable

The SHED project is funded by the City and Province and with grants provided under the project to make the SHED a key destination downtown with the goal of revitalizing Winnipeg's downtown. Under the terms of the agreement, the Corporation has obtained proceeds from term loans aggregating $8,290,000 (note 13) to utilize for grants in accordance with Phase 1 of the SHED project. As grants are expended by the Corporation a SHED project receivable from the City and Province is recognized for an equivalent amount. The City and Province provide annual funding to the Corporation equivalent to the annual debt servicing cost of the term loans.

SHED project principal receipts are expected as follows:

2016	$	802,621
2017		449,163
2018		466,873
2019		485,280
2020		503,762
Thereafter		3,630,801
	$	6,338,500

10. Investment in hotel properties

The Corporation has an 89% interest in STR Properties Inc. which owned the St. Regis property. STR Properties Inc. disposed of the St. Regis property during fiscal 2015 for $4,650,000 with cash consideration of $1,650,000 received and the Corporation provided a mortgage for the remaining $3,000,000 which matures in fiscal 2017 (note 7). The corporation received a fee of $116,250 from STR Properties Inc. on disposal of the property. In conjunction with the disposition of the property, the Corporation received an urban development initiatives grant of $2,590,200 from the Province of Manitoba. The Corporation will receive a further $287,800 from the Province of Manitoba upon acquisition of the remaining 11% interest in STR Properties Inc. The Corporation acquired the remaining 11% interest on January 1, 2016 for $715,000. included in loans receivable at December 31, 2015 was $715,000 from the seller which will be applied by the corporation as consideration for the acquisition.

The Corporation has an 89% interest in CCC Properties Inc. which included interest in the land and building comprising the Carlton Inn. The Carlton Inn has been subsequently demolished by CCC Properties Inc. During fiscal 2015, the land held was written down by $2,708,773 to its net realizable value of $4,100,000. The Corporation has included 100% of the loss for the year of CCC Properties Inc. in the loss form investment in hotel properties in accordance with the terms and conditions of the shares held by the Corporation. The Corporation acquired remaining 11% interest on January 1, 2016 for $770,000. Included in loans receivable at December 31, 2015 is $770,000 from the seller which will applied by the Corporation as consideration for the acquisition.

10. Investment in hotel properties (continued)

These businesses were acquired as part of the Corporation's mission to revitalize downtown Winnipeg. Summary financial information of the entities is as follows (based on 100% interest):

	STR Properties	CCC Properties Inc.
Current assets	**$ 46,690**	**$ 270,185**
Long-term assets	**3,918,951**	**4,100,000**
Total assets	**$ 3,965,641**	**$ 4,370,185**
Current liabilities	**$ 4,242**	**$ 568,444**
Equity	**3,961,399**	**3,801,741**
Total equity and liabilities	**$ 3,965,641**	**$ 4,370,185**
Revenues	**$ 3,129**	**$ 51**
Expenses	**(34,442)**	**(112,816)**
Loss on disposal/write-down of property	**(2,418,636)**	**(2,708,773)**
Loss for the year	**$ (2,449,949)**	**$ (2,821,538)**

11. Capital assets

			2015	2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value (as restated, note 3)
Buildings	**$ 6,140,734**	**$ 1,224,760**	**$ 4,915,974**	$ 8,097,333
Computer equipment	**127,192**	**123,843**	**3,349**	5,000
Furniture and fixtures	**67,100**	**55,563**	**11,537**	32,977
Leasehold improvements	**575,220**	**354,300**	**220,920**	247,234
	$ 6,910,246	**$ 1,758,466**	**$ 5,151,780**	$ 8,382,544

12. Bank indebtedness

The Corporation has an approved operating line of credit with the Royal Bank of Canada to a maximum amount of $10,400,000. The line of credit bears interest at Royal Bank prime rate minus 1.00% (1.70% as at December 31, 2015) per annum and is secured by an unconditional and irrevocable guarantee signed by the City in the amount of $10,400,000 and a general security agreement on all personal property of the Corporation. As at December 31, 2015, the line of credit had a balance owing of $2,979,210 (2014 - $6,280,744).

The Corporation has an approved line of credit with the Royal Bank of Canada in the amount of $6,600,000 (2014 - $6,600,000). Which was fully drawn at December 31, 2015 and 2014. The line of credit bears interest at Royal Bank prime minus 1.00% (1.70% as at December 31, 2015) and is guaranteed by the City.

13. Long-term debt

		2015		2014 (as restated, note 3)
Mortgage payable at the rate of 4.59%	**$**	**-**	$	1,895,021
Term loan, interest at 4.47%, due October 2025, blended yearly payments of $241,597, secured by a general security agreement constituting a first ranking security interest in all personal property, and an unconditional and irrevocable guarantee signed by the City in the amount of $2,600,000		**1,914,511**		2,063,853
Term loan, interest at 3.98%, due October 2029, blended annual equal payments of $349,338, commencing in 2015, secured by guarantee signed by the City in the amount of $3,890,000		**3,698,743**		3,890,000
Term loan, interest rate at 3.91%, due October 2029, blended annual payments of $393,254, commencing in 2015, secured by a guarantee signed by the City in the amount of $4,400,000		**4,182,481**		4,400,000
		9,795,735		12,248,874
Current portion of long-term debt		**587,325**		2,460,129
	$	**9,208,410**	$	9,788,745

Principal repayments for the next five years and thereafter are as follows:

2016	$	587,325
2017		612,155
2018		637,151
2019		663,169
2020		689,603
Thereafter		6,606,332
	$	9,795,735

Proceeds from the 4.47% term loan were utilized by the Corporation to provide a 15 year mortgage receivable to Youth Centre of Excellence project at 333 King Street (note 7). The Corporation receives annual principal and interest payments for the Youth Centre of Excellence mortgage receivable from the City.

The 3.98% and 3.91% term loans were incurred to finance phase 1 of the SHED project under the Strategic Downtown Investments Funding Agreement. In accordance with the SHED agreement, the City and the Province provide annual funding to the Corporation equivalent to the annual debt servicing costs of these loans (note 9).

14. *Forgivable loans*

The details of forgivable loans are as follows:

	2015	2014
Bell Hotel		
Province of Manitoba 15 year term loan, with maturity date set at August 1, 2026, payments are not required as long as the property operates as an affordable housing complex	**$ 1,790,555**	$ 1,950,555
Government of Canada, 15 year term loan, with maturity date set at August 1, 2026, payments are not required as long as the property offers services for the homeless approved by the Government of Canada	**1,980,484**	2,173,031
Centre Village Housing Inc.		
Province of Manitoba 15 year term loan, with maturity date set at July 1, 2025, payments are not required as long as the property operates as an affordable housing complex	**-**	1,129,167
	$ 3,771,039	$ 5,252,753

The five year forgiveness schedule for the forgivable loans is as follows:

2016	$ 352,547
2017	352,547
2018	352,547
2019	352,547
2020	352,547
Thereafter	2,008,304
	$ 3,771,039

At December 31, 2015, the Corporation has met all requirements during the year relating to the terms of the forgivable loans.

15. Deferred contributions

a) Expenses of future periods:

Deferred contributions related to expenses of future periods represents externally restricted funding received from various sources for the operation of the project to which the funding relates.

Deferred grant revenue for externally restricted projects during the year is as follows:

		2015		2014
Balance, beginning of year	**$**	**828,668**	$	745,698
Contributions received		**20,000**		327,460
Amounts recognized as revenue in the year		**(128,320)**		(244,490)
Balance, end of year	**$**	**720,348**	$	828,668

		2015		2014
Gail Parvin Hammerquist 2009	**$**	**717,748**	$	826,068
North Main Economic Development Program Grant		**2,600**		2,600
	$	**720,348**	$	828,668

b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets.

		2015		2014 (as restated, note 3)
Balance, beginning of year	**$**	**391,992**	$	249,472
Contributions transferred from forgivable loans		**444,214**		452,547
Amount amortized to revenue in the year		**(301,694)**		(310,027)
Balance, end of year	**$**	**534,512**	$	391,992

16. Commitments

The Corporation has made commitments for leases until maturity as follows:

2016	$	26,597
2017		26,597
2018		18,286

17. Invested in capital assets

Investment in capital assets is calculated as follows:

	2015	2014 (as restated, note 3)
Capital assets	**$ 5,151,780**	$ 8,382,544
Loans payable	**-**	(1,895,021)
Forgivable loans	**(3,771,039)**	(5,252,753)
Deferred contributions	**(534,512)**	(391,992)
	$ 846,229	$ 842,778

Change in net assets invested in capital assets is calculated as follows:

	2015	2014 (as restated, note 3)
Deficiency of revenue over expenditures:		
Amortization of deferred contributions	**$ 301,694**	$ 310,027
Amortization of capital assets	**(485,656)**	(503,076)
Gain on transfer of operations	**172,204**	-
	$ (11,758)	$ (193,049)
Net changes in investment in capital assets:		
Purchase of capital assets	**$ 2,973**	$ 6,618
Repayment of long-term debt	**1,895,021**	27,123
Proceeds on transfer of operation (note 19)	**(1,882,786)**	-
	$ 15,208	$ 33,741

18. Related party transactions

The following table summarized the Corporation's related party transactions and balances with the City of Winnipeg for the year:

	2015	2014
Consolidated statement of operations		
Revenue:		
Operational grant	**$ 100,000**	$ 300,000
Downtown residential development grant	**13,284**	10,048
Homelessness Partnering Project grant	**116,671**	431,832
SHED project grant	**980,638**	829,164
Expenditures:		
Property taxes	**$ 59,075**	$ 54,227

18. Related party transactions (continued)

Consolidated statement of financial position

Accounts receivable	**$**	**287,773**	$	337,754
Mortgages receivable		**2,005,443**		2,154,785
SHED project receivable		**3,354,907**		2,374,270
Accounts payable and accrued liabilities		**273,716**		273,716

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. Transfer of operations

Effective December 1, 2015, the Corporation transferred the operations of Centre Village Housing Inc. to The Manitoba Housing and Renewal Corporation (MHRC) including the capital assets for cash proceeds of $1,857,572 and elimination of amounts payable of $25,214. The cash proceeds were utilized by the Corporation to repay the mortgage payable (note 13). In addition, MHRC forgave the remaining forgivable loan of $1,037,500 (note 14). The Corporation recorded a gain on the transfer of operations of $172,204.

20. Financial instrument risks

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Corporation's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Corporation's President and Chief Executive Officer. The Board of Directors receives monthly reports from the Corporation's President and Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Corporation's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

Interest rate risk

The Corporation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the cash flows related to its mortgages and loans receivable, and long term debt. The Corporation's objective is to minimize interest rate risk by locking in fixed rates on its mortgages and loans receivable, and its long-term debt.

The Corporation is exposed to interest rate risk through its line of credit, which bears interest at prime minus one percent. These funds are used as interim financing until permanent financing, with a fixed rate, can be put in place.

The Corporation's financial instruments subject to interest rate risk are subject to fixed rates of interest and will not be renewed within the next twelve months, therefore are not subject to interest rate risk. The line of credit is not subject to interest rate risk as it is as a market rate and the funds are usually used for a period of less than twelve months.

20. Financial instrument risks (continued)

Credit risk

The Corporation is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the Corporation's receivables are from government entities which minimizes the risk of non-collection. The Corporation also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding.

The Corporation is also exposed to credit risk through the possibility of non-collection of its mortgages and loans receivable. The Corporation's loan guidelines set out the minimum requirements for management of credit risk. The Corporation's loan guidelines include policies regarding the approval of lending, eligibility for loans, lending limits, and loan collateral security.

With respect to credit risk, the Board of Directors receives details of new loans and delinquent loans. The Corporation's maximum exposure to the credit risk is limited to the amount presented on the face of the consolidated statement of financial position for accounts receivable, mortgages and loans receivable.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

21. DRDG Program

The DRDG Program is funded by the City and Province and provides grants to developers of residential/mixed use projects in the downtown. The grants provided are based upon the annual incremental taxes generated by the development in the first full year following completion. For condominium developments, the developers receive a grant of 10 times the first years' incremental taxes. For rental developments, the developer receives a grant equal to 15 times the first years' incremental taxes. Developers can elect to receive a lump sum payment of the net present value, or receive annual payments. When lump sum payments are elected, the funds are borrowed from a conventional lender and loans are repaid by the annual incremental taxes.

The Corporation administers this program on behalf of the City and Province, which entails the acceptance of applications and monitoring development through to completion. When lump sum grants are payable under the program, the City provides the Corporation with direction to borrow funds and the loans are drawn by the Corporation and guaranteed by the City. The City subsequently provides funding for the annual loan repayments to the Corporation from the annual incremental taxes.

As the Corporation only administers this program on behalf of the City and Province, the related assets and liabilities that are administered by the Corporation have not been reflected in these consolidated financial statements. The assets and liabilities that are administered by the Corporation under this program are as follows:

21. DRDG Program (continued)

		2015		2014
Assets:				
Cash	**$**	**5,882**	$	634
DRDG TIF receivable - the City		**2,779,443**		2,613,257
	$	**2,785,325**	$	2,613,891
Liabilities:				
Loans payable	**$**	**2,785,325**	$	2,613,891

The Corporation receives an annual payment from the City for the loans to cover the annual debt servicing costs. The loans payable are fully guaranteed by the City.

22. Comparative information

Certain of the comparative figures have been reclassified to the financial statement presentation adopted in the current year.

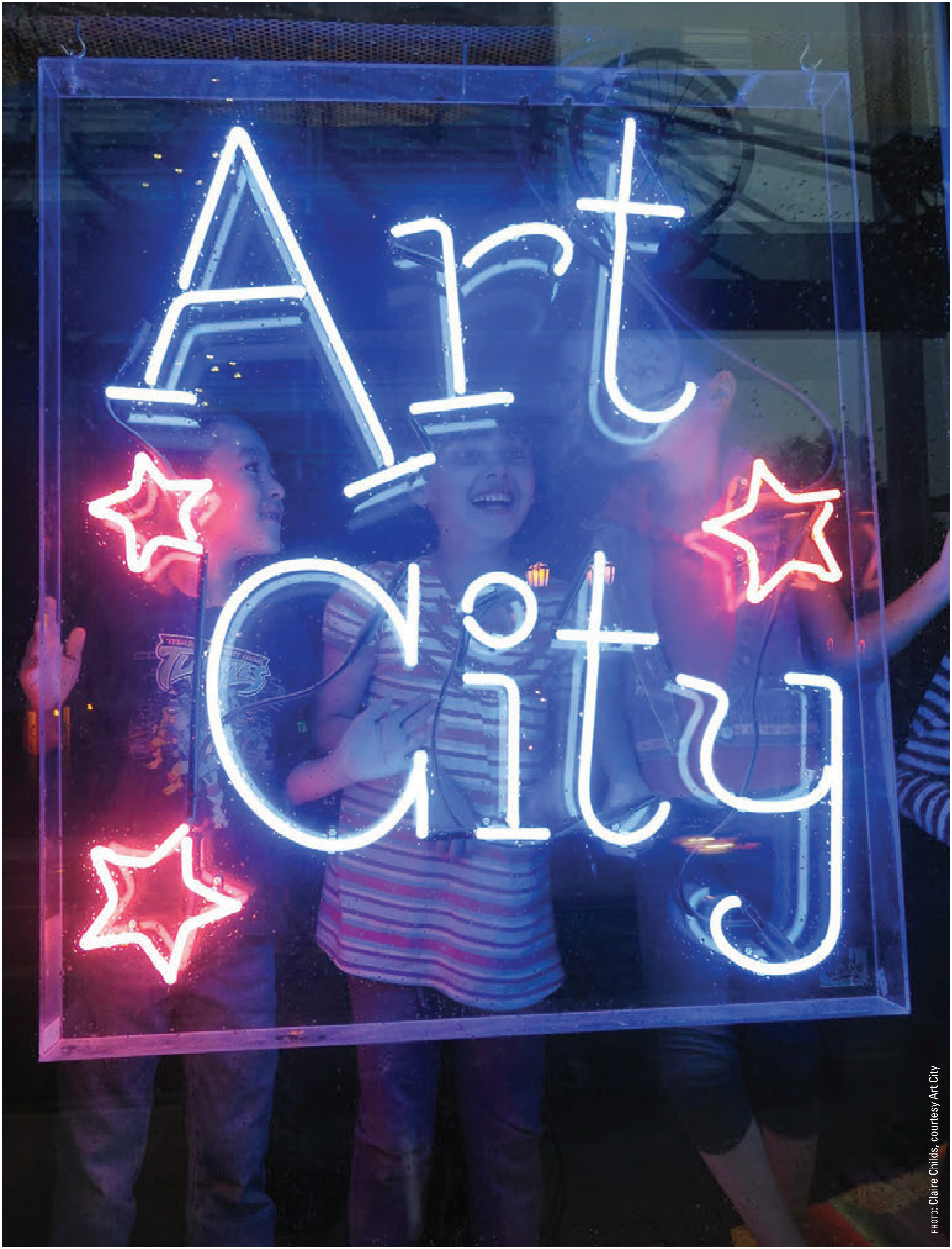


PHOTO: Claire Childs, courtesy Art City

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF OPERATIONS

Year ended December 31

	2015	2014
REVENUES		
City of Winnipeg	**$ 4,332,552**	$ 4,082,552
Arts Development	**36,411**	41,292
Other income	**8,231**	7,077
Interest income	**14,950**	20,961
	4,392,144	4,151,882
EXPENSES		
Program expenses (Schedule of Expenses)	**3,918,702**	3,694,469
Administrative expenses (Schedule of Expenses)	**504,002**	440,259
	4,422,704	4,130,308
OTHER PROJECTS		
Public Art revenues (Note 5)	**310,442**	420,680
Public Art expenses (Schedule of Expenses)	**(310,442)**	(420,680)
	-	-
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	**(30,560)**	17,154
AMORTIZATION	**(13,963)**	(13,963)
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES AFTER AMORTIZATION	**$ (44,523)**	$ 3,191

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Unrestricted	Invested in Capital Assets	Internally Restricted	**Total 2015**	Total 2014
Net assets, beginning of year	$ 121,500	$ 38,492	$ 227,294	**$ 387,286**	$ 454,095
Excess (deficiency) of revenues over expenses	(30,560)	(13,963)	-	**(44,523)**	3,191
Transfers (Note 6)	-	-	-	**-**	(70,000)
Net assets, end of year	$ 90,940	$ 24,529	$ 227,294	**$ 342,763**	$ 387,286

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENTS OF FINANCIAL POSITION

December 31

	2015	2014
ASSETS		
Current		
Cash	**$ 618,362**	$ 260,625
Term deposits	**975,000**	1,193,977
Receivables	**16,951**	1,232
Interest receivable	**4,707**	8,666
GST receivable	**5,664**	6,549
Prepaid expenses	**4,519**	4,527
	1,625,203	1,475,576
Equipment and leasehold improvements (Note 3)	**24,529**	38,492
	$ 1,649,732	$ 1,514,068
LIABILITIES		
Current		
Payables and accruals	**$ 6,500**	$ 6,000
Grant holdbacks (Note 4)	**103,041**	72,612
Deferred contributions (Note 5)	**1,197,428**	1,048,170
	1,306,969	1,126,782
NET ASSETS		
Unrestricted	**90,940**	121,500
Invested in Capital Assets	**24,529**	38,492
Internally Restricted (Note 6)	**227,294**	227,294
	342,763	387,286
	$ 1,649,732	$ 1,514,068

Commitment (Note 7)

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENTS OF CASH FLOWS

Year ended December 31

	2015	2014
Cash derived from (applied to)		
OPERATING		
Excess (deficiency) of revenues over expenses	**$ (44,523)**	$ 3,191
Amortization	**13,963**	13,963
	(30,560)	17,154
Change in non-cash working capital		
Receivables	**(15,719)**	(1,232)
Interest receivable	**3,959**	3,253
GST receivable	**885**	(2,924)
Prepaid expenses	**8**	10,267
Payables and accruals	**500**	(760)
Grant holdbacks	**30,429**	(27,087)
Deferred contributions	**149,258**	89,152
	169,320	70,669
INVESTING		
Redemption of term deposits	**1,093,977**	2,220,000
Purchase of term deposits	**(875,000)**	(1,973,977)
Transfer to Endowment Fund	**-**	(15,000)
Transfer to Cultural Capital of Canada Legacy Event	**-**	(55,000)
Purchase of equipment	**-**	(5,708)
	218,977	170,315
NET INCREASE IN CASH	**357,737**	258,138
CASH BALANCE		
Beginning of year	**260,625**	2,487
End of year	**$ 618,362**	$ 260,625

See accompanying notes to the financial statements

1. *Nature of Operations*

Winnipeg Arts Council Inc. (the Organization) funds, supports, and fosters development of the arts on behalf of the people of Winnipeg.

The Organization is an incorporated not-for-profit entity and is a registered charity under the Income Tax Act.

2. *Significant Accounting Policies*

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

a) Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the equipment and leasehold improvements over their estimated useful lives. The annual amortization rates and methods are as follows:

Office equipment	5 years Straight-line
Furniture and fixtures	10 years Straight-line
Computer equipment	3 years Straight-line

Amortization of leasehold improvements is recorded over the term of the lease.

b) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

d) Financial instruments

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, liquidity, market or price risks arising from its financial instruments.

3. Equipment and Leasehold Improvements

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Office equipment	**$ 6,574**	**$ 6,574**	**$ -**	$ -
Furniture and fixtures	**34,243**	**25,451**	**8,792**	12,217
Leasehold improvements	**104,258**	**89,425**	**14,833**	25,258
Computer equipment	**5,091**	**4,187**	**904**	1,017
	$ 150,166	**$ 125,637**	**$ 24,529**	$ 38,492

4. Grant Holdbacks

The Organization follows the policy of holding back a proportion of grants awarded in a year until certain completion criteria have been satisfied. Furthermore, some awards will be disbursed according to a cash flow schedule developed with the agreement of the recipient organizations. Accordingly, this account represents the award balances which will be disbursed in the future according to the specified guidelines.

At December 31, the composition of the holdbacks according to award category are as follows:

	2015	2014
Youth WITH ART	**$ 44,584**	41,732
Project grants	**9,450**	17,880
Arts Development	**28,507**	11,000
Individual artist grants	**19,000**	2,000
Professional Development grants	**1,500**	-
	$ 103,041	$ 72,612

5. Deferred Contributions

Deferred contributions represent restricted funding and unspent externally restricted resources which relate to the subsequent year.

Public Art relates to the design and execution of particular artworks to be created in public areas of Winnipeg. The commissioning and installation of public art projects is a multi-year process. This project is supported by a specified allocation from the City of Winnipeg. Financial support to individual artists is awarded on the recommendations of juries selected by the Organization.

5. *Deferred Contributions (continued)*

		2015		2014
Public Art				
Contributions				
City of Winnipeg		**459,700**		509,832
Transferred to revenue		**(310,442)**		(420,680)
Increase during the year		**149,258**		89,152
Deferred contributions, beginning of year		**1,048,170**		959,018
Deferred contributions, end of year	**$**	**1,197,428**	$	1,048,170

The following provides a breakdown by project of the unexpended balance:

		2015		2014
Public Art Projects				
Air Canada Park	**$**	**311,165**	$	-
Broadway Light-based Sculptures		**254,278**		292,338
WITH ART: Community Arts Projects		**187,665**		157,785
Windsor Park Library		**140,854**		-
South Sherbrook/Cornish Library		**137,900**		-
Public Art Contingency		**73,410**		56,639
Artist in Residence		**41,108**		60,076
Norwood Grove Biz		**39,000**		-
Public Education and Outreach		**12,048**		8,225
Tache Promenade		**-**		202,000
East Exchange Artist/Writer		**-**		115,000
Centre Venture Streetscaping		**-**		60,000
Adsum Park		**-**		37,291
Year of Urban Idea		**-**		23,408
St. Vital Duck Pond		**-**		16,698
Yellow Ribbon Greenway		**-**		15,000
Snow Maze		**-**		2,974
Transcona Performance		**-**		736
	$	**1,197,428**	$	1,048,170

6. *Net Assets*

Internally Restricted Net Assets

		2015		2014
Cash flow assistance	**$**	**100,000**	$	100,000
Internally restricted net assets		**127,294**		127,294
	$	**227,294**	$	227,294

The allocation for cash flow assistance was made in order to provide cash flow assistance to client organizations until such time as operating grants for their use have been received by Winnipeg Arts Council Inc. from the City of Winnipeg.

6. Net Assets (continued)

The allocation for internally restricted net assets is available for the development of new programs at the discretion of the Board of Directors and to finance future projects to engage the overall community in support of the arts in the City of Winnipeg.

Unrestricted Net Assets

The Organization considers its capital to be the balance maintained in its restricted net assets. Capital is utilized under the direction of the Board of Directors. The primary objective of the Organization is to invest its capital in a manner that will allow it to continue as a going concern.

In the current year the Organization budgeted for the use of unrestricted net assets in order to assist with the anticipated deficit from operations.

7. Commitment

The Organization's rent is an annual cost of $51,840. The lease expires June 15, 2017 and has not been renewed.

8. Economic Dependence

The volume of financial activity undertaken by the Organization with its main funding body is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

9. Endowment Fund

In 2011, the Organization established an Endowment Fund through a $20,000 contribution to be held in perpetuity at The Winnipeg Foundation. Interest revenue earned by this fund is available to the Organization annually to support general operations. As of December 31, 2015, the Organization's cumulative contributions to the Endowment Fund totaled $35,000 (2014 - $35,000) with a cumulative matching grant contribution of $18,732 (2014 - $18,316) from The Winnipeg Foundation. The market value of the Endowment Fund at December 31, 2015 is $73,991 (2014 - $69,790).

WINNIPEG ARTS COUNCIL INC.

SCHEDULE OF EXPENSES

Year ended December 31

		2015		2014
PROGRAM EXPENSES				
Operating grants	**$**	**3,367,140**	$	3,172,050
Project grants		**128,500**		119,800
Individual artist grants		**184,200**		170,200
Professional development grants		**48,500**		35,750
Arts Development		**106,031**		123,320
Youth WITH ART grants		**50,000**		50,000
Jury honoraria and expenses		**22,482**		15,028
Translation services		**5,599**		2,071
Carol Shields Winnipeg Book Award		**6,250**		6,250
	$	**3,918,702**	$	3,694,469
ADMINISTRATIVE EXPENSES				
Board and committee meetings	**$**	**6,727**	$	4,776
Hospitality and promotion		**6,015**		4,126
Professional and consultant fees		**14,721**		14,814
Professional development, membership and conferences		**9,006**		5,770
Rent		**52,074**		51,183
Salaries and benefits		**377,725**		330,736
Supplies and other office expenses		**32,069**		23,264
Telecommunications		**5,665**		5,590
	$	**504,002**	$	440,259
PUBLIC ART EXPENSES				
Administration	**$**	**75,000**	$	75,000
Artists proposal expenses		**23,829**		7,391
Commission fees		**128,480**		275,846
Consultation		**26,338**		18,691
Jury honoraria and expenses		**2,467**		7,450
Maintenance		**-**		1,231
Public education		**31,629**		20,036
Research, planning and marketing		**22,699**		15,035
	$	**310,442**	$	420,680

See accompanying notes to the financial statements

PHOTO: Ginette Manaigre, courtesy Tourism Winnipeg.

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

December 31

	2015	2014
ASSETS		
Current assets		
Cash	**$ 58,298**	$ 44,137
GST receivable	**220**	1,120
Prepaid expenses	**5,498**	3,324
	$ 64,016	$ 48,581
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 120**	$ 207
NET ASSETS		
Unrestricted	**63,896**	48,374
	$ 64,016	$ 48,581

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

Year ended December 31

		2015		2014
REVENUE				
City of Winnipeg operating grant	**$**	**79,315**	$	79,315
EXPENDITURES				
Administrative		**9,475**		11,008
Development and research		**13,379**		21,002
Foundation donation		**20,000**		20,000
Language and literacy grants		**5,000**		3,000
Promotion, advertising, and community outreach		**5,939**		7,482
Sponsorship		**10,000**		10,000
		63,793		72,492
EXCESS OF REVENUE OVER EXPENDITURES	**$**	**15,522**	$	6,823

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2015	2014
Net assets, beginning of year	**$ 48,374**	$ 41,551
Excess of revenue over expenditures	**15,522**	6,823
Net assets, end of year	**$ 63,896**	$ 48,374

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

December 31

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 15,522**	$ 6,823
Change in non-cash working capital:		
GST receivable	**900**	(229)
Prepaid expenses	**(2,174)**	(3,324)
Accounts payable	**(87)**	207
Change in cash	**14,161**	3,477
CASH, beginning of year	**44,137**	40,660
CASH, end of year	**$ 58,298**	$ 44,137

WINNIPEG PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. *Purpose of the Organization:*

The Winnipeg Public Library Board (the "Organization") was established through the enactment of a City of Winnipeg by-law to provide guidance with respect to improving the City's library system. It is a not-for-profit organization that is exempt from income tax under provisions of the *Income Tax Act* .

2. *Significant accounting policies:*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements have been prepared using the following accounting policies:

a) Critical accounting estimates and judgments-

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgements, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Financial instruments-

Except for certain related party transactions, financial instruments are measure at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in the difference between revenues and expenses for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs

2. Significant accounting policies (continued):

that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures cash and accounts payable and accrued liabilities amortized cost.

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest of principal payments in determining whether objective evidence of impairment exists. Impairment is included in the difference between revenues and expenses.

c) Revenue recognition-

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses occur. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenue is recognized when incurred and when collection can be reasonably assured.

As is common with many not-for-profit organizations, the Organization receives contributions in the form of goods and services. Because of the difficulty of determining their value, contributed goods and services are not recognized in the financial statements.

d) Capital assets-

The average annual revenues recognized in the statement of operations for the current and preceding period of the Organization was less than $500,000. Since the organization met criteria for small not-for-profit organizations, it does not record the acquisition of capital assets. These acquisitions are expensed at the date of acquisition. No capital assets were acquired or expensed in the statement of operations (2014 - $nil).

3. Economic dependence:

The organization is dependent on the City of Winnipeg as its primary source of revenue. Should this funding substantially change, management is of the opinion that continued viable operations would be doubtful.

4. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

4. Risk management (continued):

Liquidity risk -

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main source of liquidity is its operations. The funds are primarily used to finance working capital requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.


PHOTO: William Au, courtesy Tourism Winnipeg

ASSINIBOINE PARK CONSERVANCY INC.

BALANCE SHEET

December 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and short-term investments	**$ 9,517,084**	$ 11,078,980
Accounts receivable	**210,834**	207,214
Government remittances receivable	**7,898**	218,659
Provincial grants and tax credits receivable	**328,081**	847,099
Inventory	**284,682**	206,776
Prepaid expenses	**327,961**	338,550
	10,676,540	12,897,278
CAPITAL ASSETS (Note 3)	**103,829,336**	107,415,851
ART COLLECTIONS (Note 4)	**13,776,544**	13,702,402
EMPLOYEE BENEFITS RECEIVABLE (Note 5)	**417,184**	437,994
	$ 128,699,604	134,453,525
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 2,410,347**	$ 6,899,404
Deferred contributions - operating (Note 6)	**451,017**	340,315
Notes payable (Note 7)	**9,610,000**	20,900,000
Current portion of long-term debt (Note 8)	**382,000**	382,000
	12,853,364	28,521,719
DEFERRED CONTRIBUTIONS - OPERATING (Note 6)	**305,428**	380,428
DEFERRED CONTRIBUTIONS - CAPITAL (Note 9)	**100,695,072**	91,365,630
LONG-TERM DEBT (Note 8)	**868,244**	1,250,244
ACCRUED EMPLOYEE BENEFITS (Note 5)	**186,017**	206,827
	114,908,125	121,724,848
COMMITMENTS (Note 14)		
NET ASSETS		
Restricted (Notes 2(c) and 4)	**13,776,544**	13,702,402
Unrestricted	**14,935**	(973,725)
	13,791,479	12,728,677
	$ 128,699,604	$ 134,453,525

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENTS OF OPERATIONS

For the Year ended December 31, 2015

	2015	2014
REVENUE		
City of Winnipeg (Note 10)	**$ 11,376,000**	$ 12,207,000
Other operating grants	**230,028**	206,776
Gifts and sponsorships	**809,998**	459,337
Amortization of deferred contributions	**7,648,476**	5,280,426
Park revenues	**12,076,478**	10,115,966
	32,140,980	28,269,505
Direct costs of park revenues (Note 10)	**6,374,167**	6,234,667
	25,766,813	22,034,838
EXPENSE		
Administration (Note 10)	**1,505,925**	1,661,894
Interest	**405,533**	349,611
Amortization of capital assets	**6,962,750**	5,302,901
Insurance	**208,268**	160,926
Operations (Note 10)	**2,548,040**	2,388,558
Utilities (Note 10)	**964,150**	1,093,434
Wages, benefits and contract services (Note 10)	**12,177,995**	11,944,474
	24,772,661	22,901,798
EXCESS OF REVENUE OVER EXPENSE (EXPENSE OVER REVENUE) (Note 7(b))	**$ 994,152**	$ (866,960)

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENTS OF CHANGES IN NET ASSETS

Year ended December 31, 2015

	Restricted Net Assets	Unrestricted Net Assets	**2015 Total**	2014 Total
Balance, beginning of year	**$ 13,702,402**	**$ (973,725)**	**$ 12,728,677**	$ 13,435,787
Gift of art (Note 4)	**68,650**	**-**	**68,650**	159,850
Excess of revenue over expense (expense over revenue)	**-**	**994,152**	**994,152**	(866,960)
Interfund transfers (Note 13)	**5,492**	**(5,492)**	**-**	-
Balance, end of year	**$ 13,776,544**	**$ 14,935**	**$ 13,791,479**	$ 12,728,677

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENTS OF CASH FLOWS

For the Year ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expense		
(expense over revenue)	**$ 994,152**	$ (866,960)
Items not affecting cash:		
Amortization of capital assets	**6,962,750**	5,302,901
Amortization of deferred contributions	**(7,648,476)**	(5,280,426)
	308,426	(844,485)
Changes in non-cash operating working capital items:		
Accounts receivable	**(3,620)**	(52,836)
Government remittances receivable	**210,761**	32,606
Provincial grant and tax credits receivable	**519,018**	(847,099)
Construction advance receivable	**-**	2,189,821
Inventory	**(77,906)**	(28,791)
Prepaid expenses	**10,589**	11,972
Accounts payable and accrued liabilities	**(4,489,057)**	(2,117,811)
Deferred contributions - operating	**35,702**	35,408
	(3,486,087)	(1,621,215)
FINANCING ACTIVITIES		
Deferred contributions - capital	**16,977,918**	24,735,181
Proceeds from notes payable	**-**	7,000,000
Repayment of notes payable	**(11,290,000)**	-
Repayment of long-term debt	**(382,000)**	(382,000)
Change in employee benefits receivable	**20,810**	94,531
Change in accrued employee benefits	**(20,810)**	(94,531)
	5,305,918	31,353,181
INVESTING ACTIVITY		
Acquisition of capital assets	**(3,376,235)**	(28,683,736)
Acquisition of art collections	**(5,492)**	-
	(3,381,727)	(28,683,736)
NET (DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	**(1,561,896)**	1,048,230
CASH AND SHORT-TERM INVESTMENTS, beginning of year	**11,078,980**	10,030,750
CASH AND SHORT-TERM INVESTMENTS, end of year	**$ 9,517,084**	$ 11,078,980

1. Description of Assiniboine Park Conservancy Inc. ("The Conservancy")

On July 16, 2006 Winnipeg City Council adopted a new governance model for Assiniboine Park ("the Park"), which called for the establishment of a not-for-profit entity to oversee the operation and development of the Park for the benefit of the community. Under the new governance model, Assiniboine Park Conservancy Inc. (the "Conservancy") was created on April 17, 2008 with an independent Board of Directors, appointed with representation from all three levels of government and the private sector, to govern at arm's length from the City of Winnipeg ("the City").

Through a fifty year Lease and Funding Agreement with the Conservancy, which came into effect on October 1, 2010, the City retains ownership of the Park and all of its assets. Under this agreement, the City provides an annual grant to support the operation and maintenance of the Park and is committed to a 25% share of the cost of major capital redevelopment of Park attractions and amenities. It is intended that the Province of Manitoba, the federal government and the private sector will also be partners in the redevelopment over the next 4 to 5 years.

The Conservancy became a registered charity under the Income Tax Act on January 1, 2009 and is exempt from income taxes.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition

The Conservancy follows the deferral method of accounting for revenues. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted revenues are recognized in accordance with the restrictions placed on them by the funder.

Unrestricted gifts are recognized as revenue in the period in which the gifts are received. Gifts that are restricted by the donor are deferred, and then recognized in the year in which the related restriction is met.

Pledges receivable from donors have not been recognized in these financial statements.

Park revenues, which include revenues from zoo admissions, food, beverage and retail sales, education programming, hosting of private functions and public fundraisers, are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

2. *Significant Accounting Policies (continued)*

b) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. Amortization is recorded on a straight-line basis over the assets estimated useful life as follows:

Park facility improvements	10 - 40 years
Grounds improvements	5 - 20 years
Park equipment and systems	5 - 20 years
Moving equipment	5 - 15 years

Park facility improvements include new buildings and exhibits, and major improvements to existing buildings and exhibits in the Park. Grounds improvements include major improvements to roadways, parking lots, landscaping, lighting, pathways and signage. Park equipment and systems include information technology, security and safety systems, temporary structures, computer equipment, office furniture and fixtures, playground equipment, benches, picnic tables and other Park equipment, retail equipment and minor improvements to existing buildings. Moving equipment includes grounds maintenance and sanitation equipment, the Park vehicle fleet and people movers.

Construction in progress includes the costs associated with the construction of new Park facilities, grounds improvements and major upgrades to existing facilities within the Park. Amortization of these assets will commence when the asset is determined to be ready for use and put into service.

c) Art collections

Art collections gifted to the Conservancy are recorded at their appraised fair market values at the date of the gift. Art collections that are purchased by the Conservancy are recorded at the cost of the purchase. The art collections are capitalized on the balance sheet and no amortization is recorded.

The Conservancy is precluded from selling the art in the legacy collections. Should artwork be damaged or stolen, the proceeds of an insurance claim would either be used to restore the artwork, to acquire new pieces of art for the collection or for the direct care of the remaining collection.

d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Conservancy subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Conservancy recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an

2. Significant Accounting Policies (continued)

event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates included in these financial statements are the determination of the useful lives of the capital assets and the amount of the employee benefits receivable and accrued employee benefits. Actual results could differ from these estimates.

3. Capital Assets

	2015			2014
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Park facility improvements	**$ 90,393,288**	**$ 7,564,385**	**$ 82,828,903**	$ 84,877,253
Grounds improvements	**10,708,533**	**3,069,184**	**7,639,349**	7,559,766
Park equipment and systems	**18,667,441**	**7,858,852**	**10,808,589**	12,945,188
Moving equipment	**1,390,840**	**497,684**	**893,156**	886,151
Construction in progress	**1,659,339**	**-**	**1,659,339**	1,147,493
	$ 122,819,441	**$ 18,990,105**	**$ 103,829,336**	$ 107,415,851

Included park facility improvements is capitalized interest of $412,763 (2014 - $412,763). The cost of the park facility improvements are net of geothermal tax credits receivable of $328,081 (2014 - $nil).

The Province of Manitoba has a $30 million investment in the Leatherdale International Polar Bear Conservation Centre ("LIPBCC") and Polar Bear Facilities, which include the Gateway to the Artic Building, the Animal Holding and Filtration System Building and the Polar Plunge. As a result, the Province's $30 million investment in these capital assets do not appear on the Conservancy's balance sheet.

The Conservancy and the Province have three continuing agreements which related to the provincially owned buildings. A long-term Ground Sublease Agreement provides the Province with a sublease on the land on which the LIPBCC and the Polar Bear Facilities are located within the Park. An Operations Agreement gives the Conservancy responsibility for operating these buildings. Under the Operations Agreements, the Province will provide future capital funding for required capital repairs and replacements to the LIPBCC and the Polar Bear Facilities to ensure that it continues to meet the standards of the Province over the term of the Ground Sublease Agreement. Under an Insurance Agreement, the Province has assumed responsibility for providing insurance for the LIPBCC and the Polar Bear Facilities.

4. Art Collections

The art collections include approximately 4,071 works of art held for public exhibition and education. The art collections include the works of Ivan Eyre, Walter J. Phillips, Clarence Tillenius, E.H. Sheppard's portrait of Winnie the Pooh and A.A. Milne's book, titled "Now We are Six". For the year ending December 31, 2015, the Conservancy was the recipient of gift-in-kind donations valued at $68,650 plus Retail Sales Tax of $5,492 that increased the art collections. The Conservancy did not dispose of any works of art during the year ending December 31, 2015.

4. Art Collections (continued)

		2015		2014
Legacy art collections	**$**	**13,559,652**	$	13,559,652
Other art collections		**216,892**		142,750
	$	**13,776,544**	$	13,702,402

5. Employee Benefits Receivable and Accrued Employee Benefits

Under the Lease and Funding Agreement between the Conservancy and the City, the City is responsible for funding all labour costs associated with CUPE 500 members who were previously employed by the City in Assiniboine Park Zoo and the Conservatory.

Accordingly, included in the employee benefits receivable is an amount due from the City of $231,167 which represents the vacation pay earned by CUPE 500 employees while they were employed by the City to September 30, 2010.

Under the collective agreements with CUPE 500, employees are also entitled to certain employee benefit payouts on retirement, which will be honored by the Conservancy at a future date when these employees retire.

Included in the employee benefits receivable is an amount of $186,017 which represent the amount due from the City to fund a sick pay severance liability payable to these employees as of September 30, 2010. Also recorded is the corresponding long-term liability to these employees which will be paid out to them upon retirement. It is expected that insignificant payouts to employees will occur in 2016 and therefore the receivable and liability are both recorded as long-term.

		2015		2014
Vacation pay receivable	**$**	**231,167**	$	231,167
Sick pay severance receivable		**186,017**		206,827
	$	**417,184**	$	437,994

6. Deferred Contributions - Operating

The balance in current deferred contributions - operating at December 31, 2015 represents $365,675 (2014 - $251,098) of externally designated funds to be used to offset 2016 operating costs, $75,000 (2014 - $65,993) of externally designated funds to be used to offset 2016 repairs and maintenance in Leo Mol Gardens and $10,342 (2014 - $23,224) of funds to be used to offset 2016 costs of conservation and research activities. The balance of Leo Mol Sculpture Garden funds of $305,428 (2014 - $380,428) that are not expected to be spent in 2016 are reflected as long term deferred contributions.

7. Notes Payable

a) The Conservancy arranged a loan facility with a financial institution for up to $17 million loan facility for the purpose of bridge financing the construction of the Journey to Churchill. As at December 31, 2015, the amount owing on the loan is $9,610,000 (2014 - $17,000,000). The demand loan is secured by a guarantee signed by the City and on expiration of the guarantee is repayable in full by December 31, 2016. The Conservancy has formally requested that the City extend the loan guarantee from January 1, 2017 to December 31, 2018 in a minimum amount of $7 million. The Conservancy anticipated the City will renew its guarantee as requested (Note 16).

7. Notes Payable (continued)

b) In 2014, the Conservancy arranged for an increase of $1 million to the loan facility to provide financing for an operating line of credit. In 2014, the City and the Conservancy agreed to the deferral of $1 million of the operating grant to which the Conservancy was originally entitled under the Lease and Funding Agreement. As a result, the Conservancy budgeted for and incurred an operating deficit of approximately $1 million in 2014. In 2015, the City advanced a $1 million grant in addition to the Conservancy's 2015 baseline grant entitlement to repay the line of credit and eliminate the 2014 accumulated deficit. The loan was fully repaid in April 2015. This is demand loan was secured by a guarantee signed by the City, which expired on December 31, 2015. Interest on both loans is at prime less 0.75%

c) In 2011, the Province of Manitoba advanced the Conservancy $2,900,000 to provide cash flow for the Journey to Churchill. The advance is secured by a $2,900,000 promissory note bearing interest at prime plus 0.25%, compounded monthly, with no monthly repayments. The note was fully repaid in July 2015.

Required principal repayments on notes payable of $9,610,000 are due on demand in the upcoming year.

8. Long-Term Debt

In 2013, the Conservancy entered into an agreement with Manitoba Hydro to finance the first phase of the park's underground electrical service which was required as part of the Journey to Churchill project. The loan bears interest at 3.65% and has a 70 month term ending in February 2019. Interest on the loan is payable monthly and an aggregate annual principal repayment ranging from $250,000 to $274,747 is required in January of each fiscal year.

In 2013, the Conservancy entered into an agreement with a private company to finance the cost of new trailers acquired to provide administrative offices for Conservancy staff. The loan is interest free and is repayable in monthly payments of $11,000 ending in May 2017.

	2015	2014
Manitoba Hydro loan payable	**$ 1,064,748**	$ 1,314,748
Equipment loan payable	**185,496**	317,496
	1,250,244	1,632,244
Less: Current portion	**(382,000)**	(382,000)
	$ 868,244	$ 1,250,244

Scheduled principal payments on long-term debt, in each of the next four years are as follows:

2016	$ 382,000
2017	323,497
2018	270,000
2019	274,747

9. Deferred Contributions - Capital

During the year, the Conservancy received contributions totaling $16,977,918 (2014 - $24,735,181) related to designated capital projects. These restricted contributions are deferred and recognized as revenue on the same basis as the amortization expense related to the designated capital projects.

	2015	2014
Balance, beginning of year	**$ 91,365,630**	$ 71,910,875
Contributions received	**16,977,918**	24,735,181
Amortization of deferred contributions	**(7,648,476)**	(5,280,426)
Balance, end of year	**$ 100,695,072**	$ 91,365,630

Pledges made by donors are not recognized as contributions until received from the donor in cash or in kind.

10. City of Winnipeg

The City of Winnipeg is a significant operating partner of the Conservancy, providing the majority of its operating funding in 2015 through an annual operating grant. The City has also committed to providing a 25% investment in the capital redevelopment of Assiniboine Park, as described in Note 1, and provides an annual capital grant for the capital refurbishment of existing buildings, exhibits and amenities in the Park. A summary of the City of Winnipeg account balances and transactions as at and for the year ending December 31, 2015 are as follows.

City of Winnipeg balances

As described in Note 5, as at December 31, 2015, the Conservancy has a long-term receivable of $417,184 (2014 - $437,994) from the City relating to employee benefits for CUPE 500 employees who were previously employed by the City.

Included in accounts payable and accrued liabilities at December 31, 2015, are amounts due to the City of $346,672 (2014 - $385,978).

City of Winnipeg transactions

During the year, the Conservancy recognized funding received from the City of Winnipeg into operating revenue of $11,376,000 (2014 - $12,207,000).

Included in capital assets for the year ending December 31, 2015 are amounts capitalized of $13,154 (2014 - $25,154) relating to roadway signage and benches which were purchased from the City.

Additionally, during the year, the Conservancy received capital contributions of $5,282,000 (2014 - $13,333,000) from the City of Winnipeg. These amounts have been included as deferred contributions - capital, on the balance sheet, and are recognized into revenue consistent with the amount of amortization calculated on the capital assets that the funding was used to acquire.

Included in direct costs of park revenues are advertising costs paid to the City of $14,567 (2014 - $15,963).

Included in administration expense are licenses, land lease and human resource costs paid to the City of $4,034 (2014 - $5,032). Included in operations expense are waste disposal, horticulture, maintenance and fleet costs paid to the City of $82,603 (2014 - $85,294). Included in utilities expense are water costs paid to the City of $231,657 (2014 - $231,488). Included in wages, benefits and contract services are pension plan benefit costs paid to the City of $238,594 (2014 - $244,420).

11. Endowments Held by the Winnipeg Foundation

The Conservancy is the beneficiary of five endowment funds, held and controlled by the Winnipeg Foundation, as of December 31, 2015. The Winnipeg Foundation retains title to the investments and receives a management fee not to exceed one-half percent of the opening market value of the contributed capital in the Funds at October 1 each year. The Conservancy receives an annual income distribution based on the Foundation's income distribution policy, net of the management fee and investment fees.

The market value of the Funds held on behalf of the Conservancy by The Winnipeg Foundation at December 31 are as follows:

		2015		2014
Lyric Program Fund	**$**	**80,870**	$	79,503
Assiniboine Park Bandshell Inc. Fund		**269,317**		264,746
Assiniboine Park Zoo Endowment Fund		**20,232**		19,889
Leo Mol Sculpture Garden Fund		**216,716**		197,671
Assiniboine Park Conservancy Fund		**31,315**		29,420
	$	**618,450**	$	591,229

The purpose of the Lyric Program Fund and the Assiniboine Park Bandshell Inc. Fund is to provide income to support the operation and ongoing maintenance of the Lyric Theatre. The purpose of the Assiniboine Park Zoo Endowment Fund is to provide income to support the operation and on-going maintenance of Assiniboine Park Zoo. The purpose of the Leo Mol Sculpture garden Fund is to upkeep, maintain and sustain the Leo Mol Sculpture Garden located within the Assiniboine Park. The Assiniboine Park Conservancy Fund is designated as a general fund whose income is to be used at the discretion of the Board of Directors of the Conservancy.

During the year, the Winnipeg Foundation distributed $33,000 (2014 - $10,019) in income to the Conservancy from these Funds. In addition, $15,255 (2014 - $6,378) in income for the Leo Mol Sculpture Fund was capitalized.

12. Capital Management

The objective of the Board of Directors of Assiniboine Park Conservancy Inc., when managing capital, is to safeguard the ability of the Conservancy to continue as a going concern. The Board of Directors considers capital management in two components: First, for the Conservancy's capital activities, capital is raised through government contributions and private sector fundraising. Authorization of capital projects is provided as funding for each redevelopment project is confirmed. Second, for the Conservancy's operating activities, the Board seeks to operate with a modest surplus annually so that sufficient net assets are retained to manage the risk inherent in the Conservancy's expanding operations. The Board of Directors manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no significant changes to the Board's capital management policy during the past year.

13. Non-Monetary Transactions

During the year, the Conservancy received amounts for operating purposes of $35,279 (2014 - $27,709) without consideration. The Conservancy also received a gift of fine art without consideration which were capitalized as art collections of $68,650 (2014 - $159,850). The conservancy self-assessed and paid the Manitoba Retail Sales Tax of $5,492, which is reflected in the Statement of Changes in Net Assets as an interfund transfer from Unrestricted Net Assets to Restricted Net Assets.

The transactions were recorded at the fair value of the goods or services received.

14. Commitments

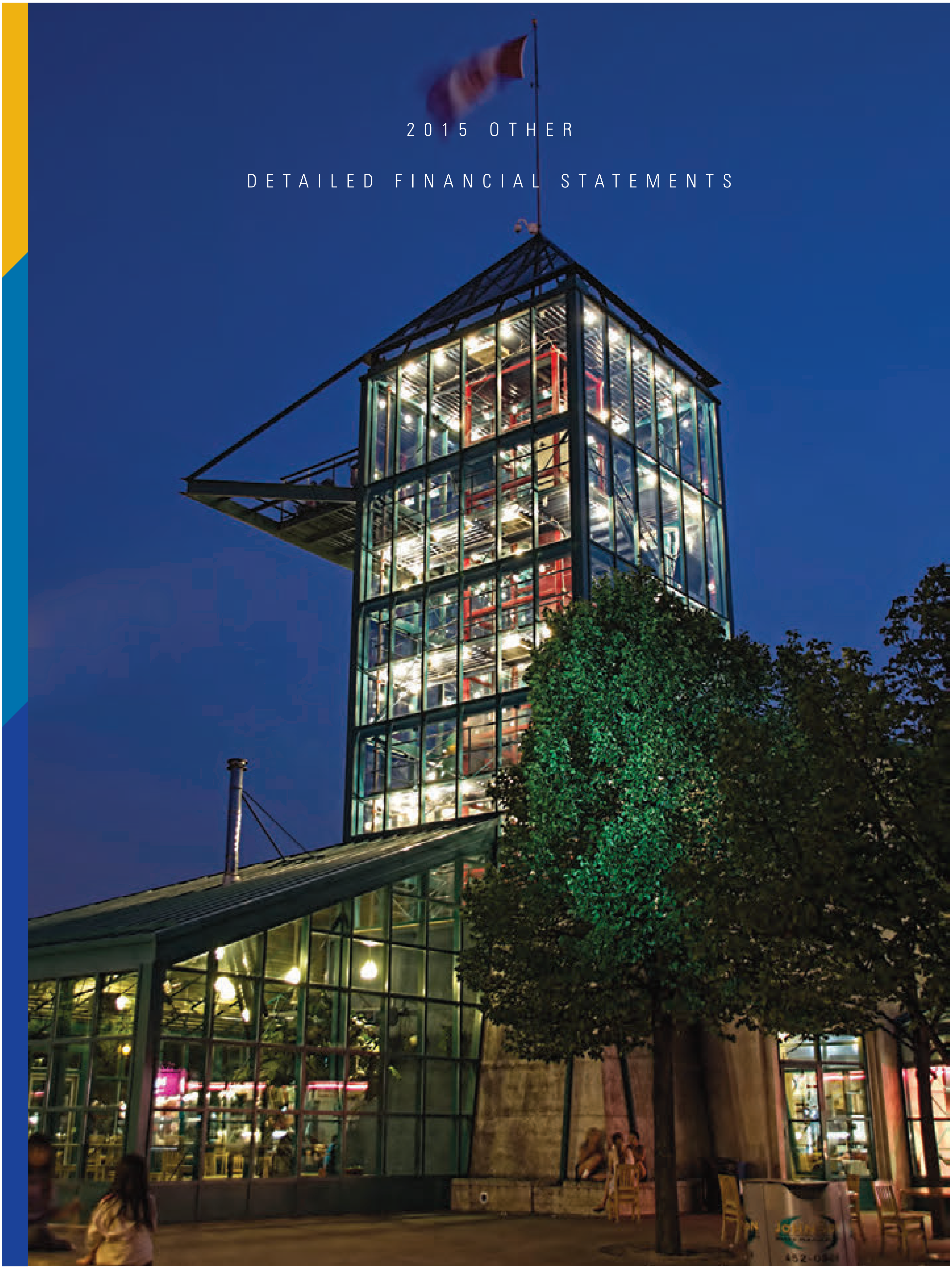
The Conservancy has numerous capital contractual agreements with companies for ongoing capital projects at the Park. Total contract values committed to under signed agreements as at December 31, 2015 is $458,000 (2014 - $252,850). These amounts are to be paid over the construction period of the projects which are expected to be ready for use in future years.

15. Contingencies

As at December 31, 2015, the Conservancy is seeking compensation from an insurance company under an event cancellation policy. Management is not able to estimate the possible settlement amount from this matter, and therefore no adjustment or recoverable amount has been recorded in the financial statements.

16. Subsequent Event

On March 22, 2016, City Council approved the extension of the guarantee on the Journey to Churchill loan to December 31, 2018. On March 22, 2016, City Council also approved a new guarantee in the amount of $500,000 to provide the Conservancy with an operating line of credit for operational cash flow management purposes. The terms and conditions of these loan guarantees are to be determined by the City's administration.


2015 OTHER
DETAILED FINANCIAL STATEMENTS

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015 with comparative information for 2014

	2015	2014
ASSETS		
Current assets:		
Cash	**$ 728,528**	$ 1,133,432
Investments (Note 3)	**845,969**	841,953
Accounts receivable	**77,947**	71,165
Prepaid expenses	**139,368**	89,604
	1,791,812	2,136,154
Capital assets (Note 4)	**75,867**	45,451
	$ 1,867,679	$ 2,181,605
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 190,046**	$ 134,578
Deferred rent	**8,318**	18,299
Deferred contributions:		
Future expenses (Note 5)	**229,605**	590,826
	427,969	743,703
Net assets:		
Invested in capital assets	**75,867**	45,451
Unrestricted	**564,990**	563,519
Internally restricted:		
Appropriated for Yes! Winnipeg initiative reserve (Note 6)	**110,000**	153,500
Appropriated for contingency reserve (Note 6)	**688,853**	675,432
	1,439,710	1,437,902
Commitments (Note 7)		
	$ 1,867,679	$ 2,181,605

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31, 2015 with comparative information for 2014

	2015	2014
REVENUE		
Funding:		
The City of Winnipeg	**$ 2,394,129**	$ 2,248,292
Province of Manitoba	**1,412,000**	1,412,000
Partnerships and investors contributions	**1,473,533**	1,537,787
Interest	**15,596**	18,472
	5,295,258	5,216,551
EXPENDITURES		
Initiatives and marketing	**1,560,371**	1,386,707
Personnel	**3,191,301**	3,219,402
Administrative	**315,518**	298,531
Occupancy and facilities	**226,260**	226,867
	5,293,450	5,131,507
EXCESS OF REVENUE OVER EXPENDITURES	**$ 1,808**	$ 85,044

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2015, with comparative information for 2014

	Unrestricted			**Internally restricted**			
	Invested in Capital Assets	**Operating**	**Yes! Winnipeg Initiative**	**Contingency Reserve**	**Yes! Winnipeg Initiative Reserve**	**2015 Total**	2014 Total
Balances, beginning of year	**$ 45,451**	**$ 368,573**	**$ 194,946**	**$ 675,432**	**$ 153,500**	**$ 1,437,902**	$ 1,352,858
Excess (deficiency) of revenue over expenditures	**(31,253)**	**272,915**	**(239,854)**	**-**	**-**	**1,808**	85,044
Transfer of funds for internally restricted purposes (Note 7)	**-**	**(13,421)**	**43,500**	**13,421**	**(43,500)**	**-**	-
Transfer to Yes! Winnipeg initiative	**-**	**(132,996)**	**132,996**	**-**	**-**	**-**	-
Transfer for acquisition of capital assets	**61,669**	**(61,669)**	**-**	**-**	**-**	**-**	-
Balances, end of year	**$ 75,867**	**$ 433,402**	**$ 131,588**	**$ 688,853**	**$ 110,000**	**$ 1,439,710**	$ 1,437,902

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2015 with comparative information for 2014

	2015	2014
Cash provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 1,808**	$ 85,044
Items not involving cash:		
Amortization of capital assets	**31,253**	30,648
Amortization of deferred rent	**(9,981)**	4,990
Change in non-cash operating working capital:		
Accounts receivable	**(6,782)**	10,535
Prepaid expenses	**(49,764)**	(4,966)
Accounts payable and accrued liabilities	**55,468**	22,333
Net increase (decrease) in deferred contributions - future expenses	**(361,221)**	12,763
	(339,219)	161,347
CAPITAL ACTIVITIES		
Purchase of capital assets	**(61,669)**	(16,027)
INVESTING ACTIVITIES		
Investments, net	**(4,016)**	(305,578)
DECREASE IN CASH	**(404,904)**	(160,258)
CASH, beginning of year	**1,133,432**	1,293,690
CASH, end of year	**$ 728,528**	$ 1,133,432

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2015

1. General:

Economic Development Winnipeg Inc. (EDW or the Organization) is the City of Winnipeg's lead organization for economic development and tourism development. EDW is an arm's length organization led by an independent private sector Board of Directors appointed by the members. The City of Winnipeg and the Province of Manitoba are the members and provide core funding to the Organization.

EDW facilitates investment promotion and attraction, capacity building, marketing and the management of market information. EDW leads global investment attraction, and local business retention and expansion, with its Yes! Winnipeg initiative. EDW is also responsible for the City's tourism development activities, which it orchestrates through its Tourism Winnipeg division. Its mission is to facilitate a healthy, prosperous, responsible and fully integrated tourism industry that enhances Winnipeg's economic growth.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the Statement of Revenue and Expenditures.

The Organization did not incur any remeasurement gains and losses during the year ended December 31, 2015 (2014 - nil) and therefore a statement of remeasurement gains and losses is not required to be included in these financial statements.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Revenue and Expenditures and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

2. *Significant accounting policies (continued):*

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the Statement of Revenue and Expenditures.

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis to amortize the cost of the assets less their residual values over their estimated useful lives as follows:

Asset	Rate
Computer hardware and software	2 - 3 years
Office furniture and fixtures	5 years
Leasehold improvements	Over the term of the related lease

d) Deferred rent:

As part of the Organization's operating premises lease, a period of free rent was incurred and is being amortized over the term of the related lease. This lease also has escalating rents which are expensed on a straight-line basis over the period of the lease.

e) Income taxes:

The Organization is a not-for-profit organization under the *Income Tax Act* and, accordingly, is exempt from income taxes, providing certain requirements of the *Income Tax Act* are met.

f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. *Investments:*

Investments consist of investments in money market instruments aggregating $691,301 (2014 - $686,979) and guaranteed investment certificates aggregating $154,668 (2014 - $154,974). The fair value of investments has been determined using Level 1 of the fair value hierarchy.

4. *Capital assets:*

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Computer hardware and software	**$ 80,688**	**$ 36,725**	**$ 43,963**	$ 18,874
Office furniture and fixtures	**54,107**	**37,453**	**16,654**	24,369
Leasehold improvements	**301,197**	**285,947**	**15,250**	2,208
	$ 435,992	**$ 360,125**	**$ 75,867**	$ 45,451

5. *Deferred contributions - future expenses:*

The deferred contributions are externally restricted contributions that have been received and relate to expenses to be incurred in future years.

	2015	2014
Balance, beginning of year	**$ 590,826**	$ 578,063
Amounts received during the year	**837,880**	1,318,292
	1,428,706	1,896,355
Less: amounts recognized into revenue in the year	**(1,199,101)**	(1,305,529)
Balance, end of year	**$ 229,605**	$ 590,826

Deferred contributions for future expenses are related to the following initiatives:

	2015	2014
Yes! Winnipeg:		
Province of Manitoba funding	**$ -**	$ 135,000
Investors contributions	**180,100**	395,855
Team Winnipeg	**29,756**	29,745
Winnipeg Tour Connection	**9,741**	5,925
She Day 2015	**-**	24,301
Thunderbird House Project	**10,008**	-
Balance, end of year	**$ 229,605**	$ 590,826

6. Internally restricted:

(a) Yes! Winnipeg initiative reserve:

The Yes! Winnipeg initiative reserve was established by the Board of Directors during fiscal 2011 to internally restrict net assets of the Organization for funds to be available for contractual obligations in the event that operating funding for the initiative is terminated. During the year, $43,500 (2014 - nil) was transferred from the Yes! Winnipeg initiative reserve to the unrestricted net assets based on the calculation of the contingency reserve requirement as at December 31, 2015. The Yes! Winnipeg initiati reserve funded by $110,000 (2014 - $153,500) included in investments at December 31, 2015 (Note 3).

(b) Contingency reserve:

A contingency reserve was established to accumulate funds to be available for employee contractual obligations in the event that operating funding for the Organization is terminated by the City of Winnipeg and the Province of Manitoba. During the year, $13,421 (2014 -$23,202) was transferred to the contingency reserve from unrestricted net assets based on contingency reserve requirement as at December 31, 2015. The contingency reserve is funded by $688,853 (2014 - $675,432 in cash) in investments at December 31, 2015 (Note 3).

7. Commitments:

The Organization is committed under leases for office premises for a total of $134,743. The minimum lease payments until maturity is listed below

2016	134,743

8. Segregated funds:

The Organization holds funds that are segregated for partners (including the Organization) in a separate account for a special event marketing fund. This fund is held in interest-bearing accounts for the benefit of special event marketing activities. Payments to the special event marketing fund are based on recommendations approved by The City of Winnipeg's council on October 22, 2008.

The balances of these funds and the income and expenditures associated therewith are not included in these financial statements.

	2015	2014
Special event marketing fund:		
Balance, beginning of year	**$ 1,298,751**	$ 1,575,378
Funds received during the year	**598,940**	311,666
Funds used during the year	**(1,125,583)**	(605,601)
Interest earned	**9,399**	17,308
Balance, end of year, and amount of funds held	**$ 781,507**	$ 1,298,751

8. *Segregated funds (continued):*

The funds of $781,507 held at December 31, 2015 have been committed from the special event marketing fund towards several tourism attractions occurring during fiscal 2016. In addition, the following commitments have been entered into from the special marketing fund towards several tourism attractions utilizing funds to be received within the fiscal years or carried over from the previous fiscal year:

2016	$ 1,012,470
2017	871,315
2018	156,063

9. *Financial risks:*

The Organization has exposure to the following risks associated with its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable, cash and investments.

The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at December 31, 2015 is the carrying value of these assets.

At December 31, 2015, all accounts receivable were current. There were no amounts past due.

The maximum exposure to investment credit risk is as disclosed in Note 3.

There have been no significant changes to the credit risk exposure from 2014.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

All accounts payable and accrued liabilities are due within fiscal 2016.

There have been no significant changes to the liquidity risk exposure from 2014.

10. *Defined contribution plan:*

The employees of the Organization are members of a voluntary group registered retirement savings plan administered by Investors Group and RBC Asset Management Inc.

Employer contributions made to the plan during the year amounted to $100,759 (2014 - $116,482).

ECONOMIC DEVELOPMENT WINNIPEG INC.

SCHEDULE - STATEMENT OF REVENUE AND EXPENDITURES - YES! WINNIPEG

Year ended December 31, 2015 with comparative information for 2014

	2015	2014
REVENUE		
Province of Manitoba funding	**$ 135,000**	$ 135,000
Investors contributions	**838,104**	982,288
	973,104	1,117,288
EXPENDITURES		
Initiatives and marketing	**181,061**	146,088
Personnel	**922,768**	1,007,699
Administrative	**107,434**	82,594
Occupancy and facilities	**1,695**	2,558
	1,212,958	1,238,939
DEFICIENCY OF REVENUE OVER EXPENDITURES	**$ (239,854)**	$ (121,651)

	2015
Unrestricted Yes! Winnipeg net assets as at December 31, 2014	**$ 194,946**
Deficiency of revenue over expenditures, before transfer from unrestricted operating net assets of the Organization	**(239,854)**
Transfer from internally restricted reserves of the Organization	**43,500**
Transfer from unrestricted operating net assets of the Organization	**132,996**
Unrestricted Yes! Winnipeg net assets as at December 31, 2015	**$ 131,588**

Yes! Winnipeg, an initial five year initiative of EDW to December 31, 2015, was extended a further five years during fiscal 2015 to December 2020. Revenue and expenditures related to the Yes! Winnipeg initiative, which is included in the Statement of Revenue and Expenditures of the Organization, are presented above.

In conjunction with the transfer of net assets of Yes! Winnipeg to the Organization on January 1, 2011, the Board had approved an annual transfer of $132,996 from the unrestricted operating net assets of the Organization towards the operations of the Yes! Winnipeg initiative. For the year ended December 31, 2015, the Organization has allocated $132,996 (2014 - $132,996) of these unrestricted operating net assets towards the operations of the Yes! Winnipeg initiative. At December 31, 2015, the Yes! Winnipeg initiative has unrestricted net assets in aggregate of $131,588 (2014 - $194,946). The unrestricted Yes! Winnipeg net assets amount of $131,588 will be utilized over the next five years.

PHOTO COURTESY OF: The Forks North Portage Partnership, courtesy Tourism Winnipeg

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

His Worship the Mayor
and Members of the Council
of the City of Winnipeg

Ladies and Gentlemen:

Pursuant to the requirements of **The City of Winnipeg Charter**, the Sinking Fund Trustees submit the 2015 audited financial statements of the Sinking Fund.

You will note in the financial statements that the Sinking Fund reported a net loss of $2,101,000 for the year ended December 31, 2015 and a balance of deficit in the amount of $14,742,000 as at December 31, 2015.

The rates of interest earned by the Fund for the years 2006 to 2015 are shown below:

2006	5.41%	2011	3.41%
2007	5.46%	2012	2.95%
2008	5.15%	2013	3.30%
2009	4.39%	2014	2.13%
2010	3.81%	2015	2.04%

Changes in the sinking fund reserve during 2015 are summarized as follows. The total reserve for retirement of debenture debt decreased to $105,676,000 as at December 31, 2015 (2014 - $199,453,000) of which $80,000,000 represents full funding of all future Sinking Fund installments and interest on the Winnipeg Hydro portion of the City's Sinking Fund debt as provided for by the Manitoba Hydro Electric Board bonds held by the Sinking Fund.

Sinking funds are invested in securities with maturities which closely match the current position of related reserves.

The Sinking Fund will pay to the City of Winnipeg the amount of levies actually received by the Fund together with accumulated interest in respect thereof. In the event of a Sinking Fund deficit at the maturity of a Sinking Fund issue, The City of Winnipeg Charter, Section 304(2), authorizes The City of Winnipeg, if it so chooses, to apply to the Minister of Finance to borrow an amount of money sufficient to discharge the Sinking Fund debt in full.

Respectfully submitted,

E. STEFANSON Chairman

M. RUTA Trustee

N. THEODOROU Trustee

G. STESKI Trustee

L. DERRY Secretary

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

		2015		2014
ASSETS				
Cash and short-term investments (Note 3)	**$**	**113**	$	20,961
Accrued interest receivable		**1,689**		2,436
Investment in bonds and debentures (Schedule 1)		**90,773**		165,207
	$	**92,575**	$	188,604
LIABILITIES, RESERVE AND SURPLUS				
Accrued interest payable (Note 5)		**1,628**		1,778
Accrued liabilities		**13**		14
		1,641		1,792
Reserve for retirement of debenture debt (Note 6)		**105,676**		199,453
Deficit (Note 9)		**(14,742)**		(12,641)
	$	**92,575**	$	188,604

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF LOSS

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

	2015	2014
Interest income (Schedule 2)	**$ 5,832**	$ 7,915
Interest requirements - debenture debt reserves	**(2,654)**	(5,248)
Interest requirements - Manitoba Hydro bonds (Note 8)	**(5,188)**	(5,943)
Deficit of interest earned under requirements	**(2,010)**	(3,276)
Net gain on disposal of investments	**30**	161
	(1,980)	(3,115)
Administration expenses	**121**	122
Net loss for the year	**$ (2,101)**	$ (3,237)

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF DEFICIT

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

		2015		2014
Balance, beginning of year	**$**	**(12,641)**	$	(9,404)
Less:				
Net loss for the year		**(2,101)**		(3,237)
Balance, end of year (Note 9)	**$**	**(14,742)**	$	(12,641)

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF RESERVE FOR RETIREMENT OF DEBENTURE DEBT

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

	2015	2014
Balance, beginning of year	**$ 199,453**	$ 288,065
Add:		
Installments - City of Winnipeg (Note 8)	**3,569**	6,140
Interest credited - debenture debt reserves	**2,654**	5,248
	205,676	299,453
Deduct:		
Applied to debt redemption (Note 6)	**100,000**	100,000
Balance, end of year	**$ 105,676**	$ 199,453

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF CASH FLOWS

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

	2015	2014
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss	**$ (2,101)**	$ (3,237)
Income accrued - bond residues and coupons	**(44)**	(133)
Net bond premium amortization	**881**	2,315
Interest requirements - debenture debt reserves	**2,654**	5,248
Net gain on disposal of investments	**(30)**	(161)
Change in non-cash operating accounts	**596**	887
	1,956	4,919
FINANCING ACTIVITIES		
Applied to debt redemption (Note 6)	**(100,000)**	(100,000)
Installments - City of Winnipeg (Note 8)	**3,569**	6,140
	(96,431)	(93,860)
INVESTING ACTIVITIES		
Acquisition of investments in bonds and debentures	**(4,966)**	(35,399)
Proceeds from bond and debenture sales	**3,253**	9,727
Proceeds from bond and debenture maturities	**75,340**	73,781
	73,627	48,109
Decrease in cash and short-term investments	**(20,848)**	(40,832)
Cash and short-term investments, beginning of period	**20,961**	61,793
Cash and short-term investments, end of period	**$ 113**	$ 20,961
Cash and short-term investments consists of:		
Cash	**$ 113**	$ 43
Short-term investments	**-**	20,918
	$ 113	$ 20,961

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2015
(in thousands of dollars)

1. *Status of The Sinking Fund Trustees of The City of Winnipeg*

The Sinking Fund Trustees of The City of Winnipeg (the " Fund ") was established as a body corporate by subsection 314(1) of The City of Winnipeg Act, a statute of the Legislature of the Province of Manitoba (" the province "). The City of Winnipeg Act was repealed by the province effective January 1, 2003 and replaced by The City of Winnipeg Charter, a statute of the province. Under section 520 of The City of Winnipeg Charter, The Sinking Fund Trustees continue to have the same rights and obligations as outlined under the former City of Winnipeg Act for Sinking Fund debentures issued prior to December 31, 2002 and any future refinancing of these debentures.

2. *Significant Accounting Policies*

These financial statements have been prepared in accordance with Canadian Accounting Standards for Private Enterprises.

The significant accounting policies are summarized as follows:

a) Investment in bonds and debentures

Bonds and debentures are carried at cost plus accumulated amortization. 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.

Bond residues and coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield on the investment.

For these bonds and debentures, which are measured at amortized cost, the Fund recognizes in net income an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net income in the period the reversal occurs.

b) Use of estimates

Financial statements prepared in accordance with Canadian Accounting Standards for Private Enterprises require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Actual results could differ from these estimates.

3. *Cash and Short-Term Investments*

Cash is held on deposit with a major Canadian Chartered Bank.

Short-term investments represent short-term debt securities of Schedule 1 Canadian Chartered Banks with a term to maturity of less than one year.

4. Interest Rate and Credit Risk

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by short-term changes in nominal interest rates.

The effective rate of interest earned by the Fund for the year ended December 31, 2015 was 2.04% (2014 - 2.13%).

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2015 are as follows:

	2015		2014	
Term To Maturity	Par Value	Book Value	Par Value	Book Value
Less than one year	$ -	$ -	$ 78,140	$ 78,912
Two to five years	30,480	30,773	26,244	26,295
Greater than five years	60,000	60,000	60,000	60,000
	$ 90,480	$ 90,773	$ 164,384	$ 165,207

b) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Fund.

At December 31, 2015 the Fund's maximum credit risk exposure at fair market value was $92,582 (2014 - $188,785).

The Fund limits credit risk by investing in short-term investments and bonds and debentures of investees that are considered to be high quality credits (rated A or higher) and by utilizing an internal Investment Policy Guideline monitoring process.

5. Purchase of Winnipeg Hydro by Manitoba Hydro

Manitoba Hydro purchased Winnipeg Hydro from The City of Winnipeg on September 3, 2002. In accordance with the Asset Purchase Agreement between The City of Winnipeg and Manitoba Hydro and The Purchase of Winnipeg Hydro Act, a statute of the Legislature of the Province of Manitoba, the Sinking Fund is required to :

a) Hold the Manitoba Hydro Electric Board bonds issued by Manitoba Hydro to the City in connection with the Winnipeg Hydro portion of the City's debt. The bonds were issued for the purpose of enabling the City to repay the Winnipeg Hydro portion of the City's debt, and were issued with identical terms and conditions as to par value, interest and date of maturity as the Winnipeg Hydro portion of the City's debt. The bonds are guaranteed by the Province of Manitoba and are non-transferable and non-redeemable prior to maturity.

The book value of the Manitoba Hydro Electric Board bonds as at December 31, 2015 amounted to $80,000 (2014 - $92,000).

5. *Purchase of Winnipeg Hydro by Manitoba Hydro (continued)*

b) Pay all principal and interest received on the Manitoba Hydro bonds to the City for the payment of principal and interest on the Winnipeg Hydro portion of the City's debt.

Accrued interest receivable and identical offsetting accrued interest payable on the Manitoba Hydro bonds amounted to $1,628 at December 31, 2015 (2014 - $1,778).

As the receipt of the Manitoba Hydro bonds represents full funding of all future Sinking Fund installments and interest related to the Winnipeg Hydro portion of the City's Sinking Fund debt, no further amounts are required to be levied and contributed to the Sinking Fund in respect of this portion of the debt.

6. *Reserve for Retirement of Debenture Debt*

Amounts applied to debt redemption on the statement for retirement of debenture debt are as follows :

	Hydro Portion	Other Purposes	Total
Sinking Fund Debt :			
By-law 6620/95	$ 12,000	$ 88,000	$ 100,000

As at December 31, 2015 the reserve for retirement of debenture debt is allocated towards Sinking Fund debentures as follows:

Maturity Year	Amortized Cost			Maturity Value
	Hydro Portion	Other Purposes	Total	
2017	$ 20,000	$ 25,676	$ 45,676	$ 50,000
2029	60,000	-	60,000	60,000
	$ 80,000	$ 25,676	$ 105,676	$ 110,000

The amortized cost of the reserve for retirement of debenture debt is calculated using an assumed annual discount rate of 5% which was set by The City of Winnipeg in the applicable Sinking Fund Debenture By-laws.

As at December 31, 2015, the reserve for retirement of debenture debt includes $80,000 (2014 - $92,000) representing full funding of all future Sinking Fund installments and interest on the Winnipeg Hydro portion of the City's Sinking Fund debt as provided for by the Manitoba Hydro Electric Board bonds held by the Sinking Fund.

7. *Capital*

The Fund's objectives when managing capital are:

a) To pay The City of Winnipeg at or before the maturity of each respective sinking fund debenture all amounts collected by way of levy together with interest earned thereon.

b) To invest all levies received in accordance with the guidelines outlined in the Fund's Statement of Investment Policies and Procedures in order to maximize the investment return on the Fund within the allowable level of risk mandated by The City of Winnipeg Act.

The fund invests in securities with maturities which closely match the current sinking fund debenture maturity dates.

8. *Related Party Transactions*

The Sinking Fund and The City of Winnipeg entered into an Investment Management Agreement on April 1, 2011, whereby the City of Winnipeg provides investment management and administrative services to the Fund for an annual management fee. The Fund is the managed party under the Investment Management Agreement.

The Fund made the following purchases during 2015 which were all in the normal course of operations for the Fund and were at fair value:

Security	PAR	Purchase Date	Price	Effective Yield
Winnipeg 6.25% due Nov. 17, 2017	$ 1,086	May 19	$ 112.48	1.160%
Winnipeg 6.25% due Nov. 17, 2017	$ 900	Dec. 15	$ 109.66	1.209%

In addition, for the year ended December 31, 2015, the Fund and the City of Winnipeg entered into the following transactions which were all in the normal course of operations for the Fund:

The City of Winnipeg paid $3,569 (2014 - $6,140) in levies to the Fund at the amounts prescribed by the applicable Sinking Fund debenture By-laws.

The City of Winnipeg paid $966 (2014 - $1,782) of coupon interest to the Fund on City of Winnipeg debentures held by the Fund.The coupon interest payments were at fair value.

The Fund paid $5,337 (2014 - $5,937) of Manitoba Hydro Electric Board bond coupon interest to the City of Winnipeg. These coupon interest payments were at the amount prescribed by The Purchase of Winnipeg Hydro Act.

The Fund paid investment management fees of $100 (2014 - $100) to the City of Winnipeg as required under the Investment Management Agreement.

9. *Sinking Fund Deficit*

The Fund will pay to the City of Winnipeg the amount of levies actually received by the Fund together with accumulated interest in respect thereof. In the event of a Sinking Fund deficit at the maturity of a Sinking Fund issue, The City of Winnipeg Charter, Section 304(2), authorizes The City of Winnipeg, if it so chooses, to apply to the Minister of Finance to borrow an amount of money sufficient to discharge the Sinking Fund debt in full.

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

Schedule 1

SCHEDULE OF INVESTMENTS

As at December 31
(in thousands of dollars)

	2015					2014	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	Book Value	%
Investment in bonds and debentures							
Provincial and Provincial guaranteed (Notes 5 and 6)	**$ 83,818**	**$ 83,920**	**93**	**$ 83,828**	**93**	$ 100,066	60
Municipal	**2,650**	**2,723**	**3**	**2,724**	**3**	14,485	9
City of Winnipeg	**2,817**	**3,089**	**3**	**3,066**	**3**	20,766	13
Corporates	**-**	**-**	**-**	**-**	**-**	23,779	14
	$ 89,285	**89,732**	**99**	**89,618**	**99**	159,096	96
Bond residues and coupons							
Provincial		**-**	**-**	**-**	**-**	4,976	3
City of Winnipeg		**1,162**	**1**	**1,155**	**1**	1,135	1
		$ 90,894	**100**	**$ 90,773**	**100**	$ 165,207	100

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

Schedule 2

SCHEDULE OF INTEREST INCOME

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

	2015	2014
Interest on bonds and debentures	**$ 6,552**	$ 9,985
Income accrued - bond residues and coupons	**44**	133
Bank and short-term investments interest	**116**	109
Securities lending income	**1**	3
Net bond (premium) discount amortization	**(881)**	(2,315)
	$ 5,832	$ 7,915

THE CITY OF WINNIPEG
SINKING FUND

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Investment in bonds and debentures (Schedule 1)	**$ 64,207**	$ 49,473
Accrued interest receivable	**685**	555
Call loans - General Revenue Fund (Note 3)	**48**	1,793
	$ 64,940	$ 51,821
LIABILITIES		
Premium on Long Term Debt (Note 5)	**$ 22,758**	$ 20,469
RESERVE		
Reserve for retirement of debenture debt	**42,182**	31,352
	$ 64,940	$ 51,821

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SINKING FUND

STATEMENT OF RESERVE FOR RETIREMENT OF DEBENTURE DEBT

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

	2015	2014
Balance, beginning of year	**$ 31,352**	$ 23,954
Add:		
Installments - Waterworks System	**2,836**	2,836
Installments - Municipal Accommodations	**2,187**	1,476
Interest income (Schedule 2)	**1,706**	1,357
Installments - General Revenue Fund	**1,387**	570
Installments - Transit System	**1,205**	1,205
Installments - Reserves	**901**	-
Gain on sale of assets	**752**	41
	42,326	31,439
Deduct:		
Transfer to General Revenue Fund - investment management fees	**144**	87
Balance, end of year	**$ 42,182**	$ 31,352

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SINKING FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Status of The City of Winnipeg Sinking Fund

The City of Winnipeg Act was repealed by the Province of Manitoba ("Province") effective January 1, 2003 and replaced by The City of Winnipeg Charter, a statute of the Province. Under the new charter the Public Service became responsible for managing the sinking funds of any sinking fund debenture issued after January 1, 2003.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with the significant accounting policies summarized as follows:

a) Bonds and debentures

Bonds and debentures are carried at cost plus accumulated amortization. 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.

b) Bond residues and coupons

Bond residues and coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

3. Call Loans - General Revenue Fund

Call loans represent short-term investments held by the General Revenue Fund which are callable by The City of Winnipeg Sinking Fund ("Fund") upon one business day notice. Call loans are recorded at cost, which together with accrued interest income, approximates fair value.

4. Interest Rate and Credit Risk

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by short-term changes in nominal interest rates.

The effective rate of interest earned by the Fund for the year ended December 31, 2015 was 3.6% (2014 - 3.5%).

4. Interest Rate and Credit Risk (continued)

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2015 are as follows:

Term To Maturity	**Par Value**	**Book Value**
Greater than five years	$ 59,737	$ 64,207

b) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Fund.

At December 31, 2015 the Fund's maximum credit risk exposure at fair market value was $68,756 thousand.

The Fund limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy adopted by City Council.

5. Debt

Included in the Statement of Financial Position is a premium on long term debt issued between 2012 and 2015 offset by investments that will be used for making semi-annual debt service payments on the sinking fund debentures.

THE CITY OF WINNIPEG
SINKING FUND

Schedule 1

SCHEDULE OF INVESTMENTS

As at December 31
(in thousands of dollars)
(unaudited)

	2015					2014	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	Book Value	%
Investment in bonds and debentures							
Other Municipalities	**$ 34,130**	**$ 38,155**	**56**	**$ 36,359**	**57**	$ 30,606	62
City of Winnipeg	**20,407**	**24,636**	**36**	**22,686**	**35**	17,452	35
Provincial and Provincial guaranteed	**5,200**	**5,232**	**8**	**5,162**	**8**	1,415	3
	$ 59,737	**$ 68,023**	**100**	**$ 64,207**	**100**	$ 49,473	100

THE CITY OF WINNIPEG
SINKING FUND

Schedule 2

SCHEDULE OF INTEREST INCOME

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

	2015	2014
Interest on bonds and debentures	**$ 1,697**	$ 1,342
Call fund interest	**9**	15
	$ 1,706	$ 1,357

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31

	2015	2014 (Note 20)
REVENUE		
Rental and parking income	**$ 5,942,157**	$ 5,574,683
The Forks Market	**2,091,868**	2,029,531
Lease	**1,313,532**	1,310,810
Events, sponsorship, grants and recoveries	**1,358,929**	1,192,698
Investment	**442,086**	374,842
Miscellaneous	**46,971**	68,146
Recovery of prior years' expenses	**(72,257)**	8,795
	11,123,286	10,559,505
EXPENSES		
General and administrative	**1,829,653**	1,430,639
Rental and parking	**2,545,269**	2,540,723
The Forks Market	**1,839,334**	1,769,141
The Forks Site and events	**2,131,575**	2,162,529
Planning and development	**343,429**	461,982
Marketing costs	**556,315**	407,328
Investment costs	**108,668**	118,207
Miscellaneous	**68,842**	66,088
	9,423,085	8,956,637
OPERATING INCOME BEFORE THE FOLLOWING	**1,700,201**	1,602,868
Interest expense	**(633,112)**	(654,779)
INCOME BEFORE AMORTIZATION	**1,067,089**	948,089
Amortization	**(2,173,455)**	(2,198,644)
LOSS BEFORE THE FOLLOWING	**(1,106,366)**	(1,250,555)
Amortization of deferred contributions from shareholders	**1,159,849**	1,159,833
Unrealized and realized gains	**1,298,042**	1,023,344
Loss on sale of capital assets	**8,389**	32,199
Donations	**(1,500,000)**	(400,000)
Net (loss) income and comprehensive (loss) income	**$ (140,086)**	564,821

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2015

	Share Capital (Note 13)	**Donated Land** (Note 14)	**Contributed Surplus**	**Retained Earnings**	**2015 Total**	2014 Total
Balance, beginning of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 9,796,613**	**$ 57,106,882**	$ 56,542,061
Net income (loss)	**-**	**-**	**-**	**(140,086)**	**(140,086)**	564,821
Balance, end of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 9,656,527**	**$ 56,966,796**	$ 57,106,882

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31

	2015	2014 (Note 20)
ASSETS		
Current		
Cash	**$ 515,850**	$ 471,901
Restricted cash (Note 6)	**23,372**	827
Short term investments	**14,214,678**	15,487,149
Trade and other receivables (Note 7)	**635,029**	638,332
Prepaids and other	**178,875**	200,694
Current portion of tenant receivables	**12,554**	6,152
	15,580,358	16,805,055
Long term tenant receivables	**12,209**	25,778
Property, plant and equipment (Note 8)	**14,760,109**	14,999,710
Investment in properties and infrastructure enhancements (Note 9)	**54,586,255**	54,755,678
	$ 84,938,931	$ 86,586,221
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	**$ 2,515,130**	$ 2,378,874
Funds held in trust	**218,794**	175,658
Current portion of mortgage payable (Note 11)	**383,511**	361,994
Current portion of obligation under finance lease	**-**	2,382
	3,117,435	2,918,908
Prepaid land rents	**549,209**	607,295
Deferred revenue	**56,091**	160,000
Deferred contributions from shareholders	**13,641,814**	14,801,663
Long term mortgage payable (Note 11)	**10,607,586**	10,991,473
	27,972,135	29,479,339
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
3 common shares	**3**	3
NET EQUITY	**56,966,793**	57,106,879
	56,966,796	57,106,882
	$ 84,938,931	$ 86,586,221

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2015	2014
Increase (decrease) in cash		
OPERATING		
Net (loss) income	**$ (140,086)**	$ 564,821
Adjustments for:		
Amortization	**2,173,455**	2,198,644
Amortization of deferred contributions	**(1,159,849)**	(1,159,833)
Gain on sale of capital assets	**(8,389)**	(32,199)
	865,131	1,571,433
Net changes in working capital balances		
Trade and other receivables	**3,303**	8,761
Prepaids and other	**21,819**	31,988
Accounts payable and accrued liabilities	**136,256**	(344,341)
Restricted cash	**(22,545)**	(530)
Funds held in trust	**43,136**	(75,218)
	1,047,100	1,192,093
FINANCING		
Deferred charges	**-**	12,500
Prepaid land rents	**(58,086)**	(8,086)
Deferred revenue	**(103,909)**	13,263
Repayment of mortgage payable	**(362,370)**	(344,980)
Repayment of obligation under finance lease	**(2,382)**	(222,508)
	(526,747)	(549,811)
INVESTING		
Funds received for investment in properties	**146,638**	-
Purchase of property, plant and equipment and investment in properties	**(1,920,983)**	(1,052,193)
Proceeds from disposal of property, plant and equipment	**18,303**	377,969
Short term investments	**1,272,471**	(608,864)
Tenant receivables advanced	**7,167**	3,687
	(476,404)	(1,279,401)
Net increase (decrease) in cash	**43,949**	(637,119)
CASH, beginning of year	**471,901**	1,109,020
CASH, end of year	**$ 515,850**	$ 471,901

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

1. Nature of Operations

Mission

The mission of the organization is to act as a catalyst, encouraging activities for people in downtown through public and private partnerships and revitalization strategies, and to work to ensure financial self-sufficiency.

North Portage shall be a centre of commerce, culture and living, integrated to form a diverse downtown community through a mixture of public uses including: residential, educational and entertainment facilities.

The Forks shall be developed as a "Meeting Place", a special and distinct, all season gathering and recreational place at the junction of the Red and Assiniboine Rivers, through a mixed use approach including recreational, historical and cultural, residential and institutional and supportive commercial uses.

Corporation Background

North Portage Development Corporation (the "Corporation" or "NPDC") was incorporated under the Corporations Act of Manitoba on December 13, 1983 and owns land and parking facilities in the North Portage area of Winnipeg, Canada. NPDC is owned equally by the Government of Canada, the Province of Manitoba and the City of Winnipeg.

The Forks Renewal Corporation ("FRC"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on July 24, 1987 and owns land known as The Forks Winnipeg, Canada, and operates The Forks Market.

Manitou Theatre Management Ltd. ("MTML"), previously named North Portage Theatre Corporation, a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on May 27, 1986 and owns the IMAX Theatre at Portage Place, Winnipeg, Canada.

3898211 Manitoba Ltd., a subsidiary of MTML, was incorporated under the Corporations Act of Manitoba on September 16, 1998 and operated the IMAX Theatre at Portage Place, Winnipeg, Canada.

FNP Parking Inc. ("FNP"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on November 6, 2006 and operates various parking locations in downtown Winnipeg, Canada including The Forks.

The Corporation is not subject to tax under provision 149(1)(d) of the Income Tax Act.

The head office for NPDC is 393 Portage Avenue, Winnipeg, Canada.

The financial statements for the year ended March 31, 2015 were approved by the Board of the Corporation and authorized for issue on June 18, 2015.

2. Basis of Presentation

These financial statements are prepared on a going concern basis, under the historical cost model except for certain financial instruments that are measured at revalued amounts or fair values.

Basis of Consolidation

The financial statements of the Corporation include the financial statements of the Corporation and those of The Forks Renewal Corporation, FNP Parking Inc., 3898211 Manitoba Ltd. and Manitou Theatre Management Ltd., all of which are controlled by the Corporation.

Total income and comprehensive income of subsidiaries is attributed to the owners of the Corporation.

All intra-corporation transactions, balances, income and expenses are eliminated on consolidation.

Statement of Compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies in Note 3 have been applied consistently in all material respects.

3. Summary of Significant Accounting Policies

Cash

Cash includes cash on hand and balances with banks, net of any outstanding cheques.

Investment in Subsidiaries

The Corporation determines whether it is a parent by assessing whether it controls an investee. The Corporation controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Rental and parking income

Rental income (including The Forks Market revenue) and monthly parking income is recognized in the period in which the rental agreement relates. Casual parking income is recognized at the time payment is received from the customer.

Investment income

Investment income is recognized over the passage of time using the effective interest method.

Events, sponsorship, grants and recoveries

Events, sponsorship, government grants and recoveries are recognized in the period in which the related event occurs.

3. *Summary of Significant Accounting Policies (continued)*

Deferred revenue

Consists of advance payment received for sponsorship and is recognized as revenue in the period in which the related event occurs.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The corporation as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Land rents

Land rents for land leases that are considered to be operating leases are recognized in income as earned. Land rents received in advance are recorded as prepaid land rents and are recognized in income over the passage of time for which the amount is received.

Deferred charges

Deferred charges consist of prepaid building rent. The amounts are being amortized over 10 years.

The corporation as lessee

Assets held under finance leases are initially recognized as assets of the Corporation at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as an obligation under finance lease. Lease payments are allocated between interest expense and the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest expenses are recognized immediately in comprehensive income.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

In the event that inducements to enter into operating leases are received, such inducements are recognized as a liability at the outset of the lease. The benefit is recognized as a reduction of rental expense on a straight-line basis over the life of the lease.

Foreign Currencies

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's presentation currency.

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Summary of Significant Accounting Policies (continued)

Exchange differences on monetary items are recognized in comprehensive income in the period in which they arise.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

Government Contributions

Government grants are recognized when there is reasonable assurance that the Corporation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in comprehensive income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to comprehensive income over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in comprehensive income in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Property, Plant and Equipment

Items of property and equipment are recorded at cost and amortized over their estimated useful lives.

The estimated useful lives, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Amortization is calculated at the following rates:

Buildings	20-40 years
Building improvements	10-20 years
Equipment and computers	3-10 years
Equipment under finance lease	5 years

3. Summary of Significant Accounting Policies (continued)

Investment Property

Investment in properties and infrastructure enhancements are measured at cost, including transaction costs of acquisition, less accumulated amortization and accumulated impairment losses.

Amortization is calculated at the following rates:

Buildings	20-40 years
Infrastructure enhancements	40 years

Property Under Construction

Items of property under construction are recorded as cost and are not amortized until they are complete and transferred to the appropriated category of asset.

Impairment of Tangible Assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

Debt

All mortgage loans are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method. Transaction fees, costs, discounts and premiums directly related to the loans and borrowings are recognized in the statement of comprehensive income over the expected life of the borrowing. Interest payable is recognized on an accrual basis. Principal payments on mortgage loans due more than twelve months from the date of the balance sheet are classified as non-current liabilities.

Provisions

The amount recognized as a provision (if any) is the present value of the best estimate of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

3. Summary of Significant Accounting Policies (continued)

Financial Assets

Purchase and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Corporation. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or were transferred and the Corporation has transferred substantially all the risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include "trade and other receivables" and "tenant receivables". They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Short term investments

Short term investments consist of GICs, short term investments and active market equities. Investments are held for trading and are initially recognized at fair value plus transaction costs and are subsequently carried at fair value with changes recognized in comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized are included in the statement of comprehensive income.

Impairment of financial assets

At the end of each reporting period, the Corporation assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and recognized in the statement of comprehensive income.

Financial Liabilities:

Financial liabilities (including borrowings) are measured at amortized cost using the effective interest method.

In these financial statements accounts payable and accrued liabilities and long term debt have been classified as other financial liabilities.

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in comprehensive income.

3. *Summary of Significant Accounting Policies (continued)*

Current and future changes to significant accounting policies

The IASB is working towards continual improvement through the development of new accounting standards and the annual improvements process. The IASB will issue a number of exposure drafts of new or revised standards over the next several years. The Corporation monitors the IASB work plans and publication to address any developments that may impact the organization.

Effective April 1, 2014, the Project adopted IFRIC Interpretation 21 - Levies, which provides guidance for IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. IFRIC Interpretation 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The adoption of this standard resulted in no material impact to the financial statements of the Corporation.

The IASB published IFRS 9 - Financial Instruments replaces IAS 39 - Financial Instruments: Recognition and Measurement, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value, effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

This IASB published IFRS 15 - Revenue from Contracts with Customers replaces IAS 18 - Revenue and IAS 11 - Revenue from contracts with Customers: Establishes a new five step, control-based revenue recognition model; changes the basis for deciding whether revenue is to be recognized over time or at a point in time; provides new and more detailed guidance on specific topics; and expands and improves disclosures about revenue. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

The Corporation is currently evaluating the impact of these standards on its financial statements.

4. *Significant Accounting Judgments, Estimates and Assumptions*

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the report date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected.

Judgments Other Than Estimates

In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Operating and finance leases

The Corporation has entered into various lease agreements. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer and retention of significant risks and rewards of ownership of the properties covered by the agreements.

4. *Significant Accounting Judgments, Estimates and Assumptions (continued)*

Estimates

Useful lives of property, plant and equipment and investment property

The Corporation estimates the useful lives of property, plant and equipment and investment property based on the period over which the assets are expected to be available for use. The estimate useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property, plant and equipment and investment property are analyzed in Notes 8 and 9. Based on management's assessment as at March 31, 2015, there is no change in useful life during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. This applies only to the measurement of the long term debt (see Note 5).

5. *Financial Instruments Risk and Fair Value Measurement*

Risk Management Objectives and Policies

The Corporation is exposed to various risks in relation to financial instruments. The main types of risks are credit risk and market risk.

Credit Risk

Credit risk is the potential that a counterparty to a financial instrument will fail to perform its obligations. Financial instruments which potentially subject the Corporation to credit risk consist principally of receivables and loans receivable.

The maximum exposure of the Corporation to credit risk as of March 31, 2015 is $659,792 (2014 - $670,262).

The Corporation is not exposed to significant credit risk since the receivables are with a significant number of customers. In order to reduce its credit risk, the Corporation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Market Risk

Market risk is the risk that changes in market prices, interest rates and foreign exchange rate, will affect the Corporation's earnings or the fair values of its financial instruments. The Corporation has market risk attributable to its investments held for trading. The investments held for trading are carried on the balance sheet at the fair market value of the investments, with the change in fair value being recognized as an adjustment on the statements of comprehensive income and net equity.

5. *Financial Instruments risk and fair value measurement (continued)*

Currency risk

Currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risk from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The interest rate exposure relates to cash, investments and long term debt.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The Corporation does not have any financial instruments in the Level 3 category and there were no transfers between Levels during the year.

The short term investments would be classified as Level 1. The carrying value of short term investments is valued based upon the market to market basis of accounting for investment values using quoted prices of the individual investments in an active market.

The Corporation's carrying value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, funds held in trust, and obligation under finance lease approximates their fair value due to the immediate or short term nature maturity of these instruments.

Financial Instruments Measured at Amortized Cost for which the Fair Value is Disclosed

The fair value of the long term debt is impacted by changes in market yields which can result in differences between the carrying value and the fair value if the instruments. The fair value of the long term debt has been estimated based on the current market rates for mortgages and loans of similar terms and conditions. The estimated fair value at March 31, 2015 of the mortgage loan is $13,302,000 (2014 - $12,880,000). The estimated fair value at March 31, 2015 of the term loan is $5,900 (2014 - $11,600).

The valuation of the long term debt using current interest rates would be classified as Level 2 of the fair value hierarchy.

6. Restricted Cash

Restricted cash consists of cash held in trust by the Corporation for projects that are in progress on behalf of third parties. The Corporation is managing the accounting and cash disbursement aspect of these projects. The liability, in the same amount as the asset, is included in accounts payable and accrued liabilities.

7. Trade and Other Receivables

	2015	2014
Trade receivables	**$ 419,842**	$ 551,891
Allowance for doubtful debts	**(27,497)**	49,128
Net trade receivables	**392,345**	502,763
Government remittances	**2,986**	(4,866)
Other receivables	**239,698**	140,435
	$ 635,029	$ 638,332

The credit period on sale of goods and services is 30 days. The Corporation has recognized an allowance for doubtful debts against all receivables over 120 days because experience has shown that those amounts are not recoverable. Allowances for doubtful debts are recognized against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience.

Aging of receivables that are past due but not impaired

	2015	2014
31-60 days	**$ 42,729**	$ 88,250
61-90 days	**106,082**	152,658
91+ days	**215,822**	112,400
Total	**$ 364,633**	$ 353,308

Changes in the allowance for doubtful debts

	2015	2014
Balance at beginning of the year	**$ 49,128**	$ 82,900
Impairment losses recognized on receivables	**9,209**	21,515
Amounts written off during the year as uncollectible	**(30,840)**	(55,287)
Balance at end of the year	**$ 27,497**	$ 49,128

In determining the recoverability of a trade receivable, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

8. *Property, Plant and Equipment* (Note 20)

		2015		2014
Land	**$**	**9,058,281**	$	9,058,281
Property under construction		**267,752**		296,502
Plant and equipment		**5,244,211**		5,390,176
Equipment under finance lease		**189,865**		254,751
Carrying amounts	**$**	**14,760,109**	$	14,999,710

For additional information, see the Consolidated Schedule of Property, Plant and Equipment (Schedule 1).

9. *Investment in Properties and Infrastructure Enhancements* (Note 20)

		2015		2014
Land	**$**	**27,671,572**	$	27,671,572
Building		**11,791,679**		12,457,597
Property under construction		**1,149,501**		-
Infrastructure enhancements		**13,973,503**		14,626,509
Carrying amounts	**$**	**54,586,255**	$	54,755,678

For additional information, see the Consolidated Schedule of Investment in Properties and Infrastructure Enhancements (Schedule 2).

All of the Corporation's investment property is held under freehold interests.

10. *Accounts payable and Accrued Liabilities*

		2015		2014
Trade payables	**$**	**563,769**	$	504,285
Accruals		**1,822,040**		1,745,268
Current deferred revenue		**129,321**		129,321
	$	**2,515,130**	$	2,378,874

The average credit period on purchases is 30 days. The Corporation has financial risk management policies in place to ensure that all payables are paid within the credit terms.

11. Long Term Debt

	2015	2014
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $82,940. The loan matures on August 1, 2032 and is secured by a general security agreement together with a first charge on the following lease agreements: Cityscape Residence Corp., The Kiwanis Club of Winnipeg Seniors Building Inc., Fred Douglas Place Ltd. and Portage Place Centre Inc.	**$ 11,048,263**	$ 11,408,724
Unamortized transaction costs	**(63,115)**	(66,892)
	10,985,148	11,341,832
Farm Credit Canada loan bearing interest at 6% per annum, repayable in monthly blended payments of $678. The loan matures on September 1, 2015 and is unsecured.	**5,949**	11,635
	10,991,097	11,353,467
Less: current portion		
Mortgage loans	**(387,299)**	(365,794)
Transaction costs	**3,788**	3,800
	$ 10,607,586	$ 10,991,473

Principal repayment terms are approximately:

2016	$ 387,299
2017	403,436
2018	426,801
2019	451,519
2020	477,669

12. Government Contributions

	2015	2014
Amounts included in deferred contributions	**$ 13,641,814**	$ 14,801,663
Contributions received in the year	**-**	-
Amounts recognized in income in prior years	**68,838,851**	67,679,018
Annual amortization of deferred contributions	**1,159,849**	1,159,833
Amounts recognized in income in the current year	**-**	-
Donated land (Note 14)	**8,000,000**	8,000,000
Contributed surplus	**39,310,266**	39,310,266
	$ 130,950,780	$ 130,950,780

13. Share Capital

	2015	2014
Authorized:		
Unlimited common shares		
Issued and fully paid:		
3 Common shares	**$ 3**	$ 3

14. *Donated Land*

The Company acquired title and possession of 55.9 acres of land donated by the Government of Canada, the Province of Manitoba and the City of Winnipeg as follows:

	Government of Canada	**City of Winnipeg**	**From Core Area Initiative**	**Total**
Acres	49	3.9	3	55.9

These lands were acquired pursuant to the Land Exchange Agreement. Donated land was recorded at fair market value as approved by the FRC Board of Corporation on June 5, 1989. During the 1992/93 fiscal year, 3.8 acres of Pioneer Blvd. and The Forks Market Road were dedicated as public rights-of-way to the City of Winnipeg. During 2003, 0.5 acres of donated land were transferred to the City of Winnipeg. During 2007, 1.65 acres of donated land was sold to the City of Winnipeg. The remaining lands under the FRC's ownership are 49.95 acres.

15. *Finance Costs*

	2015	2014
Continuing operations:		
Interest on mortgage payable	**$ 633,112**	$ 652,938
Interest on obligations under finance leases	**-**	1,841
	$ 633,112	$ 654,779

16. *Operating Lease Arrangements*

The Corporation as Lessee

Leasing arrangements

Operating leases relate to leases of land with lease terms of between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Corporation does not have an option to purchase the leased land at the expiry of the lease periods.

	2015	2014
Minimum lease payments	**$ 254,391**	$ 264,724

The Corporation as Lessor

Leasing arrangements

Operating leases relate to the investment property owned by the Corporation with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

17. Commitments

The Corporation has an obligation to operate the Imax Theatre at Portage Place for a 50 year period, ending in 2035.

FRC has leased parking, storage and an office site at The Forks to December 2016. FNP Parking Ltd. is administering the obligation. The lease, containing renewal options, calls for base monthly payments of $1,667 and provides for payment of utilities and property taxes.

18. Related Party Transactions

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below.

Compensation of Key Management Personnel:

The remuneration of key management personnel during the year was as follows:

	2015	2014
Wages and other short-term benefits	**$ 747,745**	$ 744,536

Government Related Entity:

NPDC has elected to apply the exemption regarding the disclosure of transactions and outstanding balances with government related entities.

19. Management of Capital

The Corporation's capital consists of contributed surplus and donated land equity. Donated land was recorded at fair value, as approved by the Board of Corporation in FRC, in 1989.

The capital structure of the Corporation is comprised of the following:

	2015	2014
Total debt and deferred shareholder contributions	**$ 24,632,911**	$ 26,157,512
Capital stock	**3**	3
Net equity	**56,966,793**	57,106,879
	$ 81,599,707	$ 83,264,394

The Corporation's objective in managing capital is to safeguard its ability to continue as a going concern, in order to carry out its mission as described in Note 1.

The Corporation prepares a budget each year, allocating expenses to revenue they expect to earn and funding it expects to receive.

The Corporation monitors capital from time-to-time using a variety of measures which are applicable to its industry. Monitoring procedures are typically performed as a part of the overall management of operations and are performed with the goal of enhancing the ability of the Corporation to reduce the cost of capital. An investment policy is in place to guide the Corporation in the management of surplus funds. These guidelines ensure that capital is preserved, rates of return are maximized and funds are available as needed.

20. Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

NORTH PORTAGE DEVELOPMENT CORPORATION
CONSOLIDATED SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

Schedule 1

	Land	Property under Construction	Plant and Equipment	Equipment Under Finance Lease	Total
Cost					
Balance March 31, 2014	$ 9,058,281	$ 296,502	$ 24,476,129	$ 2,151,244	$ 35,982,156
Additions	-	517,434	471,384	-	988,818
Disposals	-	-	(12,267)	-	(12,267)
Removal of fully amortized assets			(1,578,304)		(1,578,304)
Transfer to investments in properties and infrastructure enhancements	-	(546,184)	-	-	(546,184)
Balance March 31, 2015	9,058,281	267,752	23,356,942	2,151,244	34,834,219
Accumulated amortization					
Balance March 31, 2014	-	-	19,085,953	1,896,493	20,982,446
Removal of fully amortized assets			(1,578,304)		(1,578,304)
Elimination on disposal of assets					-
Amortization	-	-	(2,353)	-	(2,353)
Write-off	-	-	607,435	64,886	672,321
Balance March 31, 2015	-	-	18,112,731	1,961,379	20,074,110
Carrying amounts	$ 9,058,281	$ 267,752	$ 5,244,211	$ 189,865	$ 14,760,109

NORTH PORTAGE DEVELOPMENT CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENT
IN PROPERTIES AND INFRASTRUCTURE ENHANCEMENTS

Schedule 2

	Land	Building	Property under Construction	Infrastructure Enhancements	Total
Cost					
Balance March 31, 2014	$ 28,203,066	$ 19,220,836	$ -	$ 57,498,185	$ 104,922,087
Additions	-	41,772	630,624	259,769	932,165
Funds received for asses	-	(146,638)	-	-	(146,638)
Transfer from plant and equipment			518,877	27,307	546,184
Disposals	-	-	-	-	-
Balance March 31, 2015	28,203,066	19,115,970	1,149,501	57,785,261	106,253,798
Accumulated amortization					
Balance March 31, 2014	531,494	6,763,239	-	42,871,676	50,166,409
Amortization	-	561,052	-	940,082	1,501,134
Balance March 31, 2015	531,494	7,324,291	-	43,811,758	51,667,543
Carrying amounts	$ 27,671,572	$ 11,791,679	$ 1,149,501	$ 13,973,503	$ 54,586,255

PHOTO: Aaron Cohen, courtesy Tourism Winnipeg

WINNIPEG HOUSING REHABILITATION CORPORATION

STATEMENT OF FINANCIAL POSITION - WHRC

March 31, 2015

	2015	2014
ASSETS		
Current Assets		
Cash (Note 10)	**$ 1,418,100**	$ 2,110,804
Rents receivable	**7,615**	5,107
Grants receivable (Note 3)	**65,434**	152,059
Other receivables (Note 4)	**687,113**	364,397
Subsidy due from CMHC (Note 5)	**2,955**	2,937
Subsidy due from Manitoba Housing (Note 5)	**231,474**	243,926
Operating deficiency recoverable from Manitoba Housing (Note 6)	**77,063**	77,278
Prepaid expenses	**177,520**	135,305
Housing inventory (Notes 2(b) and 7)	**499,982**	6,723
	3,167,256	3,098,536
Restricted Cash and Deposits		
Replacement Reserve Fund (Notes 2(c) and 8)		
CMHC funded	**62,261**	53,050
Manitoba Housing funded	**4,171,896**	3,924,586
WHRC funded	**370,625**	334,861
	4,604,782	4,312,497
Capital Assets (Notes 2(d) and 9)	**22,182,374**	23,898,223
	$ 29,954,412	$ 31,309,256

WINNIPEG HOUSING REHABILITATION CORPORATION

STATEMENT OF FINANCIAL POSITION - WHRC (continued)

March 31, 2015

	2015	2014
LIABILITIES, RESERVES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (Schedule)	**$ 889,966**	$ 973,335
GST payable	**-**	7,096
Accrued interest payable	**161,944**	174,722
Security deposits and prepaid rent	**336,900**	275,830
Current portion of forgivable loans (Notes 2(e) and 11)	**160,262**	166,986
Current portion of long-term debt (Note 12)	**1,684,398**	1,554,402
	3,233,470	3,152,371
Deferred Revenue	**4,002**	13,642
Forgivable Loans (Notes 2(e) and 11)	**996,567**	1,156,829
Long-term Debt (Note 12)	**19,913,219**	21,595,782
Replacement Reserves		
Replacement Reserves - CMHC (Notes 2(c) and 8)	**62,261**	53,050
Replacement Reserves - Manitoba Housing (Notes 2(c) and 8)	**4,171,896**	3,924,586
Replacement Reserves - WHRC (Notes 2(c) and 8)	**370,625**	334,861
	4,604,782	4,312,497
WHRC Building and Acquisition Reserve (Note 13)	**1,081,599**	1,063,545
	29,833,639	31,294,666
UNRESTRICTED NET ASSETS	**120,773**	14,590
	$ 29,954,412	$ 31,309,256

WINNIPEG HOUSING REHABILITATION CORPORATION

STATEMENT OF CHANGES IN NET ASSETS - WHRC

Year ended March 31, 2015

		2015		2014
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, CMHC PROPERTIES	**$**	**(13,300)**	$	(16,705)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, MANITOBA HOUSING PROPERTIES		**(77,063)**		(77,278)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, WHRC RENTAL AND DEVELOPMENT		**(11,794)**		(4,965)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, WHRC HEAD OFFICE		**131,277**		198,108
EXCESS OF REVENUE OVER EXPENSES		**29,120**		99,160
UNRESTRICTED NET ASSETS (DEFICIT), BEGINNING OF YEAR		**14,590**		(161,848)
OPERATING DEFICIENCY RECOVERABLE FROM (EXCESS PAYABLE TO) MANITOBA HOUSING (Note 6)		**77,063**		77,278
UNRESTRICTED NET ASSETS, END OF YEAR	**$**	**120,773**	$	14,590

WINNIPEG HOUSING REHABILITATION CORPORATION

STATEMENT OF OPERATIONS - WHRC

Year ended March 31, 2015

	2015	2014
REVENUE		
Rental revenue		
Residential	**$ 2,930,415**	$ 2,878,095
Commercial	**57,475**	56,709
Manitoba Housing subsidy (Note 5)	**3,816,309**	3,877,506
Property management fees	**624,304**	542,370
City of Winnipeg operating grant	**180,000**	180,000
Development fees	**371,541**	367,652
Development project revenue	**178,596**	2,694,456
Parking and laundry	**73,413**	67,519
CMHC subsidy (Note 5)	**35,283**	35,248
Other grants	**45,991**	23,294
Interest and other income	**52,304**	56,830
	8,365,631	10,779,679
EXPENSES		
Administration	**346,635**	326,710
Allocation to Replacement Reserve (Note 8)	**417,305**	387,800
Amortization (Note 2(d))	**1,578,801**	1,441,736
Bad debts	**34,433**	46,669
Bank charges and other interest	**5,972**	4,031
Cable T.V.	**1,059**	947
Collection fees	**2,938**	4,342
Development project cost of sales	**178,596**	2,694,456
Garbage removal	**47,608**	34,712
Insurance	**158,187**	161,708
Janitorial services	**263,017**	283,055
Maintenance and repairs	**828,039**	676,324
Mortgage interest	**1,971,191**	2,115,477
Office operations	**135,207**	97,865
Office salaries and benefits	**894,207**	784,299
Professional fees	**53,181**	40,697
Property taxes	**446,754**	465,220
Snow removal	**16,132**	31,570
Electricity	**387,642**	386,671
Natural gas	**213,515**	214,708
Water	**356,092**	481,522
	8,336,511	10,680,519
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**$ 29,120**	$ 99,160

WINNIPEG HOUSING REHABILITATION CORPORATION

STATEMENT OF CASH FLOW - WHRC

Year ended March 31, 2015

	2015	2014
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	**$ 29,120**	$ 99,160
Add non cash items:		
Amortization	**1,578,801**	1,441,736
Amortization of forgivable loan	**160,262**	160,262
	1,768,183	1,701,158
Change in non-cash working capital:		
Rents receivable	**(2,508)**	3,115
Grants receivable	**86,625**	522,853
Other receivables	**(322,716)**	(285,482)
Subsidy due from CMHC	**(18)**	-
Subsidy due from Manitoba Housing	**12,452**	8,129
Prepaid expenses	**(42,215)**	(6,753)
Housing inventory	**(493,259)**	25,350
Accounts payable and accrued liabilities	**(83,369)**	3,603
GST payable	**(7,096)**	7,096
Accrued interest payable	**(12,778)**	(10,763)
Security deposits and prepaid rent	**61,070**	39,661
Deferred revenue	**(9,640)**	10,337
	954,731	2,018,304
INVESTING ACTIVITIES		
Purchase of capital assets	**(23,214)**	(43,774)
Increase (decrease) in Manitoba Housing replacement reserve	**247,310**	(60,692)
Increase (decrease) in CMHC replacement reserve	**9,211**	(35,289)
Increase in WHRC replacement reserve	**35,764**	31,674
Increase in WHRC building and acquisition reserve	**18,054**	17,914
	287,125	(90,167)
FINANCING ACTIVITIES		
Increase (decrease) in forgivable loans	**(166,986)**	(166,986)
Repayment of long-term debt	**(1,552,567)**	(1,418,287)
Manitoba Housing recoveries	**77,278**	134,172
	(1,642,275)	(1,451,101)
INCREASE (DECREASE) IN CASH	**(400,419)**	477,036
CASH, BEGINNING OF YEAR	**6,423,301**	5,946,265
CASH, END OF YEAR (NOTE 14)	**$ 6,022,882**	$ 6,423,301

1. *Accounting Entity*

The corporation is engaged in providing affordable housing in the City of Winnipeg. The corporation is mandated by the City of Winnipeg, but receives assistance by way of government sponsorship through Canada Mortgage and Housing Corporation (CMHC) and Manitoba Housing. The corporation's activities include a property management head office, management of individual properties and a housing development program. The corporation is not taxable under section 149 of the Income Tax Act.

For GST purposes, the corporation is designated as a municipality and is able to recover 100% of the GST paid.

2. *Significant Accounting Policies*

The financial statements of the corporation have been prepared solely for the information and use of CMHC and Manitoba Housing to comply with each of their operating agreements. The corporation follows certain accounting principles as determined by CMHC and Manitoba Housing for administration and funding purposes in recording expenses.

a) Basis of Accounting

The corporation follows the accrual basis of accounting whereby revenue is recognized when earned and expenses are recorded when incurred.

b) Housing Inventory

Housing inventory is recorded at cost. For properties acquired from the City of Winnipeg, cost is defined as the negotiated value plus acquisition cost. No amortization is being taken on the housing inventory. These buildings are construction in progress.

c) Replacement Reserve Fund

The Replacement Reserve Fund accounts are maintained to provide for future asset replacement. The accounts are established by an annual charge against operations. Interest earned is added and replacement costs are charged directly against the accumulated reserves.

d) Capital Assets

Capital assets are recorded at cost. For properties acquired from the City of Winnipeg, cost is defined as the negotiated value plus acquisition cost. Government grants received to assist in the development of rental properties are applied against the capital cost of the respective property. Interest expense, project costs and rental revenue, incurred prior to the determined interest adjustment date, are applied towards the capital cost of the property. Furniture and equipment costing less than $1,000 are expensed. Options and feasibility studies are added to the cost of acquired property or expensed if the property is not acquired. Any forgivable loans received are charged against the capital cost of the property.

2. Significant Accounting Policies (Continued)

Amortization is provided for as follows:

Computer equipment	- straight-line over three years
Furniture and equipment	- straight-line over five years
System software	- 30% of the opening net book value of the asset
Rental properties	- an amount equal to the principal reduction of the mortgage, in accordance with the requirements of the organization's funding bodies
	- for properties not financed by debt, an amount equal to 4% of the opening net book value of the property
General	- a replacement reserve is maintained to provide for future asset replacement.

e) Forgivable Loans

The corporation receives funding from different organizations. These loans are to be forgiven over 15 years from the completion date of the property.

f) Revenue Recognition

The corporation follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable, and when collectability is reasonably assured.

Rental, parking and laundry revenue and property management fees are recognized over the term of the lease.

g) Financial Instruments

Financial instruments held by the corporation include cash, rents receivable, other receivables, restricted cash and deposits, accounts payable and accrued liabilities, accrued interest payable, and long term debt. The corporation initially measures its financial instruments at fair market value and subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition, less principal repayments, plus or minus the cumulative difference between that initial amount and the maturity amount, and minus any reduction for impairment.

3. Grants Receivable

The corporation has the following grants that are receivable from the Province of Manitoba and the City of Winnipeg:

	2015	2014
Infill Housing Project		
AHI Province of Manitoba	**$ 44,434**	$ 118,059
City of Winnipeg	**21,000**	34,000
	$ 65,434	$ 152,059

4. Other Receivables

	2015	2014
Operating grant	**$ 45,000**	$ 45,000
Permit deposits	**-**	2,100
CMHC holdback	**-**	5,000
GST receivable	**151,206**	-
Development fees	**437,903**	258,142
NMF/MU building grant	**52,997**	52,997
Miscellaneous receivables	**7**	1,158
	$ 687,113	$ 364,397

5. Subsidy Due from CMHC and Manitoba Housing

The CMHC properties are subsidized for mortgage interest on a monthly basis through the reduction of the interest rates from market to 2%, in order to provide housing to low income individuals. The Manitoba Housing properties are subsidized for mortgage interest and property taxes on a monthly basis.

6. Operating Deficiency Recoverable from (Excess Payable To) Manitoba Housing

Pursuant to the current operating agreement with Manitoba Housing, and the agreements with CMHC which expired March 31, 1999, on a cumulative basis for each portfolio of properties, any excess funding provided to the corporation is to be repaid. Where a cumulative deficiency exists for Manitoba Housing properties, the shortfall is the responsibility of Manitoba Housing subject to Manitoba Housing approval of project costs.

	2015	2014
Operating deficiency recoverable from (excess payable to) Manitoba Housing	**$ 77,063**	$ 77,278

7. Housing Inventory

The corporation has undertaken projects to acquire property and develop housing in various neighbourhoods of Winnipeg as follows:

	2015	2014
Spence		
419 Sherbrook Street	**$ -**	$ 2,241
663 Furby Street	**-**	2,241
452 Langside Street	**-**	2,241
	-	6,723
Transcona		
440 Chrislind Street	**499,982**	-
	$ 499,982	$ 6,723

8. Replacement Reserve Fund

Under the terms of the agreements with CMHC/Manitoba Housing, the Replacement Reserve account is to be credited with an annual charge against earnings. These funds along with the accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC/Manitoba Housing from time to time. The funds in the account may only be used as approved by CMHC/Manitoba Housing. Withdrawals are credited to interest first and then principal.

	2015	2014
Allocation		
Annual charge	**$ 417,305**	$ 387,800
Year end balance		
Cash	**$ 520,462**	$ 408,277
Canadian Treasury Bills, Bonds and Guaranteed Investment Certificates	**4,084,320**	3,904,220
	$ 4,604,782	$ 4,312,497

9. Capital Assets

	2015		2014	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Rental properties	**$ 39,028,628**	**$ 16,873,468**	$ 39,168,079	$ 15,314,675
Furniture and equipment	**81,142**	**68,505**	270,322	246,328
Computer system software	**24,500**	**9,923**	24,500	3,675
	$ 39,134,270	**$ 16,951,896**	$ 39,462,901	$ 15,564,678
Net book value	**$ 22,182,374**		$ 23,898,223	

10. Cash and Line of Credit

The corporation has a line of credit with the Assiniboine Credit Union with an approved maximum of $1,800,000 which is due on demand and bears interest at the Credit Union's prime rate, payable monthly. This line of credit is secured by a $2,000,000 guarantee by the City of Winnipeg. Included in cash, the corporation has utilized $492,227 of this line of credit as at March 31, 2015 (2014 - $55,030). Included in cash is $219,681 (2014 - $272,635) of excess restricted funds related to rental and development.

11. Forgivable Loans

	2015	2014
Forgivable loans	**$ 1,156,829**	$ 1,323,815
Less: current portion	**160,262**	166,986
	$ 996,567	$ 1,156,829

WHRC has entered into various forgivable loan agreements with Manitoba Housing under various programs. These loans are forgivable over periods of five, ten or fifteen years (depending on agreement), in equal monthly amounts, commencing from the date of execution of the agreement. In the event a housing unit is sold or otherwise transferred before the entire loan is forgiven, any unforgiven portion shall become payable to Manitoba Housing.

11. *Forgivable Loans (Continued)*

The loans will be forgiven for the years ended as follows:

March 3:	2016	$	160,262
	2017		155,333
	2018		154,833
	2019		154,133
	2020		154,133
	Thereafter		378,135
		$	1,156,829

12. *Long-Term Debt*

Lender	Interest Rate	Maturity Dates	**2015**	2014
Assiniboine Credit Union	3.59% - 3.99%	2018-2031	**$ 239,981**	$ 252,582
TD Canada Trust	5.10%	2017	**696,552**	720,235
Canada Mortgage Housing Corporation	0.00% - 4.37%	2017-2021	**2,961,127**	3,286,468
Manitoba Housing	6.63% - 12.50%	-	**17,699,957**	18,890,899
			21,597,617	23,150,184
Less: current portion			**1,684,398**	1,554,402
			$ 19,913,219	$ 21,595,782

All mortgages are secured by a charge registered against the properties.

Although some of the mortgages may become due within the next fiscal period, these mortgages have not been shown as current as they are expected to be refinanced on similar terms when they come due.

The principal portion of long-term debt is repayable for the years ended as follows:

March 31,	2016	$	1,684,398
	2017		1,811,088
	2018		1,969,786
	2019		1,978,214
	2020		2,303,770
	Thereafter		11,850,361
		$	21,597,617

13. *WHRC Building and Acquisition Reserve*

The WHRC building and acquisition reserve consists of the net gains/losses on buildings that were sold, the accumulated operation surplus/deficits of those buildings and the realized gain on forgivable loans. These funds are restricted for use acquiring or building properties and adding them to WHRC's rental portfolio.

14. Additional Information to Cash Flow Statement

		2015		2014
Cash represented by:				
Cash	**$**	**1,418,100**	$	2,110,804
Restricted cash and deposits		**4,604,782**		4,312,497
	$	**6,022,882**	$	6,423,301
Interest received	**$**	**179,198**	$	119,846
Interest paid		**1,985,003**		2,126,744

15. Income Testing

The corporation has requested and obtained evidence of the income of tenants paying rent according to the rent-to-income scale as required by sub-paragraph 2(S) of the Operating Agreement with CMHC and Manitoba Housing.

The corporation has applied a rent-to-income ratio for those leases in accordance with sub-paragraph 2(S) of the Operating Agreement.

The corporation has adjusted the rental charge for rent-to-income leases in accordance with sub-paragraph 2(S) of the Operating Agreement.

16. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods presented. Actual results could differ from these estimates.

17. Risk Management

a) Interest Rate Price Risk

It is management's opinion that the corporation is exposed to interest rate risk due to its holding of guaranteed investment certificates with fixed interest rates and long-term with fixed interest rates.

b) Liquidity Risk

Liquidity risk is the risk that the corporation will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than three months.

The corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due.

17. Risk Management (Continued)

c) Credit Risk

Financial instruments which potentially subject the corporation to credit risk and concentrations of credit risk consist principally of cash, restricted cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2015	2014
ASSETS		
Investments		
Cash and short-term deposits (Note 3)	**$ 39,414**	$ 808,130
Canadian securities (Note 3)	**4,007,047**	3,305,003
	4,046,461	4,113,133
Accrued interest (Note 3)	**32,433**	28,526
Due from the City of Winnipeg	**7,729**	5,308
Total Assets	**4,086,623**	4,146,967
LIABILITIES		
Accounts payable and accrued liabilities	**40,450**	44,970
Commuted value benefit payable (Note 4)	**-**	670,138
Total Liabilities	**40,450**	715,108
NET ASSETS AVAILABLE FOR BENEFITS	**4,046,173**	3,431,859
OBLIGATION FOR PENSION BENEFITS (Note 5)	**4,251,848**	3,795,499
NET ASSETS AVAILABLE FOR BENEFITS LESS OBLIGATION FOR PENSION BENEFITS	**$ (205,675)**	$ (363,640)

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31

	2015	2014
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg (Note 6)	**$ 697,261**	$ 329,992
Plan members	**111,595**	110,909
	808,856	440,901
Investment income from		
Canadian securities	**78,140**	85,781
Cash and short-term deposits	**572**	605
	78,712	86,386
Current period change in fair value of investments	**51,203**	337,296
Total increase in assets	**938,771**	864,583
DECREASE IN ASSETS		
Administrative expenses		
Actuarial fees	**72,444**	64,361
Investment management, audit and administrative fees	**15,190**	16,023
	87,634	80,384
Benefit payments		
Commuted value benefit (Note 4)	**138,842**	878,757
Pension payments	**97,981**	64,598
	236,823	943,355
Total decrease in assets	**324,457**	1,023,739
Increase (decrease) in net assets	**614,314**	(159,156)
Net assets available for benefits at beginning of year	**3,431,859**	3,591,015
Net assets available for benefits at end of year	**$ 4,046,173**	$ 3,431,859

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

STATEMENT OF CHANGES IN PENSION BENEFITS OBLIGATION

For the years ended December 31

	2015	2014
OBLIGATION FOR PENSION BENEFITS AT BEGINNING OF YEAR	**$ 3,795,499**	$ 3,945,291
Benefits accrued	**469,247**	382,347
Interest accrued on benefits	**183,827**	197,898
Changes in actuarial assumptions	**41,087**	286,559
Benefits paid	**(236,823)**	(943,355)
Experience gains and losses	**(989)**	(73,241)
OBLIGATION FOR PENSION BENEFITS AT END OF YEAR	**$ 4,251,848**	$ 3,795,499

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

1. *Description of Plan*

a) General

The Council Pension Benefits Program (the "Program") was established on July 18, 2001 by The City of Winnipeg Council Pension Plan By-law No. 7869/2001, which deemed the Program to have come into existence on January 1, 2001. The Program means the benefits program consisting of The City of Winnipeg Council Pension Plan ("Part A" or "Plan") and The City of Winnipeg Council Early Retirement Benefits Arrangement ("Part B"). Part A and Part B are defined benefit pension plans, which provide pension benefits for The City of Winnipeg Council (the "Council") members. All members of Council were required to become members of the Program on January 1, 2001.

b) Contributions

For Part A, members contribute 6 1/2% of their Canada Pension Plan earnings plus 7 1/2% of any earnings in excess of their Canada Pension Plan earnings. The City of Winnipeg (the "City") makes contributions as required, based on the recommendation of the actuary for Part A. The City is responsible for ensuring that the actuarial liabilities of Part A are adequately funded over time. Any surplus disclosed in an actuarial valuation of Part A may be used to reduce the City's required contributions to Part A or used as a contingency reserve to offset possible future losses of Part A.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

c) Retirement pensions

For each member, the Program allows for retirement at or after the age of 55, or following completion of 30 years of service, or when the sum of a member's age plus years of credited service equals 80, or if the member becomes totally and permanently disabled.

The pension formula prior to age 65 is equal to 2%, multiplied by the member's best 5-year average earnings, multiplied by the number of years of credited service. The pension formula after the age of 65 is equal to the member's years of credited service multiplied by the aggregate of 1.5% of the member's best 5-year average Canada Pension Plan earnings plus 2% of the member's best 5-year average non-Canada Pension Plan earnings.

For part A, the amount determined by the pension formula above is reduced by 0.25% for each month by which the member's date of retirement precedes the earliest of the day on which the: member will attain age 60, member would have completed 30 years of service had employment continued, or member's age plus years of service would have totaled 80 had employment continued.

For Part B, the amount payable is equal to the amount determined by the pension formula above less the amount payable under Part A.

Benefits are indexed each July 1 at a rate of 80% of Consumer Price Index (Canada) from the date the pension commences to be paid.

d) Deemed retirement

Any Program member who is not retired on December 1 of the taxation year in which the Program member attains age 71 shall be deemed to have retired on that day.

1. *Description of Plan (continued)*

e) Survivor's benefits

On a member's death before retirement Part A provides for survivor's benefits and Part B does not. The Program provides for survivor's benefits on a member's death after retirement.

f) Termination benefits

Upon application and subject to locking-in provisions, deferred pensions or equivalent lump sum benefits with respect to Part A accruals are payable to a Program member when a Program member ceases to be an elected official with the City prior to being eligible to retire under the Program. No benefits are payable under Part B when a Program member ceases to be an elected official with the City prior to being eligible to retire under the Program.

Benefits are indexed each July 1 at a rate of 80% of Consumer Price Index (Canada) up to the date the deferred pension commences to be paid.

g) Re-election

If a Program member who is receiving a pension from the Program is re-elected, the Program member's pension will be suspended prior to the Program member becoming an elected official with the City and their years of credited service will be added to the Program member's years of credited service after re-election.

h) Administration

The Program is administered by the Council Pension Benefits Board ("Board") which is comprised of three representatives appointed by the Council, only one of whom may be a Councillor, and the Chief Financial Officer of the City or his or her designate.

2. *Significant Accounting Policies*

a) Basis of presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Program as a separate financial reporting entity, independent of the sponsor and Program members. They are prepared to assist Program members and others in reviewing the activities of the Program for the fiscal period.

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. In selecting accounting policies that do not relate to its investment portfolio or pension obligations the program applies on a consistent basis Canadian accounting standards for private enterprises ("ASPE").

b) Financial instruments

i) Initial measurement

Financial instruments are measured at fair value on origination or acquisition, adjusted by, in the case of financial instruments that will not be subsequently measured at fair value, financing fees and transaction costs. All other financing fees and transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

2. Significant Accounting Policies (continued)

ii) Subsequent to initial recognition

Investments are measured at fair value without any adjustment for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in the statement of changes in net assets available for benefits in the period incurred. Other financial instruments are measured at amortized cost.

c) Investments

i) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan measures fair value of investments using quoted prices in an active market. The Plan uses closing market prices as a practical expedient for fair value measurement.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of current period change in fair value of investments.

Fair values of investments are determined as follows:

Canadian securities are valued at year-end quoted closing prices.

Cash and short-term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

ii) Income recognition

Income from investments is recorded on an accrual basis and includes interest income, dividends and other income.

d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of net assets, changes in net assets, and related disclosures. Actual results could differ from those estimates. The most significant use of estimates is the assumptions used in the actuarial valuation and extrapolation for the obligation for pension benefits (Note 5).

e) Income taxes

Part A is a registered pension plan, as defined by the Income Tax Act (Canada) and, accordingly, the pension fund is not subject to income taxes.

Part B is a supplemental pension plan where the City pays the full cost of benefits and expenses as they become payable.

3. *Risk Management*

In the normal course of business, the Plan's investment activities expose it to a variety of financial risks. Therefore, the objective of investment risk management is to diversify investment assets to reduce the likelihood of a significant reduction in total fund value while achieving the opportunity for gains in the portfolio within acceptable risk parameters. This is achieved by diversifying the investment portfolio within the constraints of the investment policy and objectives by regularly monitoring the Plan's position and market events.

a) Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments.

i) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's asset values, future investment income and obligation for pension benefits. This risk arises from the differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's interest bearing assets is affected by short-term changes in market interest rates.

Pension liabilities are exposed to the long-term expectation of rate of return on investments as well as expectations of inflation and salary escalation. The Plan's primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet pension obligations.

ii) Foreign currency risk

Foreign currency exposure arises from the Plan holding Canadian dollar investment funds with underlying investments, held in the fund, denominated in currencies other than the Canadian dollar. Fluctuations in the value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments. The fund is exposed to fluctuations of multiple currencies, most notably the U.S. dollar.

iii) Other price risk

The Plan's investments in equities are sensitive to changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. To manage the Plan's other price risk, the Board adopted an indexing strategy that diversifies risk over a wide range of investments that is intended to mirror the liabilities of the Plan.

As at December 31, 2015, a decline of 10 percent in value of Canadian securities, with all other variables held constant, would have impacted the Plan's Canadian securities by an approximate unrealized loss of $401,000 (2014 - $331,000).

b) Credit risk

Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Plan. At December 31, 2015, the Plan's maximum credit risk exposure relates to accrued interest, cash and short-term deposits totalling $71,847 (2014 - $836,656).

3. Risk Management (continued)

c) Liquidity risk

Liquidity risk refers to the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities through selling or acquiring investments in a timely and cost-effective manner. The Plan maintains a portfolio of highly marketable Canadian assets that may be sold as protection against any unforeseen interruption to cash flow.

d) Fair value

The Plan's assets, which are recorded at fair value, have been categorized into one of the following categories reflecting the significant inputs used in making the fair value measurement:

- Level 1 valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following is a summary of the inputs used as of December 31, 2015 and 2014 in valuing the Plan's financial assets recorded at fair value:

	Level 1	Level 2	Level 3	**2015 Total**
Cash and short-term deposits	**$ 39,414**	**$ -**	**$ -**	**$ 39,414**
Canadian securities	**4,007,047**	**-**	**-**	**4,007,047**
	$ 4,046,461	**$ -**	**$ -**	**$ 4,046,461**

	Level 1	Level 2	Level 3	2014 Total
Cash and short-term deposits	$ 808,130	$ -	$ -	$ 808,130
Canadian securities	3,305,003	-	-	3,305,003
	$ 4,113,133	$ -	$ -	$ 4,113,133

Canadian securities consist of the following:

	2015	2014
iShares real return bond index fund	**$ 2,406,085**	$ 1,965,109
iShares MSCI World Index ETF	**799,371**	667,920
iShares Core S-P/TSX Capped Comp Index ETF	**401,906**	343,656
iShares Canadian Long Term Bond Index ETF	**399,685**	328,318
	$ 4,007,047	$ 3,305,003

4. Commuted Value Benefit

The 2015 commuted value benefit represents benefits under Part A that were payable to former councillors. The 2014 commuted value benefit represents amounts paid to elected officials who left office after the 2014 civic election. The benefit is the result of a choice made by the member to take out the commuted value benefit. Amounts owing elected officials at December 31, 2014 were classified as commuted value benefit payable, and paid in 2015. These benefits were actuarially determined and complied with the Income Tax Act (Canada).

5. *Obligation for Pension Benefits*

An actuarial valuation of the Program was prepared as at December 31, 2014 and extrapolated to December 31, 2015 by Mercer (Canada) Limited ("Mercer"). The actuarial present value of accrued pension benefits for the valuation was determined using the projected benefit method pro-rated on service and using assumptions approved by the Board with input from the actuary.

The significant long-term assumptions used in the valuation of accrued pension benefits provided for a discount rate on liabilities of 4.65% (2014 - 4.70%) per annum, a rate of return on assets of 4.65% (2014 - 4.70%) per annum, and a general rate of salary increase of 2.50% (2014 - 2.50%) per annum.

The obligation for pension benefits is comprised of the following:

	2015	2014
Part A	**$ 4,156,571**	$ 3,733,309
Part B	**95,277**	62,190
	$ 4,251,848	$ 3,795,499

6. *Contributions*

	2015	2014
Current service	**$ 385,712**	$ 329,992
Special contributions (Note 7)	**311,549**	-
	$ 697,261	$ 329,992

For Part A, the City's contributions to the Plan are due within four weeks of the required date. The City is charged interest on all balances outstanding past the due date.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

7. *Capital Management*

For Part A, the main objective of the Board is to sustain a level of net assets in order to meet the pension obligation of Part A. The Board fulfills this objective by ensuring member and City contributions are remitted to the pension fund in accordance with the terms of Part A and adhering to specific investment policies including asset mix and rate of return expectations, outlined in the Board approved Statement of Investment Policies and Procedures. Investment policy, strategies and performance are reviewed regularly by the Board.

For Part A, the City is responsible for ensuring that the actuarial liabilities of the Plan are adequately funded. The Board is required to have an actuarial funding valuation for Part A filed with Canada Revenue Agency. The most recent actuarial funding valuation filed for Part A was prepared by Mercer for the period ended December 31, 2014 and reported a $301 thousand shortfall which, along with interest accruing to date of payment, was fully funded by the City of Winnipeg during 2015. The next required actuarial funding valuation for Part A is as at December 31, 2017 and will be completed in 2018.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

8. *Related Party Transactions*

The Program receives administrative support from the City at no cost to the Program.

PHOTO: Phil Starr, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)
(unaudited)

	2015	2014
ASSETS		
Investments, at fair value		
Bonds and debentures	**$ 269,172**	$ 262,674
Canadian equities	**299,883**	356,032
Foreign equities	**429,239**	391,911
Cash and short-term deposits	**53,364**	41,155
Private equities	**24,468**	21,387
Real estate	**93,741**	88,617
Infrastructure	**107,069**	69,602
Private debt	**10,007**	-
Real estate debt	**14,872**	2,186
	1,301,815	1,233,564
Participants' contributions receivable	**5**	5
Employers' contributions receivable	**9**	22
Accounts receivable	**558**	380
Due from The Winnipeg Civic Employees' Pension Plan	**21**	-
Total Assets	**1,302,408**	1,233,971
LIABILITIES		
Accounts payable	**2,117**	2,079
Due to The Winnipeg Civic Employees' Pension Plan	**-**	23
Total Liabilities	**2,117**	2,102
NET ASSETS AVAILABLE FOR BENEFITS	**1,300,291**	1,231,869
PENSION OBLIGATIONS	**1,222,646**	1,128,967
SURPLUS	**$ 77,645**	$ 102,902
SURPLUS COMPRISED OF:		
Main Account - General Component	**$ 66,260**	$ 90,266
Main Account - Contributions Stabilization Reserve	**-**	1,918
Plan Members' Account	**11,385**	10,698
City Account	**-**	20
	$ 77,645	$ 102,902

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

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

	2015	2014
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg	**$ 24,080**	$ 23,141
Employees	**12,426**	12,299
Reciprocal transfers from other plans	**347**	479
	36,853	35,919
Investment income (Note 5)	**35,243**	28,116
Current period change in fair value of investments	**47,973**	95,425
Total increase in assets	**120,069**	159,460
DECREASE IN ASSETS		
Pension payments	**45,097**	41,925
Lump sum benefits (Note 7)	**1,174**	1,435
Administrative expenses (Note 8)	**908**	876
Investment management and custodial fees	**4,468**	3,618
Total decrease in assets	**51,647**	47,854
Increase in net assets	**68,422**	111,606
Net assets available for benefits at beginning of year	**1,231,869**	1,120,263
Net assets available for benefits at end of year	**$ 1,300,291**	$ 1,231,869

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

STATEMENT OF CHANGES IN PENSION OBLIGATIONS

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

	2015	2014
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	**$ 1,128,967**	$ 1,034,654
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued pension benefits	**64,259**	61,952
Benefits accrued	**39,557**	36,586
Changes in actuarial assumptions	**38,876**	50,202
Total increase in accrued pension benefits	**142,692**	148,740
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	**46,271**	43,360
Experience gains and losses and other factors	**1,736**	10,137
Administration expenses	**1,006**	930
Total decrease in accrued pension benefits	**49,013**	54,427
NET INCREASE IN ACCRUED PENSION BENEFITS FOR THE YEAR	**93,679**	94,313
ACCRUED PENSION BENEFITS, END OF YEAR	**$ 1,222,646**	$ 1,128,967

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN SURPLUS

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

	2015	2014
SURPLUS, BEGINNING OF YEAR	**$ 102,902**	$ 85,609
Increase in net assets available for benefits for the year	**68,422**	111,606
Increase in accrued pension benefits for the year	**(93,679)**	(94,313)
SURPLUS, END OF YEAR	**$ 77,645**	$ 102,902

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

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

	2015				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 24,080	$ -	$ -	$ -	**$ 24,080**
Employees	12,426	-	-	-	**12,426**
Reciprocal transfers from other plans	347	-	-	-	**347**
	36,853	-	-	-	**36,853**
Investment income (Note 5)	34,936	-	307		**35,243**
Current period change in fair value of investments	47,554	-	419	-	**47,973**
Transfer from Contribution Stabilization Reserve - Resolution of funding surplus (Note 3)	1,918	(1,918)	-	-	**-**
Transfer from City Account - Resolution of funding deficiency (Note 3)	20	-	-	(20)	**-**
Total increase (decrease) in assets	121,281	(1,918)	726	(20)	**120,069**
DECREASE IN ASSETS					
Pension payments	45,097	-	-	-	**45,097**
Lump sum benefits (Note 7)	1,174	-	-	-	**1,174**
Administrative expenses (Note 8)	908	-	-	-	**908**
Investment management and custodial fees	4,429	-	39	-	**4,468**
Total decrease in assets	51,608	-	39	-	**51,647**
Increase (decrease) in net assets	69,673	(1,918)	687	(20)	**68,422**
Net assets available for benefits at beginning of year	1,219,233	1,918	10,698	20	**1,231,869**
Net assets available for benefits at end of year	$ 1,288,906	$ -	$ 11,385	$ -	**$ 1,300,291**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

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

	2014				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 23,141	$ -	$ -	$ -	$ 23,141
Employees	12,299	-	-	-	12,299
Reciprocal transfers from other plans	479	-	-	-	479
	35,919	-	-	-	35,919
Investment income (Note 5)	27,828	45	243	-	28,116
Current period change in fair value of investments	94,450	147	826	2	95,425
Transfer to Contribution Stabilization Reserve - Resolution of funding surplus (Note 3)	(1,732)	1,732	-	-	-
Transfer to City account - Resolution of funding surplus (Note 3)	(18)	-	-	18	-
Total increase (decrease) in assets	156,447	1,924	1,069	20	159,460
DECREASE IN ASSETS					
Pension payments	41,925	-	-	-	41,925
Lump sum benefits (Note 7)	1,435	-	-	-	1,435
Administrative expenses (Note 8)	876	-	-	-	876
Investment management and custodial fees	3,581	6	31	-	3,618
Total decrease in assets	47,817	6	31	-	47,854
Increase in net assets	108,630	1,918	1,038	20	111,606
Net assets available for benefits at beginning of year	1,110,603	-	9,660	-	1,120,263
Net assets available for benefits at end of year	$ 1,219,233	$ 1,918	$ 10,698	$ 20	$ 1,231,869

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE OF CHANGES IN SURPLUS BY ACCOUNT

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

	2015				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
SURPLUS, BEGINNING OF YEAR	$ 90,266	$ 1,918	$ 10,698	$ 20	**$ 102,902**
Increase (decrease) in net assets available for benefits for the year	69,673	(1,918)	687	(20)	**68,422**
Net increase in accrued pension benefits for the year	(93,679)	-	-	-	**(93,679)**
SURPLUS, END OF YEAR	$ 66,260	$ -	$ 11,385	$ -	**$ 77,645**

	2014				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
SURPLUS, BEGINNING OF YEAR	$ 75,949	$ -	$ 9,660	$ -	$ 85,609
Increase in net assets available for benefits for the year	108,630	1,918	1,038	20	111,606
Net increase in accrued pension benefits for the year	(94,313)	-	-	-	(94,313)
SURPLUS, END OF YEAR	$ 90,266	$ 1,918	$ 10,698	$ 20	$ 102,902

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015
(in thousands of dollars)
(unaudited)

1. Description of Plan

a) General

The *Winnipeg Police Pension Plan* is a defined benefit pension plan, which provides pension benefits for City of Winnipeg police officers. All police officers are required to become members of the *Plan* at the commencement of their employment.

b) Administration

The *Plan* is administered by the *Winnipeg Police Pension Board* which is comprised of two voting members appointed by the Winnipeg Police Association, appointed on behalf of Police Officers who are Active Members; one voting member appointed by the Winnipeg Police Senior Officers' Association, appointed on behalf of the senior police officers who are Active Members; one voting member elected by the Non-Active Members and other beneficiaries under the *Plan*; and five voting members appointed by the City.

The Board also consists of a maximum of four non-voting members, one of whom may be appointed by each of the Winnipeg Police Association, the Winnipeg Police Senior Officers' Association, and the City of Winnipeg, respectively, and one of whom may be elected by the Non-Active Members or, if no election is held, appointed by the Non-Active Member Representative on behalf of the Non-Active Members.

The Plan is registered under the *Pension Benefits Act* of Manitoba. The *Plan* is a registered pension plan under the *Income Tax Act*, and is not subject to income taxes.

c) Financial structure

The *Winnipeg Police Pension Plan* is comprised of three Accounts, namely the Main Account (which has two components being the General Component and the Contribution Stabilization Reserve), the Plan Members' Account and the City Account.

i) Main Account - General Component

All benefits of the Pension Plan are paid from the Main Account - General Component.

Employees contribute 8% of earnings to the Main Account. If the Contribution Stabilization Reserve is sufficient to provide a transfer to fund the difference between the current service cost of benefits accrued during the year and matching employee and City contributions and to the extent provincial funding regulations permit such a transfer, then the City matches the employee contributions during the year.

If the Contribution Stabilization Reserve is insufficient to provide the above transfer or if provincial funding regulations restrict such a transfer, then the City contributes the balance of the current service cost of benefits accrued during the year, including 2% of earnings for post-retirement cost-of-living adjustments, in excess of the employees’ contributions.

1. *Description of Plan (continued)*

c) Financial structure (continued)

ii) Main Account - Contribution Stabilization Reserve

The Contribution Stabilization Reserve is credited with a portion of actuarial surpluses. The Contribution Stabilization Reserve finances, through transfers to the Main Account - General Component, the portion of the current service cost of benefits that exceeds the employees' and City's contributions. In accordance with Provincial funding regulations the Contribution Stabilization Reserve can be used to reduce the City's contributions only to the extent of the balance in excess of 5% of the Plan's solvency liabilities. The balance of the Contribution Stabilization Reserve has been below this threshold since 2012.

iii) Plan Members' Account

In order to ensure that the *Plan* members will receive a benefit equal to the benefit received by the City through the contribution holidays that it took in 2001 and 2002, the Plan Members' Account was established effective January 1, 2003 with an initial balance equal to the amount of the City's contribution holidays adjusted for investment income up to December 31, 2002.

The Plan Members' Account will be credited with any share of future actuarial surpluses that are allocated to the *Plan* Members in accordance with the *Plan*.

iv) City Account

The City Account is credited with the share of future actuarial surpluses that are allocated to the City in accordance with the *Plan.*

d) Retirement pensions

The *Plan* provides for retirement at or after age 55 or following completion of 25 years of credited service. The *Plan* allows early retirement at age 50 or completion of at least 20 years of credited service subject to an early retirement pension reduction. The pension formula prior to age 65 is equal to 2% of the average earnings in the 60 consecutive months in which the earnings are highest ("Best Average Earnings") for each year of credited service. The pension formula after age 65 is equal to 1.4% of Best Average Canada Pension Plan earnings plus 2% of Best Average Non-Canada Pension Plan earnings for each year of credited service. Pensions are subject to the maximum benefit limits prescribed for registered pension plans under the Income Tax Act.

Retirement and survivor pensions, including deferred pensions, are increased annually to provide cost-of-living adjustments at the stated level in the *Plan* text, which level is currently 44.9% (2014 - 47.8%) of the percentage change in the Consumer Price Index for Canada.

e) Disability pensions

A member, who has completed at least fifteen years of credited service, and who has become totally and permanently disabled may apply for a disability pension.

f) Survivor's benefits

The *Plan* provides survivor pensions or lump sum benefits on death prior to retirement. On death after retirement, eligible surviving spouses normally receive 66 2/3% of the member's pension.

1. *Description of Plan (continued)*

g) Termination benefits

Upon application and subject to vesting and locking-in provisions, deferred pensions or equivalent lump sum benefits are payable when a member terminates employment with the City.

h) Variation in benefits

The *Plan* provides that the rate of cost-of-living adjustment to pensions may be increased using funds available in the Plan Members' Account or may be reduced in the event of a funding deficiency.

2. *Summary of Significant Accounting Policies*

a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for pension plans on a going concern basis and present the aggregate financial position of the *Plan* as a separate financial reporting entity, independent of the City and *Plan* members. They are prepared to assist *Plan* members and others in reviewing the activities of the *Plan* for the fiscal period.

These financial statements include the financial statements of the *Plan* and its wholly-owned subsidiary, 5332665 Manitoba Ltd., which was incorporated on July 14, 2006. The *Plan* accounts for its investment in its subsidiary on a non-consolidated basis and presents it at fair value. The purpose of the subsidiary corporation is to invest in and hold certain private equity investments on behalf of the *Plan.*

b) Investments and investment income

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions.

Publicly traded equity investments are valued using published market prices.

Bonds and debentures are valued either using published market prices or by applying valuation techniques that utilize observable market inputs.

For private equity, private debt, real estate debt and infrastructure investments, where quoted market prices are not available, various methods of valuation are used by the external managers to determine fair value including the use of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate. Real estate investments are valued based on the most recent valuations or appraisals of the underlying properties.

Cash and short-term investments are recorded at cost, which, together with accrued interest income, approximates fair value.

Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

The *Plan's* investment income, current period change in fair value of investments and investment management and custodial fees are allocated between the Accounts and Reserve based on the average balance of each Account and Reserve during the year.

2. *Summary of Significant Accounting Policies (continued)*

c) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the year end. Income and expenses, and the purchase and sale of investments, are translated into Canadian dollars at the exchange rates prevailing on the transaction dates.

d) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets, obligations, and surplus during the year. Actual results could differ from those estimates. Items within the financial statements which require significant estimates and judgment include the pension obligation and the fair value of investments.

3. *Obligations for Pension Benefits*

An actuarial valuation of the *Plan* was performed as of December 31, 2015 by Eckler Ltd. This valuation was used to determine the actuarial present value of accrued benefits disclosed in the Statement of Financial Position as at December 31, 2015. For the comparative 2014 figures, the actuarial present value of accrued benefits at December 31, 2014 is based on December 31, 2014 actuarial valuation performed by Eckler Ltd. The economic assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term economic and investment market conditions. Significant long term actuarial assumptions used in the valuation including a valuation interest rate of 5.50% (2014 – 5.75%) per year, inflation of 2.0% (2014 – 2.0%) per year and general increases in pay of 3.50% (2014 - 3.50%) per year. The change in the valuation interest rate from 5.75% to 5.50% increased the obligations for pension benefits by $45,806. The economic assumptions with respect to commuted values were revised, increasing obligations for pension benefits by $625. The demographic assumptions, including rates of termination of employment, retirement and mortality, were chosen after detailed analysis of past experience.

The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The actuarial valuation as at December 31, 2015 disclosed a $15,128 funding deficiency which is to be resolved in accordance with the *Plan,* by decreasing future cost-of-living adjustments from 44.9% to 39.5% of inflation (which results in a reduction to obligations for pension benefits of $15,128), effective January 1, 2016.

The actuarial valuation as at December 31, 2014 disclosed a $9,493 funding deficiency which was resolved in accordance with the *Plan*, by transferring $20 from the City Account to the Main Account - General Component, by transferring $1,918 from the Main Account - Contribution Stabilization Reserve to the Main Account - General Component and by decreasing future cost-of-living adjustments from 47.8% to 44.9% of inflation (which results in a reduction to obligations for pension benefits of $7,555), effective January 1, 2015.

3. *Obligations for Pension Benefits (continued)*

The assets available to finance the *Plan's* accrued benefits are those allocated to the Main Account - General Component. In determining the surplus or deficiency for actuarial valuation purposes, and to be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets of the Main Account - General Component was determined from fair values. The actuarial value placed on the assets smoothes out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years.

The effect of using a smoothed value of assets for the Main Account - General Component in determining the estimated actuarial surplus or deficiency, before allocation of surplus or deficit resolution, is as follows:

	2015	2014
Surplus for financial statement reporting purposes		
Main Account - General Component	**$ 66,260**	$ 90,266
Fair value changes not reflected in actuarial value of assets	**(81,388)**	(99,759)
(Deficit) Surplus for actuarial valuation purposes		
Main Account - General Component	**(15,128)**	(9,493)
Add: special purpose reserves and accounts		
Main Account - Contribution Stabilization Reserve	**-**	1,918
Plan Members' Account	**11,385**	10,698
City Account	**-**	20
(Deficit) Surplus for actuarial valuation purposes - including special purpose reserves and accounts, as estimated	**$ (3,743)**	$ 3,143

The funding requirements relating to the Plan's solvency position under *The Pension Benefits Regulation,* are based on the last actuarial valuation for funding purposes filed with the Manitoba Pension Commission, which was as at December 31, 2013.

The actuarial valuation as at December 31, 2013 disclosed solvency liabilities measured on a *Plan* termination basis of $1,065,297 and a solvency surplus of $10,780; however, the solvency assets, not including the amount secured by the existing letter of credit, were less than the solvency liabilities by $28,962.

The *Pension Benefits Regulation* provides that an irrevocable letter of credit may be used to secure some or all of the special payments that would otherwise be required from the City of Winnipeg. In 2015 the City of Winnipeg provided a renewed irrevocable letter of credit from a chartered bank to the Winnipeg *Police Pension Board* to be held in trust for the *Plan* in the amount of $28,962 together with any applicable interest as required under the *Regulation.* The letter of credit took effect on October 27, 2015 and as of December 31, 2015 the irrevocable letter of credit secured special payments that would otherwise be required from the City of Winnipeg in the amount of $31,194. the letter of credit expires October 26, 2016.

The City of Winnipeg has informed the *Winnipeg Police Pension Board* that it will be arranging for renewal of the existing irrevocable letter of credit to be held by the *Winnipeg Police Pension Board* in lieu of making special payments, together with any applicable interest as required under the Regulation. The renewed letter of credit is expected to take effect in October 2016 and must be renewed annually thereafter until such time as the *Plan* no longer has a solvency deficiency or the City of Winnipeg has made all payments required under the *Regulation* .

4. *Management of Financial Risk*

In the normal course of business, the *Plan's* investment activities expose it to a variety of financial risks. The *Plan* seeks to minimize potential adverse effects of these risks on the *Plan's* performance by hiring professional, experienced portfolio managers, by regular monitoring of the *Plan's* position and market events, by diversifying the investment portfolio within the constraints of the investment policy and objectives, and occasionally through the use of derivatives to hedge certain risk exposures. Significant risks that are relevant to the *Plan* are discussed below.

a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the *Plan,* and is concentrated in the *Plan's* investment in bonds and debentures and short-term deposits. At December 31, 2015, the Plan's credit risk exposure related to bonds and debentures and short-term deposits totaled $322,536 (2014 - $303,829).

The *Plan's* concentration of credit risk as at December 31, 2015, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	**2015 Fair Value**	2014 Fair Value
Government of Canada and Government of Canada guaranteed	**$ 55,819**	$ 56,218
Provincial and Provincial guaranteed	**95,334**	87,016
Canadian cities and municipalities	**9,651**	4,594
Corporations and other institutions	**108,368**	114,846
	$ 269,172	$ 262,674

The *Plan's* investments include short-term deposits with the City of Winnipeg which have a fair value of $42,810 at December 31, 2015 (2014 - $24,068).

The *Plan* limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy Guideline monitoring process.

As at December 31, bonds and debentures analyzed by credit rating are as follows:

	2015		2014	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**26.4**	**5.5**	30.4	6.5
AA	**31.5**	**6.5**	30.9	6.6
A	**30.5**	**6.3**	27.4	5.8
BBB	**11.6**	**2.4**	9.3	2.0
BB	**-**	**-**	2.0	0.4
	100.0	**20.7**	100.0	21.3

At December 31, 2015, the *Plan'* s credit risk exposure related to private debt and real estate debt totaled $24,879 (2014 - $2,186). The *Plan* 's external managers for the private debt and real estate debt portfolios limit credit risk through diversification, performing internal credit analysis and enforcing loan covenants.

4. *Management of Financial Risk (continued)*

a) Credit risk *(continued)*

The *Plan* participates in a securities lending program, managed by the *Plan's* custodian, wherein securities are loaned to counterparties in exchange for lending fees. In this regard, the *Plan's* exposure to credit risk relates to the potential for a counterparty to not return a security and the related collateral held is insufficient to replace the security in the open market. The Manager has responsibility to monitor the credit worthiness of counterparties and to regularly monitor and maintain collateral greater than the value of the loans.

b) Liquidity risk

Liquidity risk is the risk that the *Plan* will encounter difficulty in meeting obligations associated with financial liabilities. The *Plan* ensures it retains sufficient cash and short-term investment positions to meet its cash flow commitments, including the ability to fund the pensioner payroll costs and to fund investment commitments. The *Plan* primarily invests in securities that are traded in active markets and can be readily disposed. The *Plan* may invest in private equity and private debt, which is not traded in an organized market and may be illiquid, but only up to a maximum of 5% of the *Plan's* assets, as stipulated in the *Plan's* Statement of Investment Policies and Procedures. The *Plan* may also invest in real estate and real estate debt, which is not traded in an organized market and may be illiquid, but only up to a maximum of 14% of the *Plan's* assets, as stipulated in the Plan's Statement of Investment Policies and Procedures. Finally, the *Plan* may also invest in infrastructure, which is not traded in an organized market and may be illiquid, but only up to a maximum of 10% of the Plan's assets, as stipulated in the *Plan's* Statement of Investment Policies and Procedures.

c) Interest rate risk

Interest rate risk is the risk that the fair value of the *Plan's* interest bearing investments will fluctuate due to changes in market interest rates. The *Plan's* exposure to interest rate risk is concentrated in its investment in bonds and debentures and short-term investments.

The *Plan's* actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of inflation and salary escalation. The *Plan's* primary exposure is to a decline in the long-term real rate of return which may result in higher contribution rates or lower benefit levels.

The *Plan* has approximately 24.8% (2014 - 24.6%) of its assets invested in bonds and debentures and short-term investments at December 31, 2015. The returns on bonds and debentures are particularly sensitive to changes in nominal interest rates.

The term to maturity and related fair values of investments in bonds and debentures held by the *Plan* at December 31, 2015 are as follows:

Term to Maturity	**2015 Fair Value**	2014 Fair Value
Less than one year	**$ 12,589**	$ 9,612
One to five years	**65,793**	66,370
Greater than five years	**190,790**	186,692
	$ 269,172	$ 262,674

4. *Management of Financial Risk (continued)*

c) Interest rate risk *(continued)*

As at December 31, 2015, had prevailing interest rates raised or lowered by 0.5% (2014 - 0.5%) assuming a parallel shift in the yield curve, with all other variables held constant, the fair value of investments in bonds and debentures would have decreased or increased, respectively, by approximately $13,661 (2014 - $13,081), approximately 1.1% of total net assets (2014 - 1.1%). The *Plan's* sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be material.

The *Plan* also has exposure to interest rate risk from its private debt and real estate debt investments. The *Plan*'s external investments managers mitigate interest rate risk by making loans that are primarily floating rate instruments.

d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency exposure arises from the *Plan's* holdings of foreign equity, real estate debt , private debt and infrastructure investments. The *Plan's* investment managers may, from time to time, hedge some of this exposure using forward contracts. The table below indicates the *Plan's* net foreign currency exposure after giving effect to the net related economic hedge as at December 31, 2015.

The table also illustrates the potential impact to the *Plan's* net assets, all other variables held constant, as a result of a 10% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

	2015				2014	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 333,748**	**$ 8,641**	**$ 325,107**	**$ 32,511**	$ 254,000	$ 25,400
Euro countries	**70,969**	**8,640**	**62,329**	**6,233**	57,291	5,729
United Kingdom	**51,925**	**15,661**	**36,264**	**3,626**	34,768	3,477
Japan	**23,760**	**-**	**23,760**	**2,376**	20,210	2,021
Hong Kong	**18,468**	**-**	**18,468**	**1,847**	14,757	1,475
Switzerland	**16,221**	**-**	**16,221**	**1,622**	14,967	1,497
Sweden	**12,081**	**-**	**12,081**	**1,208**	10,804	1,081
Australia	**5,540**	**-**	**5,540**	**554**	3,073	307
Other	**16,640**	**-**	**16,640**	**1,664**	14,426	1,443
	$ 549,352	**$ 32,942**	**$ 516,410**	**$ 51,641**	$ 424,296	$ 42,430

4. *Management of Financial Risk (continued)*

e) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. All securities present a risk of loss of capital. The *Plan's* policy is to invest in a diversified portfolio of investments. As well, the Plan's Managers moderate this risk through careful selection of securities and other financial instruments within the parameters of the investment policy and strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For this *Plan,* the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2015, had the prices on the respective stock exchanges for these securities increased or decreased by 15%, with all other variables held constant, net assets would have increased or decreased by approximately $109,368 (2014 - $112,191), approximately 8.4% of total net assets (2014 - 9.1%). In practice, the actual results may differ and the difference could be material.

The *Plan* also has exposure to valuation risk through its holdings of private equity, private debt, real estate debt and real estate investments, for which quoted market prices are not available. As at December 31, 2015, the estimated fair value of private equity investments is $24,468 (2014 - $21,387), approximately 1.9% of total net assets (2014 - 1.7%), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $3,067 (2014 - $3,276). As at December 31, 2015, the estimated fair value of private debt investments is $10,007 (2014 - $Nil), approximately 0.8% of total net assets (2014 - Nil), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $790 (2014 - $Nil). As at December 31, 2015, the estimated fair value of real estate debt investments is $14,872 (2014 - $2,186), approximately 1.1% of total net assets (2014 - 0.2%), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $1,641 (2014 - $75). As at December 31, 2015, the estimated fair value of real estate investments is $93,741 (2014 - $88,617), approximately 7.2% of total net assets (2014 - 7.2%), and the related change in fair value of investments recognized for the year ended December31, 2015 is $2,308 (2014 - $2,255).

The *Plan* also has exposure to valuation risk through its holdings of infrastructure investments, for which quoted market prices are not available.

In 2013, the *Plan* became a client of OMERS Investment Management, and to date has made payments of $44,255 in a Contractual Return Arrangement. The Contractual Return Arrangement provides the *Plan* with the annual rate of return (which may be positive or negative) based on the total investment return reported in the OMERS Annual Report for the assets and related liabilities allocable to the OMERS Primary Pension Plan fund that are directly or indirectly owned by OMERS Administration Corporation ("OAC") and managed by Borealis Infrastructure (the "Borealis Assets"). Under this arrangement the *Plan* is the sole limited partner in an Ontario limited partnership (OIM B4 2013 L.P.), and it has entered into a derivative contract with that limited partnership, which provides the return described above each year on the outstanding value on the contract. The arrangement provides for annual cash distributions to the *Plan* the extent that cash distributions are received by OAC in respect of the operations of any investment forming part of the Borealis Assets. In addition, further cash distributions may be made under the arrangement, to the extent that cash distributions are received by OAC and distributed to the partnership in respect of the full or partial disposition of any investment forming part of the Borealis Assets.

4. *Management of Financial Risk (continued)*

e) Other price risk *(continued)*

As at December 31, 2015, the estimated fair value of the infrastructure investments is $107,069 (2014 - $69,602), approximately 8.2% of total net assets (2014 - 5.7%), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $14,535 (2014 - $3,198).

f) Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following tables present the investment assets recorded at fair value in the Statement of Financial Position as at December 31, 2015 and December 31, 2014, classified using the fair value hierarchy described above:

	Level 1	**Level 2**	**Level 3**	**2015 Total Investment Assets at Fair Value**
Bonds and debentures	**$ -**	**$ 269,172**	**$ -**	**$ 269,172**
Canadian equities	**299,883**	**-**	**-**	**299,883**
Foreign equities	**429,239**	**-**	**-**	**429,239**
Cash and short-term deposits	**52,717**	**647**	**-**	**53,364**
Private equities	**-**	**-**	**24,468**	**24,468**
Real estate	**-**	**-**	**93,741**	**93,741**
Infrastructure	**-**	**-**	**107,069**	**107,069**
Private debt	**-**	**-**	**10,007**	**10,007**
Real estate debt	**-**	**-**	**14,872**	**14,872**
	$ 781,839	**$ 269,819**	**$ 250,157**	**$ 1,301,815**

	Level 1	Level 2	Level 3	2014 Total Investment Assets at Fair Value
Bonds and debentures	$ -	$ 262,674	$ -	$ 262,674
Canadian equities	356,032	-	-	356,032
Foreign equities	391,210	701	-	391,911
Cash and short-term deposits	35,919	5,236	-	41,155
Private equities	-	-	21,387	21,387
Real estate	-	-	88,617	88,617
Infrastructure	-	-	69,602	69,602
Real estate debt	-	-	2,186	2,186
	$ 783,161	$ 268,611	$ 181,792	$ 1,233,564

4. *Management of Financial Risk (continued)*

f) **Fair value hierarchy** ***(continued)***

During the year, there have been no significant transfer of amounts between Level 1 and Level 2.

The following table reconciles the fair value of financial instruments classified in Level 3 from the beginning balance to the ending balance:

Private Equities	**2015**	2014
Fair value, beginning of year	**$ 21,387**	$ 18,190
Gains recognized in increase in net assets	**3,067**	3,276
Purchases	**768**	1,201
Sales/distribution	**(3,864)**	(4,626)
Purchases of short-term investments within subsidiary	**3,110**	3,346
	$ 24,468	$ 21,387

Real Estate	**2015**	2014
Fair value, beginning of year	**$ 88,617**	$ 83,810
Gains recognized in increase in net assets	**2,308**	2,255
Purchases	**2,816**	2,552
	$ 93,741	$ 88,617

Infrastructure	**2015**	2014
Fair value, beginning of year	**$ 69,602**	$ 26,160
Gains recognized in increase in net assets	**14,535**	3,198
Purchases	**22,932**	40,244
	$ 107,069	$ 69,602

Private debt	**2015**	2014
Fair value, beginning of year	**$ -**	$ -
Gains recognized in increase in net assets	**790**	-
Purchases	**11,007**	-
Sales	**(1,790)**	-
	$ 10,007	$ -

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy *(continued)*

	2015	2014
Real estate debt		
Fair value, beginning of year	**$ 2,186**	$ -
Gains recognized in increase in net assets	**1,641**	75
Purchases	**11,045**	2,111
	$ 14,872	$ 2,186

Section 3.29 of the *Pension Benefits Act Regulations* requires disclosure of each investment asset that has a fair value greater than one percent of the fair value of the investment assets of the Fund. As at December 31, 2015, the Fund held the following investments that met this classification:

	2015
Bonds and debentures	
TD Emerald Long Bond Broad Market Pooled Fund	**$** 113,529
TD Lancaster Fixed Income Fund II	79,898
Fiera Active Fixed Income Fund	75,745
Canadian equities	
TD Emerald Canadian Equity Index Fund	85,098
Foreign equities	
State Street S&P 500 Index Common Trust Fund	101,684
Templeton Global Smaller Companies Fund	22,361
Cash and short-term deposits	
City of Winnipeg short-term deposit	42,810
Private equities	
5332665 Manitoba Ltd. common shares	23,216
Real estate	
Greystone Real Estate Fund Inc.	51,075
Bentall Kennedy Prime Canadian Property Fund Ltd.	42,666
Infrastructure	
OIM B4 2013 L.P.	54,004
JPMorgan Infrastructure Investments Fund	27,393
IFM Global Infrastructure (Canada), L.P.	25,672
Real estate debt	
Brookfield Real Estate Finance Fund IV	14,872

5. *Investment Income*

		2015		2014
Bonds and debentures	$	**9,821**	$	9,153
Canadian equities		**10,084**		9,162
Foreign equities		**6,256**		7,138
Cash and short-term deposits		**611**		558
Real estate		**2,816**		1,867
Infrastructure		**4,489**		238
Private debt		**168**		-
Real estate debt		**998**		-
	$	**35,243**	$	28,116
Allocated to:				
Main Account - General Component	$	**34,936**	$	27,828
Main Account - Contribution Stabilization Reserve		**-**		45
Plan Members' Account		**307**		243
	$	**35,243**	$	28,116

6. *Investment Transaction Costs*

During 2015, the *Plan* incurred investment transaction costs in the form of brokerage commissions, in the amount of $297 (2014 - $297). Investment transaction costs are included in the current period change in fair value of investments.

7. *Lump Sum Benefits*

		2015		2014
Termination benefits	$	**1,054**	$	420
Payments on relationship breakdown		**48**		912
Other		**72**		103
	$	**1,174**	$	1,435

8. *Administrative Expenses*

		2015		2014
The Winnipeg Civic Employees' Benefits Program	$	**641**	$	650
Actuarial fees		**189**		185
Legal fees		**10**		26
Consulting fees		**53**		-
General and administrative expenses		**15**		15
	$	**908**	$	876

9. *Commitments*

The *Plan's* wholly-owned subsidiary, 5332665 Manitoba Ltd., has entered into an investment management agreement wherein it has authorized an investment manager to make private equity investment commitments on its behalf, with aggregate commitments not to exceed $20,000. Commitments will be funded over the next several years. As at December 31, 2015, $18,882 had been funded.

10. *Comparative Figures*

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

PHOTO: Dan Harper, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

(As of August 1, 2015, these plans are the responsibility of The Civic and Police Employees' Group Life Insurance Plans Corporation, a wholly owned City of Winnipeg municipal corporation)

At the time of producing this document, the financial statements of The City of Winnipeg Civic Employees' Group Life Insurance Plan and Police Employees' Group Life Insurance Plan (separately, the "Plan"; together, the "Plans") were not available for distribution. As noted below, the Plans went through a financial restructuring in 2015 requiring additional consideration of the associated accounting implications. The benefits to members associated with these plans did not change. These financial statements will be submitted to Council under separate cover later in 2016.

The following gives a summary of the Plans and their financial structure.

Description of Plans

The City of Winnipeg sponsors two group life insurance plans: i) the Civic Employees' Group Life Insurance Plan for employees of the City of Winnipeg; other than police officers, and certain other employers which participate in the Plan, and ii) the Police Employees' Group Life Insurance Plan for police officers of the City of Winnipeg.

The Plans are constituted pursuant to City of Winnipeg By-Law 80/2015, which took effect on August 1, 2015. The predecessor plans - the Civic Employees' Group Life Insurance Plan and Police Employees' Group Life Insurance Plan, which operated pursuant to By-Laws 5644/91 and 5643/91, respectively, were continued under By-Law 80/2015, but with amendment and restatement related to their governance and financial structure.

The Plans are the responsibility of The Civic and Police Employees' Group Insurance Plans Corporation (the "Corporation"), incorporated pursuant to The Corporations Act (Manitoba) as a corporation with share capital, with effect from August 1, 2015.

Civic Employees' Group Life Insurance Plan

All employees are eligible to join the Plan commencing on their date of employment. All new members of The Winnipeg Civic Employees' Pension Plan must become members of the group life insurance plan. Plan members are covered for basic life insurance of one or two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings.
A portion of the basic life insurance coverage can be continued after retirement at the employee's option. Plan members and the City share equally in the cost of the basic life insurance coverage until retirement. Coverage on the life of a disabled member continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

Police Employees' Group Life Insurance Plan

All police officers are required to become members of the Plan commencing on their date of employment. Plan members are covered for basic life insurance coverage of two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. The employees and the City share equally in the cost of basic life insurance until retirement. Coverage on the life of disabled members continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

Financial Structure

The Plans' financial structure is in accordance with the requirements of City of Winnipeg By-law 80/2015.

Until July 31, 2015, the predecessor Civic Employees' Group Life Insurance Plan was administered by The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund), and the predecessor Police Employees' Group Life Insurance Plan was administered by the Winnipeg Police Pension Board.

The Corporation was established to maintain, manage and administer the group life insurance plans (including their related funds) sponsored by the City of Winnipeg, in both its own capacity and in its capacity as trustee (the "Trustee") within the Plans' financial structure. The Corporation’s mandate is in accordance with the requirements of City of Winnipeg By-Law 80/2015, which took effect on August 1, 2015.

The Corporation was incorporated pursuant to The Corporations Act (Manitoba), as a corporation with share capital. All of the issued and outstanding shares of the Corporation are owned by the City of Winnipeg.

On August 1, 2015, pursuant to restructure, the net assets of the predecessor Plans were conveyed to the Trustee on behalf of the Old Civic Insurance Fund and Old Police Insurance Fund, respectively. The conveyed assets were subsequently sold to the Corporation at fair market value. In exchange for the investments sold, the Trustee received non-interest bearing promissory notes, which are held within the Old Civic Insurance Fund and Old Police Insurance Fund. The assets acquired by the Corporation, as referenced above, are accounted for within the New Civic Insurance Fund and New Police Insurance Fund, respectively.

Each of the New Civic Insurance Fund and New Police Insurance Fund is held within the Corporation. Each of the Old Civic Insurance Fund and Old Police Insurance Fund is held in trust by the Corporation in its capacity as the Trustee. In addition, the Corporation, acting in an informal trust capacity, collects the portion of the Plans’ contributions to be remitted on a first applied basis to the Plans’ insurance company, and accordingly, may at any point hold in trust contributions equal to unremitted premiums.

The assets of the Old Civic Insurance Fund and the Old Police Insurance Fund are available to fund a portion of the premiums for retirees under the Plans. The assets of the Old Civic Insurance Fund and Old Police Insurance Fund will diminish as they are used to fund insurance premiums for retired members in accordance with the respective Plans.

Effective August 1, 2015, all contributions to the Plans which are not first applied to insurance premiums are credited to the New Civic Insurance Fund and New Police Insurance Fund, as applicable. All investment earnings on and after August 1, 2015 which relate to the assets of the New Civic Insurance Fund and New Police Insurance Fund are credited to the New Civic Insurance Fund and New Police Insurance Fund, respectively. All Plan administration and corporate operating costs on and after August 1, 2015 related to the Plans are charged to the New Civic Insurance Fund and New Police Insurance Fund, respectively.

The By-Law permits the Corporation to transfer ownership of funds from the New Civic Insurance Fund to the Old Civic Insurance Fund and from the New Police Insurance Fund to the Old Police Insurance Fund, if it is determined by the Directors of the Corporation to be in the overall best interests of the Plan members.

THE CITY OF WINNIPEG
TABLE OF FINANCIAL STATISTICS AND SELECTED RATIOS

FIVE-YEAR REVIEW

As at December 31
("$" amounts in thousands of dollars)
(unaudited)

		2015		2014		2013	2012	2011
Population (Statistics Canada)		**718,400**		709,253		698,696	689,575	677,800
Consolidated debt (1)	$	**1,049,077**	$	1,086,699	$	995,633	1,057,198	800,928
Net tax-supported debt (2)	$	**764,371**	$	713,804	$	554,127	527,602	312,098
Debt per capita:								
Consolidated (dollars)	$	**1,460**	$	1,532	$	1,425	1,533	1,182
Net tax-supported (dollars)	$	**1,064**	$	1,006	$	793	765	460
Non-portioned taxable assessments (millions) (3)	$	**76,083**	$	74,856	$	65,346	64,293	56,287
Debt as a % of non-portioned taxable assessments								
Consolidated		**1.4%**		1.5%		1.5%	1.6%	1.4%
Net tax-supported		**1.0%**		1.0%		0.8%	0.8%	0.6%
Consolidated revenues (4)	$	**1,755,285**	$	1,716,536	$	1,619,258	1,497,141	1,469,610
Consolidated debt as a % of consolidated revenues		**59.8%**		63.3%		61.5%	70.6%	54.5%

Notes:

(1) Consolidated debt is gross debt outstanding, including premiums and discounts, for all municipal purposes - tax-supported, City-owned utilities, special operating agencies, and wholly-owned corporations.

(2) Net tax-supported debt is gross debt of the General Capital and Transit System Funds net of sinking funds.

(3) Non-portioned taxable assessments exclude fully exempt properties and does not include all converted grants.

(4) Consolidated revenues are comprised of general revenues, City-owned utilities, revenue from the wholly-owned corporations, investment in government businesses and special operating agencies, but excludes revenues collected on behalf of school authorities.

PHOTO COURTESY OF: The Forks North Portage Partnership, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS
As at December 31, 2015
(unaudited)

		General Municipal Purposes	City-owned Utilities				Special Operating Agencies	
By-Law Number	Minister of Finance/Council Approval	General	Transit System	Waterworks System	Sewage Disposal System	Solid Waste Disposal	Fleet Management	Total
6520/94	December 2/94	$ 7,000,000	$ -	$ -	$ -	$ -	$ -	$ 7,000,000
6774/96	April 16/96	14,801,000	1,144,000	-	-	-	-	15,945,000
6973/97	March 17/97	27,254,138	463,325	-	-	-	-	27,717,463
6976/97	March 17/97	18,213,000	650,000	-	-	-	-	18,863,000
7125/98	January 22/98	-	1,062,000	-	-	-	-	1,062,000
7751/01	March 9/01	14,699,820	770,000	-	-	-	-	15,469,820
183/2004	January 13/05	-	-	-	10,815,000	-	-	10,815,000
72/2006	March 22/06	3,902,000	-	-	-	-	-	3,902,000
32/2007	February 21/07	1,696,000	-	-	600,000	-	-	2,296,000
219/2007	January 23/08	3,488,000	-	-	27,200,000	-	-	30,688,000
184/2008	May 27/09	7,845,000	-	-	46,525,000	-	-	54,370,000
120/2009	November 25/09	50,000,000	-	-	-	-	-	50,000,000
150/2009	January 27/10	-	-	-	69,865,000	61,321	-	69,926,321
144/2011	January 25/12	-	-	-	-	697,634	-	697,634
	March 21/12	-	-	-	-	-	2,100,000	2,100,000
	November 14/12	-	-	-	-	-	11,300,000	11,300,000
100/2012	December 12/12	10,000,000	-	-	-	-	-	10,000,000
23/2013	March 20/13	7,376,000	-	-	19,858,000	1,013,360	-	28,247,360
	December 11/13	-	-	-	-	-	10,100,000	10,100,000
149/2013	March 26/14	10,507,000	-	-	-	2,453,685	-	12,960,685
	January 28/15	-	-	-	-	-	11,330,000	11,330,000
5/2015	June 17/15	5,124,000	31,000,000	-	194,921,000	2,570,000	-	233,615,000
96/2015	November 25/15	2,000,000	-	-	-	-	-	2,000,000
		$ 183,905,958	$ 35,089,325	$ -	$ 369,784,000	$ 6,796,000	$ 34,830,000	$ 630,405,283

City Council has the authority under the City of Winnipeg Charter to approve the borrowing authority for Special Operating Agencies. Therefore, the City is not required to obtain approval from the Minister of Finance and to create a by-law.

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS (continued)
As at December 31, 2015

Outstanding Capital Borrowing Authorization at December 31, 2014	$ 453,166,283
Add:	
By-law 5/2015	253,044,000
By-law 61/2015	14,000,000
By-law 96/2015	2,000,000
Fleet Borrowing	11,330,000
Deduct:	
Debt Issued	(60,000,000)
Toronto Dominion Bank Water & Waste Loan	(15,000,000)
Toronto Dominion Bank Fleet Loan	(4,200,000)
By-law 23/2013 cancellation	(4,968,000)
By-law 144/2011 cancellation	(18,967,000)
Outstanding Capital Borrowing Authorization at December 31, 2015	$ 630,405,283

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT ISSUES

As at December 31, 2015

(unaudited)

Term	Month	Interest Rate	By-Law Number	Amount of Debt
The City of Winnipeg				
Sinking Fund Debt				
1997-2017	Nov. 17	6.250	7000/97	$ 30,000,000
2006-2036	July 17	5.200	183/2004 & 72/2006	60,000,000
2008-2036	July 17	5.200	72/2006 & 32/2007	100,000,000
2010-2041	June 3	5.150	183/2008	60,000,000
2014-2045	June 1	4.100	144/11 & 23/13 & 149/13	60,000,000
2014-2045	June 1	3.713	100/12 & 23/13 & 149/13	60,000,000
2015-2045	June 1	3.828	144/11, 100/12, 23/13, 149/13, 5/15, 61/15	60,000,000
2011-2051	Nov. 15	4.300	72/06 & 183/08 & 150/09	50,000,000
2012-2051	Nov. 15	3.853	93/2011	50,000,000
2012-2051	Nov. 15	3.759	120/09 & 93/11 & 138/11	75,000,000
2013-2051	Nov. 15	4.391	93/2011 & 84/2013	60,000,000
2014-2051	Nov. 15	3.893	93/2011 & 145/2013	52,568,000
				717,568,000
Serial Debt				
2009-2019	Oct. 6	4.500	46/2007 & 31/2009	19,392,000
Total Debt				$ 736,960,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE

As at December 31, 2015
(unaudited)

Description	Debenture Debt Gross	Debenture Debt Sinking Fund	Debenture Debt Net
Tax-Supported			
General	$ 178,877,864	$ 28,243,673	$ 150,634,191
Unallocated Sinking Fund Deficit	-	(13,428,735)	13,428,735
Total Tax-Supported	178,877,864	14,814,938	164,062,926
Other Funds			
Municipal Accommodations	217,413,136	4,973,491	212,439,645
Transit System	93,669,000	6,396,971	87,272,029
Total Tax-Supported and Other Funds	489,960,000	26,185,400	463,774,600
City-Owned Utilities			
Waterworks System	160,000,000	26,005,374	133,994,626
Reserves			
Destination Marketing	41,000,000	449,604	40,550,396
Local Street Renewal	26,000,000	316,980	25,683,020
Regional Street Renewal	20,000,000	158,490	19,841,510
Total Reserves	87,000,000	925,074	86,074,926
	$ 736,960,000	$ 53,115,848	$ 683,844,152

Description	2016 Fixed Annual Charges Interest	2016 Fixed Annual Charges Principal	2016 Fixed Annual Charges Total
Tax-Supported	$ 7,793,576	$ 7,011,991	$ 14,805,567
Other Funds			
Municipal Accommodations	8,619,932	2,697,535	11,317,467
Transit System	4,519,592	1,338,887	5,858,479
Total Tax-Supported and Other Funds	20,933,100	11,048,413	31,981,513
City-Owned Utilities			
Waterworks System	8,320,000	2,836,000	11,156,000
Reserves			
Destination Marketing	1,536,857	645,158	2,182,015
Local Street Renewal	1,010,980	407,218	1,418,198
Regional Street Renewal	754,100	318,350	1,072,450
Total Reserves	3,301,937	1,370,726	4,672,663
	$ 32,555,037	$ 15,255,139	$ 47,810,176

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT CHANGES DURING 2015
(unaudited)

Gross Debt as at January 1, 2015			$ 769,808,000
Debt Issued During 2015			
Tax-Supported Debt:			
Community Services - Special Projects	$ 14,000,000		
Fire	808,000		
Local Improvements	1,791,000		
Streets and Bridges System	8,150,000	$ 24,749,000	
Utilities Debt:			
Municipal Accommodations	3,000,000		
Transit	3,619,000	6,619,000	
Reserve Funds Debt:			
Destination Marketing Reserve	12,632,000		
Local Street Renewal Reserve	6,000,000		
Regional Street Renewal Reserve	10,000,000	28,632,000	60,000,000
Sub-total			829,808,000
Debt Retired During 2015			
Tax-Supported Debt:			
Assessment - Special Projects	98,052		
Business Liaison - Special Projects	310		
Community Improvement Program	77,450		
Community Services - Special Projects	26,550		
Convention Centre	3,100,000		
Core Area Programs	235,000		
Corporate Finance - Special Projects	5,576		
Fire	27,001		
Infrastructure	25,130,116		
Infrastructure - Land Drainage	88,065		
Infrastructure - Parks and Recreation	19,335		
Infrastructure - Streets and Bridges	123,900		
Land Drainage	2,616,609		
Land and Development - Special Projects	146,659		
Libraries	53,328		
Parks and Recreation	1,134,764		
Parks and Recreation - Special Projects	75,281		
Police	288,009		
Special Projects	707,000		
Streets and Bridges System	25,084,260		
Winnipeg Development Agreement	123,920	59,161,185	
Utilities Debt:			
Transit	7,075,000		
Waterworks System	25,000,000		
Solid Waste Disposal	1,000,000		
Municipal Accommodations	611,815	33,686,815	(92,848,000)
Gross Debt as at December 31, 2015			$ 736,960,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT - MATURITY BY YEARS

As at December 31, 2015
(unaudited)

Maturity Year	Sinking Fund Debt	Serial and Installment Debt	Total	%
2016	$ -	$ 4,848,000	$ 4,848,000	0.66
2017	30,000,000	4,848,000	34,848,000	4.73
2018	-	4,848,000	4,848,000	0.66
2019	-	4,848,000	4,848,000	0.66
2036	160,000,000	-	160,000,000	21.71
2041	60,000,000	-	60,000,000	8.14
2045	180,000,000		180,000,000	24.42
2051	287,568,000	-	287,568,000	39.02
Gross Debt	$ 717,568,000	$ 19,392,000	736,960,000	100.00
Less: Sinking Fund Reserve			53,115,848	
Net Debt			$ 683,844,152	

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT SUMMARY OF MATURITIES BY PURPOSES
As at December 31, 2015
(unaudited)

Maturity Year	General Tax-Supported	Transit System	Waterworks System	Municipal Accommodations	Reserves	Total
2016	$ 4,311,716	$ 75,000	$ -	$ 461,284	$ -	$ 4,848,000
2017	34,311,716	75,000	-	461,284	-	34,848,000
2018	4,311,716	75,000	-	461,284	-	4,848,000
2019	4,311,716	75,000	-	461,284	-	4,848,000
2036	-	-	160,000,000	-	-	160,000,000
2041	-	60,000,000	-	-	-	60,000,000
2045	86,381,000	3,619,000	-	3,000,000	87,000,000	180,000,000
2051	45,250,000	29,750,000	-	212,568,000	-	287,568,000
	$ 178,877,864	$ 93,669,000	$ 160,000,000	$ 217,413,136	$ 87,000,000	$ 736,960,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

ANNUAL DEBENTURE DEBT SERVICE CHARGES ON EXISTING DEBT
For the years ending December 31
(unaudited)

	Tax-Supported			Utilities (Includes Transit System)			Reserve Funds			
Year	**Principal**	**Interest**	**Sub-total**	**Principal**	**Interest**	**Sub-total**	**Principal**	**Interest**	**Sub-total**	**Total**
2016	$ 7,011,991	$ 7,793,576	$ 14,805,567	$ 6,872,422	$ 21,459,524	$ 28,331,946	$ 1,370,726	$ 3,301,937	$ 4,672,663	$ 47,810,176
2017	7,011,991	7,626,051	14,638,042	6,872,422	21,438,687	28,311,109	1,370,726	3,301,937	4,672,663	47,621,814
2018	6,104,791	5,575,535	11,680,326	6,872,422	21,416,857	28,289,279	1,370,726	3,301,937	4,672,663	44,642,268
2019	6,104,791	5,388,099	11,492,890	6,872,422	21,393,544	28,265,966	1,370,726	3,301,937	4,672,663	44,431,519
2020-2036	30,482,285	89,076,390	119,558,675	107,714,344	363,376,663	471,091,007	23,302,334	56,132,923	79,435,257	670,084,939
2037-2041	8,965,375	26,198,940	35,164,315	17,500,690	65,275,485	82,776,175	6,853,630	16,509,685	23,363,315	141,303,805
2042-2045	7,172,300	20,959,152	28,131,452	10,294,124	39,860,388	50,154,512	5,482,904	13,207,748	18,690,652	96,976,616
2046-2051	2,613,540	10,863,000	13,476,540	14,790,210	58,270,338	73,060,548	-	-	-	86,537,088
	$ 75,467,064	$ 173,480,743	$ 248,947,807	$ 177,789,056	$ 612,491,486	$ 790,280,542	41,121,772	$ 99,058,104	$ 140,179,876	$ 1,179,408,225

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE
As at December 31, 2015
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2016 Interest	Annual Charges 2016 Principal	Sinking Fund Reserve at Dec. 31, 2015
STREETS AND BRIDGE SYSTEM								
(street improvements, street lighting, bridges and underpasses)								
7000/97	$ 20,700,000	Nov. 17, 1997-2017	CAN	5.000	6.250	$ 1,293,750	$ 625,968	$ 17,716,115
46/2007 & 31/2009	9,801,160	Oct. 6, 2009-2019	CAN	Serial	4.500	385,747	2,450,291	-
144/11 & 149/13	37,855,000	Jun. 1, 2014-2045	CAN	4.500	4.100	1,552,055	584,611	599,964
23/13 & 149/13	10,871,000	Jun. 1, 2014-2045	CAN	4.500	3.713	403,640	167,886	172,294
144/11 & 5/15	8,150,000	Jun. 1, 2015-2045	CAN	4.500	3.828	311,982	133,591	-
150/2009	18,700,000	Nov. 15, 2011-2051	CAN	4.500	4.300	804,100	174,717	751,711
120/2009	25,000,000	Nov. 15, 2012-2051	CAN	4.500	3.759	939,750	246,392	777,321
	131,077,160					5,691,024	4,383,456	20,017,405
LAND DRAINAGE								
(storm water relief sewers, drainage sewers and flood control)								
7000/97	4,900,000	Nov. 17, 1997-2017	CAN	5.000	6.250	306,250	148,176	4,193,670
46/2007 & 31/2009	1,460,435	Oct. 6, 2009-2019	CAN	Serial	4.500	57,479	365,109	-
	6,360,435					363,729	513,285	4,193,670
PARKS AND RECREATION								
46/2007 & 31/2009	1,139,057	Oct. 6, 2009-2019	CAN	Serial	4.500	44,830	284,764	-
LIBRARIES								
46/2007 & 31/2009	173,311	Oct. 6, 2009-2019	CAN	Serial	4.500	6,821	43,328	-

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2015

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2016 Interest	Annual Charges 2016 Principal	Sinking Fund Reserve at Dec. 31, 2015
FIRE								
7000/1997	1,800,000	Nov. 17, 1997-2017	CAN	5.000	6.250	112,500	54,432	1,540,532
46/2007 & 31/2009	100,004	Oct. 6, 2009-2019	CAN	Serial	4.500	3,936	25,001	-
5/2015	808,000	Jun. 1, 2015-2045	CAN	4.500	3.828	30,930	13,244	-
	2,708,004					147,366	92,677	1,540,532
POLICE								
46/2007 & 31/2009	752,037	Oct. 6, 2009-2019	CAN	Serial	4.500	29,598	188,009	-
SPECIAL PROJECTS								
46/2007 & 31/2009	160,000	Oct. 6, 2009-2019	CAN	Serial	4.500	6,297	40,000	-
CORE AREA PROGRAM								
7000/1997	1,000,000	Nov. 17, 1997-2017	CAN	5.000	6.250	62,500	30,240	855,850
INFRASTRUCTURE								
46/2007 & 31/2009	520,465	Oct. 6, 2009-2019	CAN	Serial	4.500	20,484	130,116	-
INFRASTRUCTURE - LAND DRAINAGE								
46/2007 & 31/2009	352,260	Oct. 6, 2009-2019	CAN	Serial	4.500	13,864	88,065	-
INFRASTRUCTURE - PARKS AND RECREATION								
46/2007 & 31/2009	77,340	Oct. 6, 2009-2019	CAN	Serial	4.500	3,044	19,335	-

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2015

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2016 Interest	Annual Charges 2016 Principal	Sinking Fund Reserve at Dec. 31, 2015
INFRASTRUCTURE - STREETS AND BRIDGES								
7000/1997	1,600,000	Nov. 17, 1997-2017	CAN	5.000	6.250	100,000	48,384	1,369,362
46/2007 & 31/2009	495,600	Oct. 6, 2009-2019	CAN	Serial	4.500	19,505	123,900	-
	2,095,600					119,505	172,284	1,369,362
COMMUNITY IMPROVEMENT PROGRAM								
46/2007 & 31/2009	309,800	Oct. 6, 2009-2019	CAN	Serial	4.500	12,193	77,450	-
ASSINIBOINE PARK - COMMUNITY SERVICES								
23/13 & 149/13	11,626,000	Jun. 1, 2014-2045	CAN	4.500	4.100	476,666	179,546	184,260
LOCAL IMPROVEMENTS								
149/2013	519,000	Jun. 1, 2014-2045	CAN	4.500	4.100	21,279	8,015	8,226
149/2013	761,000	Jun. 1, 2014-2045	CAN	4.500	3.713	28,256	11,752	12,061
149/13 & 5/15	1,791,000	Jun. 1, 2015-2045	CAN	4.500	3.828	68,559	29,357	-
72/2006	1,550,000	Nov. 15, 2011-2051	CAN	4.500	4.300	66,650	14,482	62,307
	4,621,000					184,744	63,606	82,594
WINNIPEG DEVELOPMENT AGREEMENT								
46/2007 & 31/2009	495,680	Oct. 6, 2009-2019	CAN	Serial	4.500	19,509	123,920	-
SPECIAL PROJECTS - PARKS AND RECREATION								
46/2007 & 31/2009	301,125	Oct. 6, 2009-2019	CAN	Serial	4.500	11,851	75,281	-

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2015

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2016 Interest	Annual Charges 2016 Principal	Sinking Fund Reserve at Dec. 31, 2015
SPECIAL PROJECTS - COMMUNITY SERVICES								
46/2007 & 31/2009	106,200	Oct. 6, 2009-2019	CAN	Serial	4.500	4,180	26,550	-
61/2015	14,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	535,920	229,482	-
	14,106,200					540,100	256,032	-
SPECIAL PROJECTS - LAND AND DEVELOPMENT								
46/2007 & 31/2009	586,638	Oct. 6, 2009-2019	CAN	Serial	4.500	23,088	146,659	-
SPECIAL PROJECTS - ASSESSMENT								
46/2007 & 31/2009	392,207	Oct. 6, 2009-2019	CAN	Serial	4.500	15,436	98,052	-
SPECIAL PROJECTS - CORPORATE FINANCE								
46/2007 & 31/2009	22,306	Oct. 6, 2009-2019	CAN	Serial	4.500	878	5,576	-
SPECIAL PROJECTS - BUSINESS LIAISON								
46/2007 & 31/2009	1,239	Oct. 6, 2009-2019	CAN	Serial	4.500	49	310	-
Tax-Supported Total	**178,877,864**					**7,793,576**	**7,011,991**	**28,243,673**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE
As at December 31, 2015

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2016 Interest	Annual Charges 2016 Principal	Sinking Fund Reserve at Dec. 31, 2015
TRANSIT SYSTEM								
46/2007 & 31/2009	300,000	Oct. 6, 2009-2019	CAN	Serial	4.500	11,807	75,000	-
183/2008	60,000,000	June 3, 2010-2041	CAN	4.500	5.150	3,090,000	926,607	5,201,067
183/2008	29,750,000	Nov. 15, 2011-2051	CAN	4.500	4.300	1,279,250	277,959	1,195,904
23/2013	3,619,000	Jun. 1, 2015-2045	CAN	4.500	3.828	138,535	59,321	-
	93,669,000					4,519,592	1,338,887	6,396,971
WATERWORKS SYSTEM								
183/04 & 72/06	60,000,000	July 17, 2006-2036	CAN	4.500	5.200	3,120,000	984,000	10,848,127
72/06 & 32/07	100,000,000	July 17, 2008-2036	CAN	4.500	5.200	5,200,000	1,852,000	15,157,247
	160,000,000					8,320,000	2,836,000	26,005,374
MUNICIPAL ACCOMMODATIONS								
46/2007 & 31/2009	1,845,136	Oct. 6, 2009-2019	CAN	Serial	4.500	72,620	461,284	-
23/2013	3,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	114,840	49,175	-
93/2011	50,000,000	Nov. 15, 2012-2051	CAN	4.500	3.853	1,926,500	492,783	1,554,641
138/2011	41,414,000	Nov. 15, 2012-2051	CAN	4.500	3.759	1,556,752	408,163	1,287,678
93/2011	8,586,000	Nov. 15, 2012-2051	CAN	4.500	3.759	322,748	84,621	266,963
84/2013	16,008,000	Nov. 15, 2013-2051	CAN	4.500	4.300	688,344	166,510	342,445
93/2011	43,992,000	Nov. 15, 2013-2051	CAN	4.500	4.300	1,891,656	457,591	941,081
93/11 & 145/13	52,568,000	Nov. 15, 2014-2051	CAN	4.500	3.893	2,046,472	577,408	580,683
	217,413,136					8,619,932	2,697,535	4,973,491
Utility Total	**471,082,136**					**21,459,524**	**6,872,422**	**37,375,836**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED RESERVE FUNDS DEBENTURE DEBT BY PURPOSE
As at December 31, 2015

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2016 Interest	Annual Charges 2016 Principal	Sinking Fund Reserve at Dec. 31, 2015
DESTINATION MARKETING RESERVE								
100/2012	28,368,000	Jun. 1, 2014-2045	CAN	4.500	3.713	1,053,304	438,100	449,604
100/2012	12,632,000	Jun. 1, 2015-2045	CAN	4.500	3.828	483,553	207,058	-
	41,000,000					1,536,857	645,158	449,604
LOCAL STREETS RENEWAL RESERVE								
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	4.100	410,000	154,435	158,490
23/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,434	158,490
5/2015	6,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	229,680	98,349	-
	26,000,000					1,010,980	407,218	316,980
REGIONAL STREETS RENEWAL RESERVE								
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,435	158,490
5/2015	10,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	382,800	163,915	-
	20,000,000					754,100	318,350	158,490
Reserve Funds Total	**87,000,000**					**3,301,937**	**1,370,726**	**925,074**
Unallocated Sinking Fund Deficit								(13,428,735)
Grand Total	**$ 736,960,000**					**$ 32,555,037**	**$ 15,255,139**	**$ 53,115,848**

Note: With passing of the new City of Winnipeg Charter in 2003, the City is no longer required to pass a by-law when it issues debentures.

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