2020

Detailed Financial Statements

City of Winnipeg

Winnipeg, Manitoba, Canada

Companion to 2020 Annual Financial Report

For the fiscal year ended December 31, 2020

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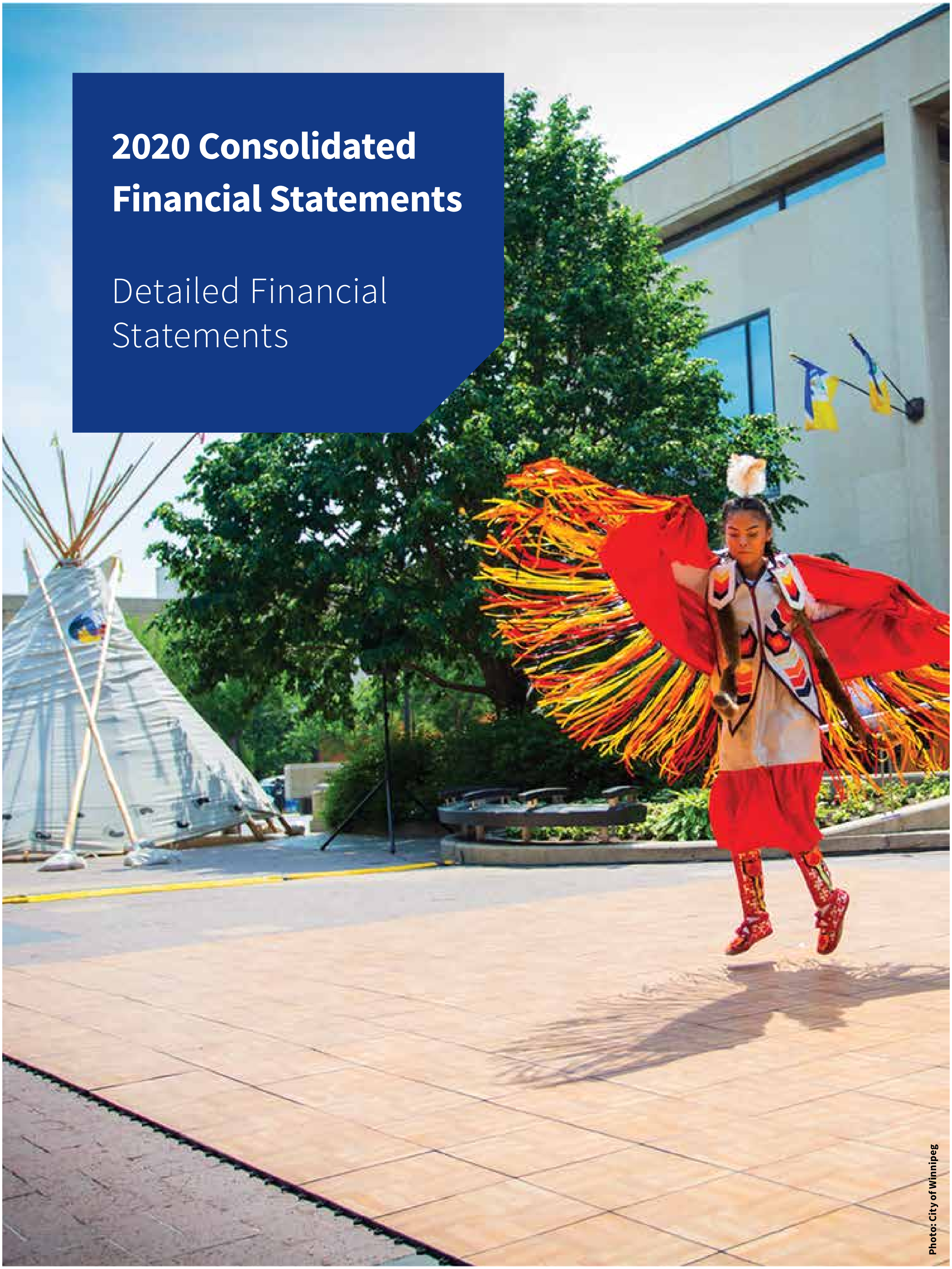


Photo: City of Winnipeg

REPORT FROM THE CHIEF FINANCIAL OFFICER
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the 2020 Financial Statement Discussion and Analysis. The following discussion and analysis of the financial status and performance of the City of Winnipeg (the "City") should be read with the audited consolidated financial statements and their accompanying notes and schedules ("Statements"). The Statements 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.

The City received the prestigious Canadian Award for Financial Reporting ("CAnFR") from the Government Finance Officers Association ("GFOA") for its December 31, 2019 annual report. The CAnFR recognizes excellence in government accounting and financial reporting and represents a significant achievement for the City. The award reflects the tremendous effort not only of our employees in Corporate Finance, but also of all our departments, Special Operating Agencies ("SOAs") and elected officials in producing high quality documents for use by our community.

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19's financial impact is apparent in the City's Statements. With residents working from home, businesses and public facilities closing temporarily to the public and other implications of public health order restrictions, significant revenue losses occurred. The losses result from reduced transit ridership, recreational programming, event hosting and parking. These revenue losses have been covered in part by funding received through the Federal Safe Restart Agreement, designed to assist municipalities and public transit operations in response to the pandemic. The City’s COVID-19 Crisis Cash Flow Management Plan also assisted to offset these revenue losses.

COVID-19 Crisis Cash Flow Management Plan

On April 27, 2020, “Addressing the Financial Challenges of COVID-19” was presented to the Standing Policy Committee on Finance. This plan identified levers the City could utilize to maintain liquidity and minimize the financial impact of COVID-19. Three tiers of levers were presented, each tier describing risk mitigation measures depending on the significance of the pandemic impact to the City. Tier one and two levers, which included freezes to hiring and discretionary spending, public transit, recreational programming and library services reductions and having available an emergency line of credit, were used in 2020.

The City also recognized the significant financial impact the pandemic was having on its residents and businesses. Council acted quickly in granting a waiver of penalties chargeable on the late payment of property and business taxes along with other related administrative fees. Initially for a three month period, Council subsequently extended this support through November 2020. Other measures implemented included waiving of other late payment fees for various services rendered, one-hour complimentary parking at all metered locations throughout the City, temporary 15-minute loading zones throughout the Downtown and the Exchange District, and temporary patio licensing.

Throughout the ongoing pandemic, the City is continually monitoring its financial and liquidity status and regularly updated the City's elected officials and the public.

Federal Safe Restart Agreement

On July 23, 2020, the Federal Government announced the Safe Restart Agreement with the Provinces and Territories. The announcement included up to $2 billion in federal funding made available to cities and towns across Canada with COVID-19 operating costs for six to eight months. In addition, the Government of Canada is providing $2.3 billion to support public transit. The City received $74.5 million in federal funding under this agreement, which was used in part to mitigate revenue losses incurred in Transit and the Winnipeg Parking Authority SOA, as well as to cover unplanned costs for personal protective equipment and enhanced cleaning and sanitizing programs.

As part of the 2021 Adopted Budget, this funding was also used by Council to ease the economic, social and emotional burden of the pandemic and to restart our economy. Measures included:

- $3.8 million to partially offset revenue lost from re-introducing waivers of penalties on late payment of property and business taxes
- $3.0 million for an Economic Support grant program, supporting 2,000 small Winnipeg businesses
- $2.0 million in support of Winnipeg's affordable housing strategy; and
- $0.6 million for a Winnipeg Wellness grant program, supporting community activities and initiatives that reduce the emotional, physical and spiritual stress of the pandemic

Small businesses are further assisted in the 2021 Budget Update through a freeze of the business tax rate and an increase to the small business tax credit threshold. Doing so results in almost 1,000 more businesses being fully business tax exempt, allowing those businesses to save $1,926 on average.

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:

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 year. Net financial position (assets or liabilities) 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 year operations and the related achievement of objectives for the reporting year. It also describes the change in accumulated surplus.
Consolidated Statement of Changes in Net Financial Liabilities	Provides information regarding the extent to which expenditures made in the year are met by the revenues recognized in the current year.
Consolidated Statement of Cash Flows	Provides information about the impact of a government's activities on its cash resources in the current year.

Funds, Entities and Investment in Government Businesses

The Statements are consolidated, to reflect all resources and operations controlled by the City. These Statements include City departments, SOAs, utility operations, entities that are controlled by the City, and the City's investment in government businesses. The following is a brief description of the major funds, entities and investments included in the Statements.

Funds

A fund is used to report on resources that have been segregated for specific activities or objectives. The City, like other local governments, establishes these funds to demonstrate 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 including police, fire, ambulance, recreational activities and street maintenance. The General Capital Fund accounts for tax-supported capital projects. The tax-supported capital program includes the acquisition and/or construction of streets, bridges, parks and recreation facilities. Utility operations are comprised of the Transit, Waterworks, Sewage Disposal, Land Drainage and Solid Waste Disposal Funds. Each utility accounts for its own operations and capital program.

There are four SOA Funds: Animal Services (established in 2000); Winnipeg Golf Services (2002); Fleet Management (2003); and Winnipeg Parking Authority (2005)

SOAs have 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 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 Council.

Council has approved the establishment of several Reserve Funds, which are categorized as:

- Capital Reserves to finance current and anticipated future capital projects, thereby reducing or eliminating the need to issue debt.
- Special Purpose Reserves to provide designated revenue to fund the reserves' authorized costs.
- Financial Stabilization Reserve to assist in the funding of major unexpected expenses or revenue deficits incurred 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 Arts Council Inc. and CentreVenture Development Corporation. Economic Development Winnipeg Inc. is a partnership with the Province of Manitoba and is proportionately consolidated. The activities of these corporations include economic development, recreation, tourism, entertainment and conventions.

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

Consolidated Statement of Financial Position

This statement presents information to describe the government's financial position at the end of the accounting year. Such information allows users 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).

Governments also have liabilities for service delivery 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 is 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.

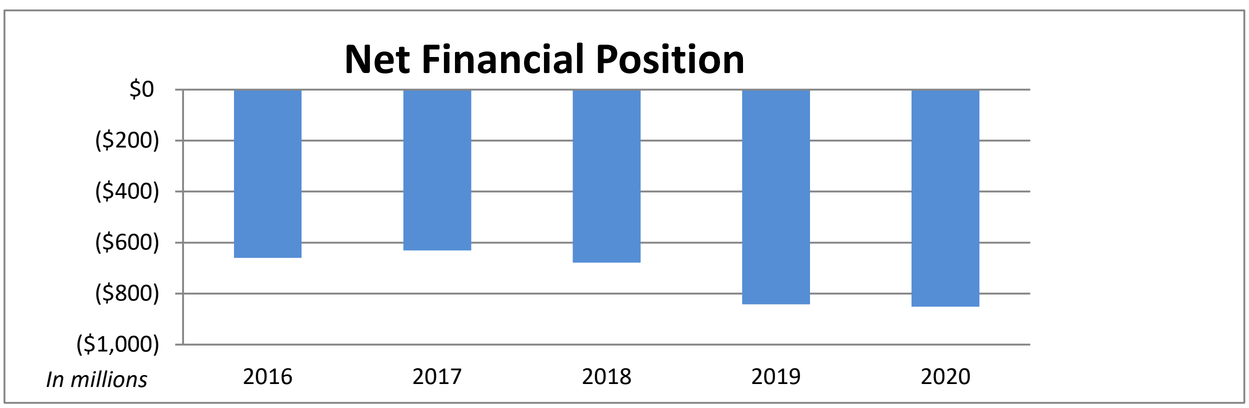
(in thousands of dollars)	2020	2019	Variance
Cash and cash equivalents	$ 788,122	$ 670,801	$ 117,321
Other financial assets	699,945	702,509	(2,564)
Financial assets	1,488,067	1,373,310	114,757
Liabilities	2,339,009	2,215,096	(123,913)
Net financial position	(850,942)	(841,786)	(9,156)
Non-financial assets	7,731,398	7,608,881	122,517
Accumulated surplus	$ 6,880,456	$ 6,767,095	$ 113,361

The four key indicators in the Consolidated Statement of Financial Position are cash resources, net financial position, non-financial assets and accumulated surplus.

Cash Resources

The City's cash resources are cash and cash equivalents. Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are held for meeting short-term obligations rather than for other purposes like investing. During 2020, the City's cash and cash equivalents increased by $117.3 million. This increase resulted from amounts unspent on capital projects from an $85 million sinking fund debenture issued and due to funds received from the Federal Safe Restart Agreement.

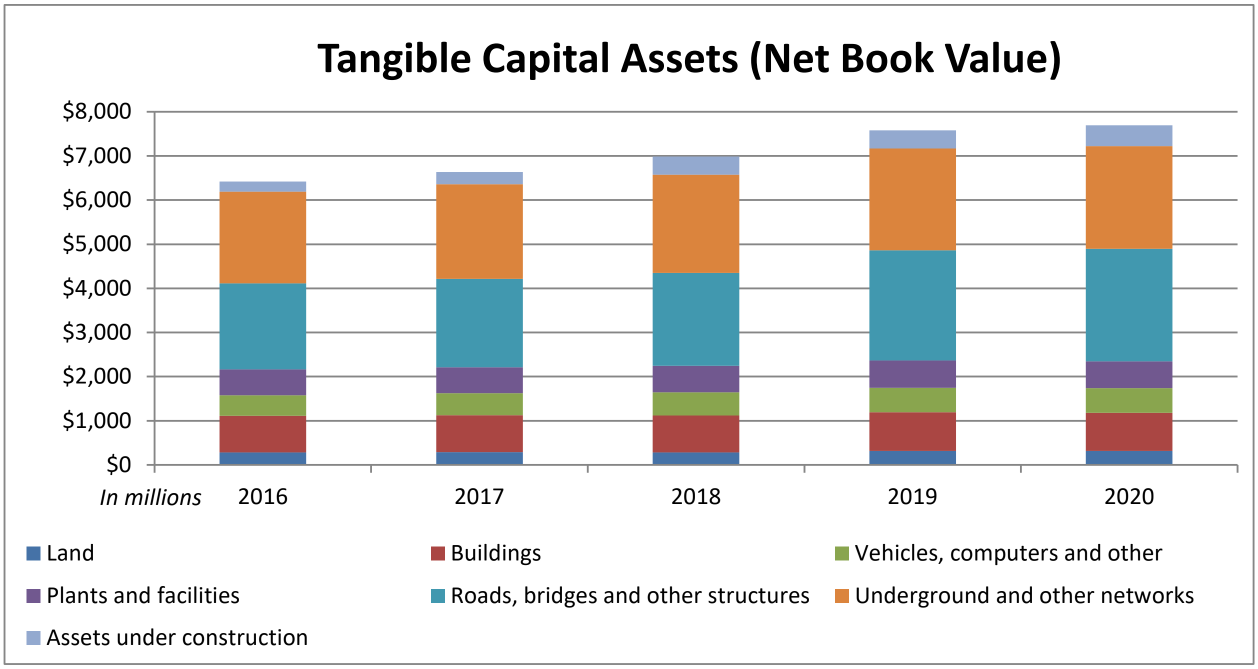
Net Financial Position



Net financial position is the difference between financial assets and liabilities and indicates the affordability of additional spending. As at December 31, 2020, the City was in a net financial liability position of $850.9 million (2019 - $841.8 million) an increase of $9.1 million despite the fiscal challenges presented by the pandemic.

Non-Financial Assets

Non-financial assets of the City are assets that are, by nature, normally for use in service delivery 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 infrastructure. The acquisition of tangible capital assets is authorized largely through the Council approved capital budget. On March 20, 2020, Council adopted the 2020 annual capital budget and the 2021 to 2025 five-year capital forecast. The six-year plan projected $2.2 billion in City capital projects, with $369.5 million authorized in 2020. The 2020 capital budget includes:

- $130.3 million for regional and local street renewal and $6.3 million for waterway crossings and grade separations
- $69.1 million for sewage disposal collection and treatment systems projects and $37.6 million for waterworks systems projects, including $17.5 million for water main renewals
- $26.4 million for public transit projects, including new transit buses
- $11.1 million for fire paramedic service including station capital maintenance and replacement of obsolete equipment
- $9.1 million for parks and open spaces including $6.2 million for reforestation improvements and the urban forest enhancement program
- $3.7 million for the St. James Civic Centre facility renewal and expansion

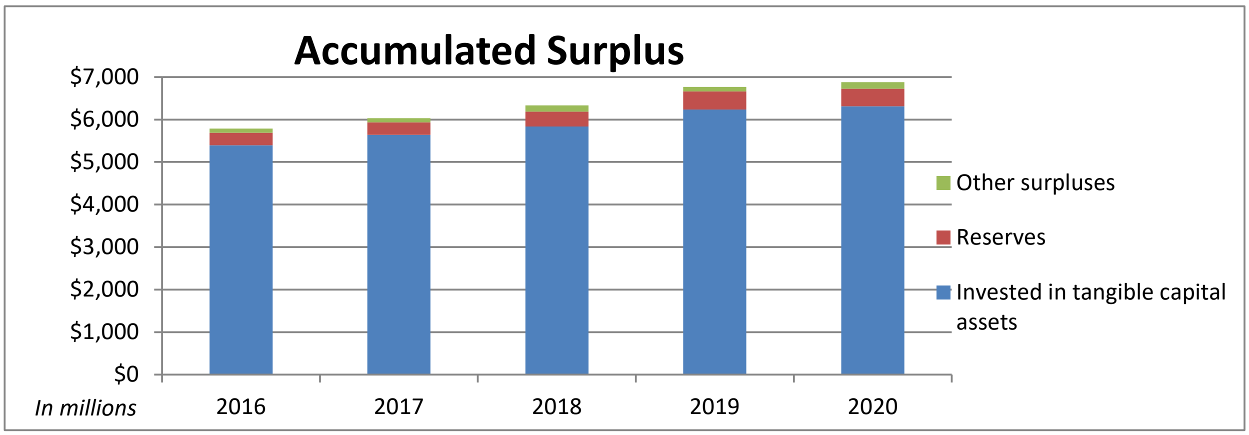
Also included in the capital investment plan over the six-year period (2020 to 2025) is $392.1 million of federal funding under the Federal Gas Tax Agreement and New Building Canada Fund, $129.0 million of cash to capital funding and $86.6 million of provincial funding.

During 2020, the City acquired $409.4 million of tangible capital assets (2019 - $872.8 million), including contributed roads and underground networks totaling $24.2 million (2019 - $69.6 million). Contributed assets are capitalized at their fair value at the time of receipt. Of the assets acquired, $199.7 million was for tax-supported projects (49%). Spending on tax-supported projects was primarily on roads, a priority of Council.

Accumulated Surplus

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).

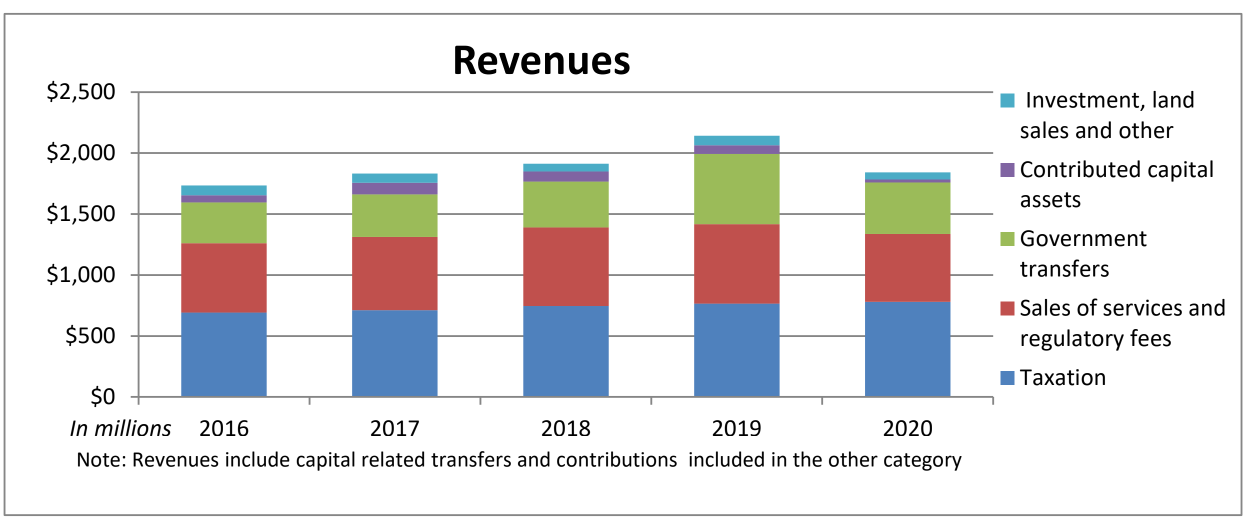
Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2020 - 92%; 2019 - 92%). Investment in tangible capital assets is an important aspect of service delivery and is not intended or readily accessible for use in funding ongoing operations.



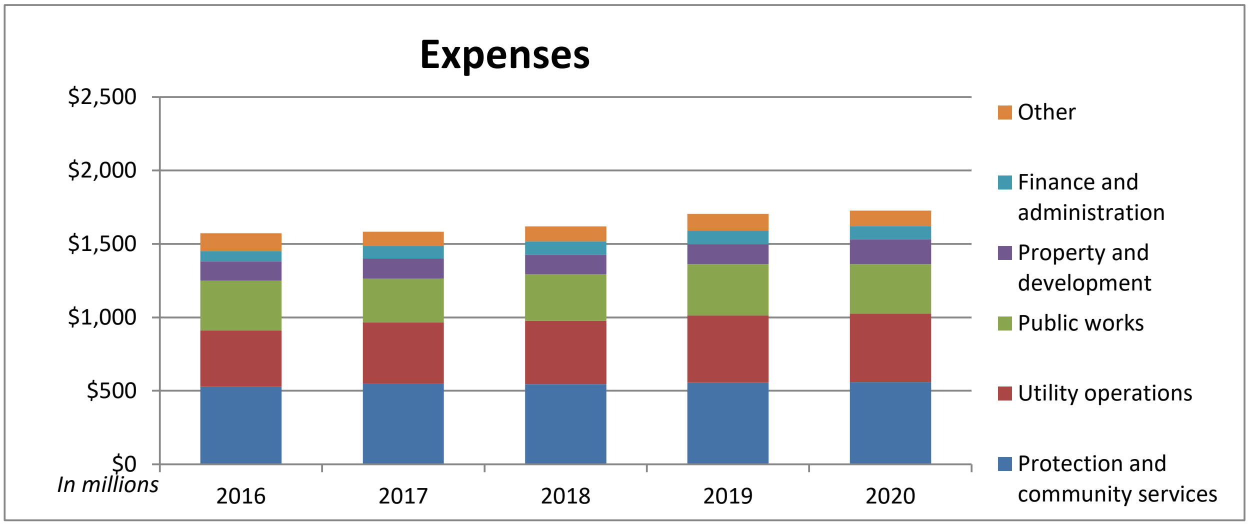
The City's accumulated surplus, through its investment in tangible capital assets, has grown by $113.4 million in 2020, indicating a strong foundation upon which services will continue to be delivered in the future.

Consolidated Statement of Operations

The Consolidated Statements of Operations shows how and where the City realizes its revenues. It provides information to understand the City's revenue sources and contribution to operations. It also shows the nature and purpose of the City's expenses, showing the allocation and consumption of resources.



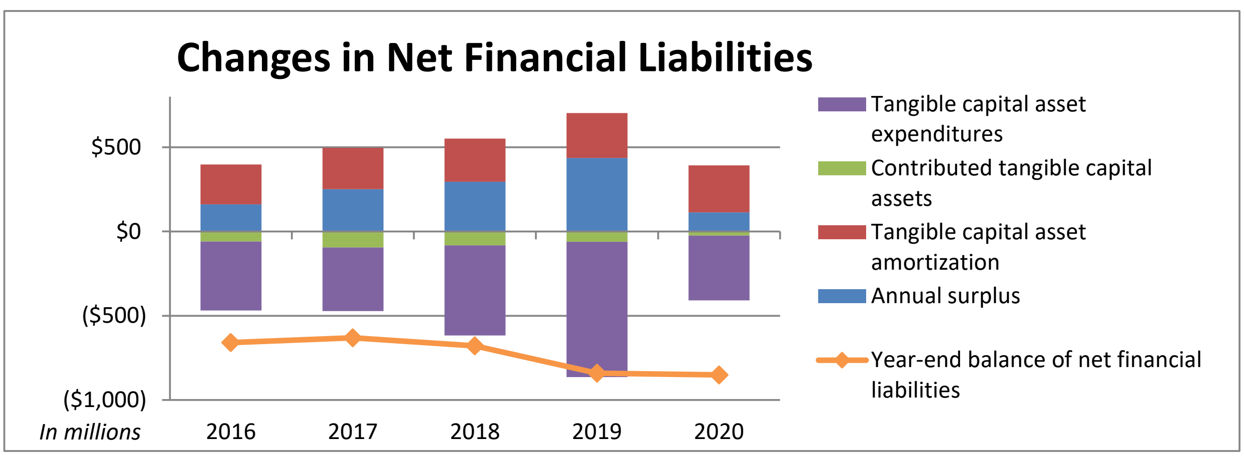
Beyond government transfers, the City has a balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has defined indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability measure a government's risk of over-dependency on sources of funding outside its control or exposure to risks that could impair its ability to meet financial and service commitments. Over the five year period, government transfers as a percentage of total revenue has ranged from 19% to 27%. For 2020, government transfers represent 23% of total revenues and include a significant one time government transfer relating to the Federal Safe Restart Agreement.



Spending in all categories is consistent with 2019 and reflects Council's priorities of public safety and roads.

Consolidated Statement of Changes in Net Financial Liabilities

Net financial liabilities represent the difference between the City'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 City.



The City has been making significant investments in its infrastructure over the past five years. With the investments exceeding financial assets generated through operations, the City has partially financed this difference through the assumption of debt.

The City continues to assume debt in a responsible and prudent manner as reflected in the results of its credit rating review. In late 2020, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating included a "well-diversified economy" and "robust levels of reserves and liquid assets." S&P also noted that the COVID-19 pandemic will temporarily slow the City of Winnipeg's economic growth.

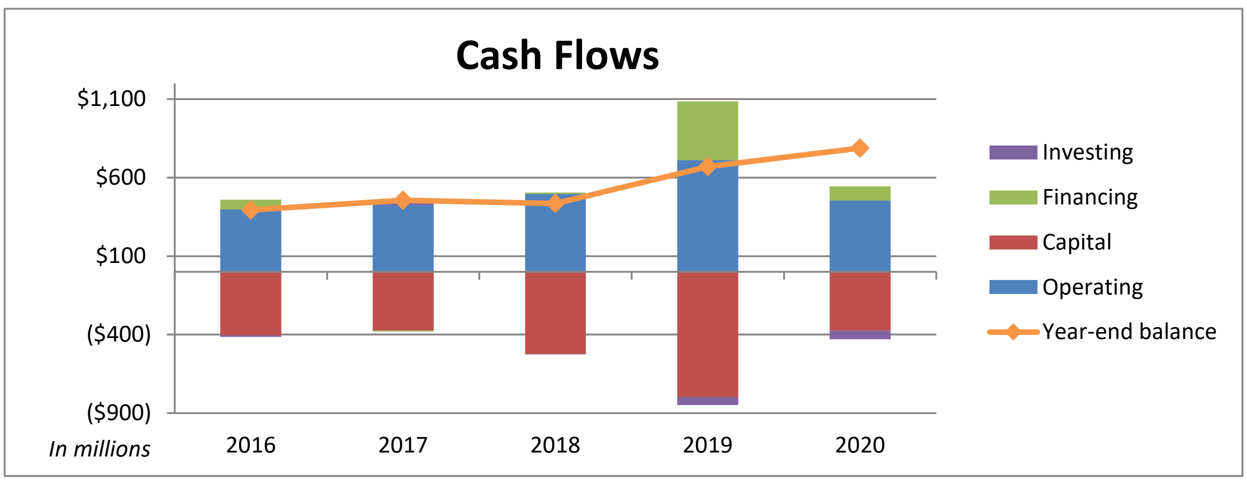
Moody's Investors Service ("Moody's") announced in June 2020 it maintained the City's credit rating at Aa2. Noting "strong debt affordability" and a "stable institutional framework". The announcement noted "strong governance and management structure" as a strength and that the rating is constrained by Winnipeg's debt burden as the City continues to invest in infrastructure.

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

Another indicator of financial condition introduced by PSAB measures flexibility. Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. Even with the assumption of more debt, the City's interest expense-to-revenues has remained constant over the past several years between 3.0% - 3.5%. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates, which reflects not only the current market but also the City's strong credit rating.

Consolidated Statement of Cash Flows

The City 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.



Managing cash flow to ensure sufficient liquidity was a key area of focus in 2020 due to the impacts of the COVID-19 pandemic. This resulted in a higher cash and cash equivalent balance at the end of 2020. Unspent amounts from the $85 million sinking fund debenture issued and Federal Safe Restart Agreement have also increased the cash and cash equivalents balance in 2020.

Analysis of Statements

Accounts Receivable

The accounts receivable balance has decreased $58 million from the prior year. The largest component of accounts receivable is trade accounts and other receivables at 66% (2019 - 51%). Approximately 55% (2019 - 44%) 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 (2019 - $400 thousand). The largest component of the total allowance for doubtful accounts relates to ambulance services.

As at December 31, 2020, property, payments-in-lieu and business tax receivables (taxes receivable), net of the estimated allowance for tax arrears, represented 25% (2019 - 19%) of total receivables. Taxation revenue is 42% (2019 - 36%) of total consolidated revenues. The increased allowance for tax arrears in 2020 relates to increased business taxes receivable resulting from the impacts of the pandemic on Winnipeg businesses.

Taxes Receivable As at December 31 (in thousands of dollars)	2020	2019	2018	2017	2016
Taxes receivable	$ 67,309	$ 60,120	$ 56,704	$ 52,599	$ 51,550
Allowance for tax arrears	(2,849)	(1,207)	(813)	(756)	(330)
	$ 64,460	$ 58,913	$ 55,891	$ 51,843	$ 51,220

Investments

Investments As at December 31 (in thousands of dollars)	2020	2019
Marketable securities		
Municipal bonds	$ 130,107	$ 119,684
Provincial bonds and bond coupons	34,376	13,859
Federal entity	20,919	-
Bank and trust companies	6,684	6,585
	192,086	140,128
Manitoba Hydro long-term receivable	220,238	220,238
Other	724	(1,822)
	$ 413,048	$ 358,544
Market value of marketable securities	$ 212,523	$ 148,774

Manitoba Hydro acquired Winnipeg Hydro from the City in 2002. The resulting long-term receivable included annual payments starting in 2002, which declined gradually to $16 million annually in perpetuity starting in 2011. The carrying value of this investment is based on the discounted future cash flows that have been guaranteed by the Province, which coincides with the payments remaining at $16 million in perpetuity.

Marketable securities are generally long-term. These securities are being held to finance anticipated future costs, such as perpetual maintenance at the three cemeteries maintained by the City. Council has approved an Investment Policy to provide a framework for managing the 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)

	2020	2019
Sinking fund debentures	$ 1,072,568	$ 987,568
Equity in sinking funds	(117,881)	(98,849)
	954,687	888,719
Service concession arrangement obligations	279,852	284,612
Bank loans and other	182,732	177,677
Capital lease obligations	20,410	21,565
	1,437,681	1,372,573
Unamortized premium on debt	111,785	85,489
	$ 1,549,466	$ 1,458,062

The City of Winnipeg has several types of debt obligations. The largest component of debt is sinking fund debentures. The City of Winnipeg Charter requires the City 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. As a result of revisions to The City of Winnipeg Charter, a second sinking fund was created for sinking fund debentures issued since December 31, 2002 and is managed by the City.

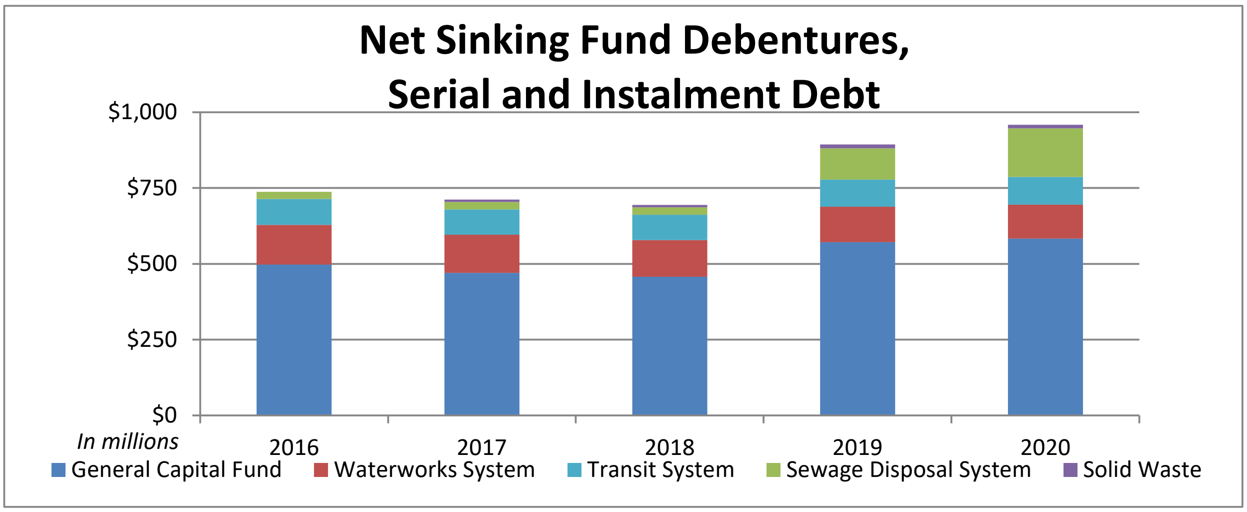
For the City managed sinking fund, the City pays interest on the principal to the investors and contributes a set percentage of the principal into the sinking fund annually. The sinking fund contribution percentage is set at the time of debt issuance and is estimated to be sufficient to retire the debentures as they mature. The interest rate earnings assumption was set at 2.5% for debentures issued in 2020. The City has the ability to adjust this interest rate on future debenture issuance to meet maturity amounts.

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.

The Sinking Fund Trustees of the City of Winnipeg 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. The bonds are guaranteed by the Province of Manitoba and are non-transferable and non-redeemable prior to maturity. This debt has been defeased under this arrangement and accordingly, is not reported in the Statements.

Sinking fund debentures of $85 million were issued in 2020 at an effective yield of 2.7%.

The City has entered into three service concession arrangements with respect to Chief Peguis Trail Extension, Disraeli Bridges and the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass. Taking into account the various forms of funding and financing, the effective interest rates incurred by the City are 4.6%, 5.2% and 1.6% for these projects, respectively.



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

Debt Service Coverage Ratio	2020	2019	2018	2017	2016
Free Cash and Liquid Assets/ Debt Service	1223.7%	1052.8%	774.4%	803.8%	733.7%

A second measure the City uses to actively monitor Liquidity is Total City Liquidity and it is measured to ensure it remains within acceptable parameters. An internal target of a minimum of 30% is used for treasury management and reporting.

The City calculates liquidity as Free Cash plus Liquid Assets and Committed Credit Facilities, divided by Consolidated Operating Expenditures less Amortization.

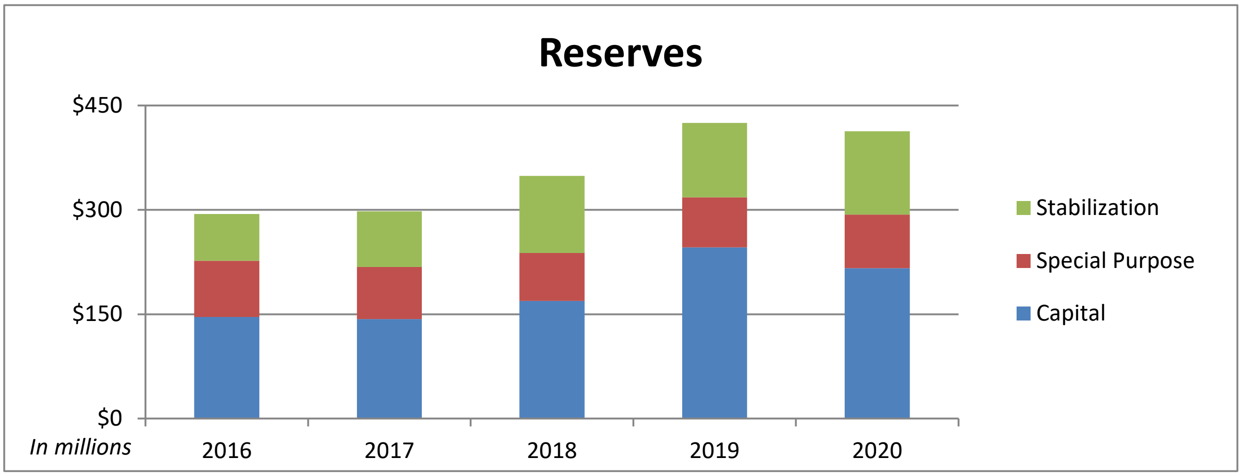
Total City Liquidity Ratio	2020	2019	2018	2017	2016
Free Cash, Liquid Assets and Committed Credit/Consolidated Operating Expenses less Amortization	77.5%	61.3%	46.4%	47.7%	43.8%

In its recent credit rating report, Standard and Poor's commented that the City maintains robust liquidity, which they expect will continue.

Reserves

Reserve balances have decreased overall by $12.5 million (2019 - $76.9 million increase) from the prior year. The Capital Reserve balance decreased by $30.0 million due primarily to refunds incurred in 2020 related to the impact fee previously collected that were held in the Impact Fee Reserve.

The Financial Stabilization Reserve's accumulated surplus is projected to be $51.2 million (including net interest revenue) over its targeted level of 6% of the General Revenue Fund adopted 2020 budgeted expenses. This surplus is due mainly to the prior years' General Revenue Fund surpluses and a budgeted transfer in 2020 as part of Council's balanced multi-year budget. The Council's adopted 2021 Budget Update includes a $20 million drawdown of this Reserve due to the ongoing financial implications of the pandemic.



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

On October 26, 2016, Council passed the Impact Fee By-law that allowed for the phased-in implementation of an impact fee. The impact fee was being phased in over a period of three years. During the initial phase, the impact fee only applied to new residential developments in New Communities and Emerging Communities as set out in OurWinnipeg. Collection of impact fees began May 1, 2017. The impact fee revenue collected was deposited into the Impact Fee Reserve Fund to be used to fund growth-related capital projects to the extent that they are approved by Council. The City was challenged in court on the legality of imposing the impact fee and prudently did not spend any amount pending the outcome of the trial.

On July 8, 2020, Manitoba Court of Queen's Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "Imposes a constitutionally invalid indirect tax" and ordered the City to refund the fees paid together with any interest earned on the funds. These fees stopped being collected in July 2020. The City refunded all collected impact fees by December 31, 2020. Total refund expenses incurred in 2020 relating to the impact fee was $37 million.

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 Council approval, is to fund this Local Street Renewal Reserve Fund with dedicated annual 1% property tax increases over the long term. The reserve transferred $40.4 million to the General Capital Fund during 2020 to fund local street, back lane and sidewalk projects.

A similarly dedicated 1% property tax increase was introduced in 2014 to fund a 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 Council approval, is to dedicate annual 1% property tax increases to the renewal of regional streets, sidewalks and bridges. The reserve transferred $36.5 million to the General Capital Fund during 2020 to fund regional street projects.

Consolidated Revenue and Expense Comparisons

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2020 on a comparative basis. The City increased its accumulated surplus during the year because annual revenues exceeded expenses. This statements includes the consolidated budget to provide additional transparency and accountability.

During 2020, the City recorded consolidated revenues of $1.841 billion (2019 - $2.140 billion), which included government transfers, developer contributions-in-kind, and other capital contributions related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.728 billion (2019 - $1.704 billion).

Consolidated revenues before government transfers, developer contributions-in-kind and other capital contributions totaled $1.675 billion (2019 - $1.683 billion). As a result, the City reported a deficit of $52.4 million (2019 deficit of $20.6 million) before these other items. This deficit includes the results of accruing for unfunded liabilities such as landfill liabilities and future-oriented employee benefit liabilities. These future-oriented employee benefits, such as unused vacation and sick leave, are recorded in these Statements 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 2020		Actual 2020		Actual 2019		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 784,701	41%	$ 779,994	43%	$ 764,588	36%	$ (4,707)	$ 15,406
Sales of services and regulatory fees	653,359	34%	556,624	30%	653,079	30%	(96,735)	(96,455)
Government transfers - Operating	200,991	10%	287,579	16%	198,936	9%	86,588	88,643
Investment, land sales and other revenues	65,841	3%	50,943	3%	66,670	3%	(14,898)	(15,727)
Revenue before Other	1,704,892		1,675,140		1,683,273		(29,752)	(8,133)
Government transfers - Capital	149,333	8%	134,267	7%	375,694	18%	(15,066)	(241,427)
Developer contributions-in-kind	70,619	4%	24,200	1%	69,648	3%	(46,419)	(45,448)
Other capital contributions	5,600	0%	7,323	0%	11,640	1%	1,723	(4,317)
	225,552		165,790		456,982		(59,762)	(291,192)
	$1,930,444		$1,840,930		$2,140,255		$ (89,514)	$(299,325)

Revenues were $299 million lower in 2020 due to several factors. One of the major reasons was decreased capital grant transfers compared to 2019, primarily a result of funding received from both the Province of Manitoba and the Government of Canada to support the construction of the Southwest Rapid Transit (Stage 2) and Pembina Highway Underpass project in 2019.

Sale of services and regulatory fees also decreased compared to 2019 and to the budget due to the impact of the COVID-19 pandemic, including decreases in transit fares, parking revenues, event hosting and recreation services.

These decreases were partially offset by an increase in operating government transfers largely due to the Safe Restart Agreement funding received from the Government of Canada.

Consolidated Expenses By Service For the years ended December 31 (in thousands of dollars)	Budget 2020		Actual 2020		Actual 2019		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 563,228	33%	$ 560,484	33%	$ 556,344	33%	$ 2,744	$ (4,140)
Utility operations	490,639	28%	465,937	27%	456,805	27%	24,702	(9,132)
Public works	329,778	19%	336,182	19%	350,233	20%	(6,404)	14,051
Property and development	152,687	9%	170,662	10%	134,608	8%	(17,975)	(36,054)
Finance and administration	95,674	6%	88,770	5%	92,653	5%	6,904	3,883
Civic corporations	75,041	4%	60,240	3%	81,943	5%	14,801	21,703
General government	21,281	1%	45,294	3%	31,293	2%	(24,013)	(14,001)
	$1,728,328		$1,727,569		$1,703,879		$ 759	$ (23,690)

Consolidated expenses increased by $23.7 million or 1.4% from the previous year for the following reasons:

- Property and development expense increased by $36 million over 2019. This is due to the refund of the impact fee in 2020 totalling $37 million.

- Civic corporations expenses decreased by $21.7 million compared to 2020 due to government restrictions relating to the COVID-19 pandemic. These entities rely on large events for revenues such a conventions and because of the pandemic, these events were not held. This lack of event hosting caused a reduction in both revenues and expenses.

Consolidated Expenses By Object For the years ended December 31 (in thousands of dollars)	2020		2019		Variance
Salaries and benefits	$ 906,039	52%	$ 898,682	53%	$ (7,357)
Goods and services	424,602	25%	463,660	27%	39,058
Amortization	279,943	16%	266,623	16%	(13,320)
Interest	65,142	4%	59,017	3%	(6,125)
Impact Fee refunds	36,995	2%	-	0%	(36,995)
Other expenses	14,848	1%	15,897	1%	1,049
	$ 1,727,569		$ 1,703,879		$ (23,690)

- Goods and services expenses decreased primarily from costs associated with the 2019 October storm event, as well as lower costs in utilities related to goods and services.

- The increase in amortization compared to 2019 is largely the result of a full year of amortization for the Southwest Rapid Transit (Stage 2) tangible capital assets, compared to 2019 when it was only a partial year.

- The increase in expenses related to the impact fee refunds in 2020 is a one time cost.

Risks and Risk Mitigation

Financial Sustainability

Over the past several years, the City has prepared a Community Trends and Performance Report as part of the budget process. Included in the report is a financial trends section providing a longer range perspective of the major financial trends that exist in the City of Winnipeg. The 2019 report identified the need for a new multi-year balanced view for the tax-supported budget to mitigate the risk of ongoing structural deficits.

On March 20, 2020, Council took steps to alleviate this risk and adopted its first multi-year balanced budget. This multi-year balanced budget will provide the City with a blueprint for transformative change in the way it delivers key services and invests in infrastructure while providing certainty and predictability for ratepayers. Multi-year balanced budgeting allows the City to take a longer term view of Winnipeg's needs. As well, it provides the City with greater ability to provide stable service delivery and to make strategic investments.

Council is required to vote on the annual operating and capital budget each year in accordance with the City of Winnipeg Charter.

Comprehensive Asset Management

The City faces a significant infrastructure deficit to address infrastructure needs relating to the major service areas across the organization. Based on the published 2018 State of the Infrastructure Report, an investment of $6.9 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), applying for Federal and Provincial funding opportunities and establishing growth fee policies. As well, the City has committed to comprehensive asset management as a key initiative to help address challenges associated with infrastructure maintenance and development. Several near and long-term strategies to address the deficit have been outlined in the 2018 City Asset Management Plan, which will set the stage to routinely monitor and improve asset performance and organizational sustainability. Both of these documents are approved by the City's Chief Administrative Officer ("CAO") for all service areas and submitted to Council as information.

The asset management program helps the City to effectively invest limited resources into long-term capital plans by balancing risk, cost and customer levels of service. The program is meant to align investments with infrastructure priorities to deliver established levels of service in a fiscally responsible manner. In short, it allows the City to make the right investment, at the right time, in the right way.

In January 2015, Council approved an Asset Management Policy. This policy guides the City in incorporating best practices in asset management, in support of delivering services. Asset management aligns the elements of governance, process and technology to deliver established levels of service at an acceptable level of risk. 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 provides 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, which is generally considered to be best practices for project management in North America.
- Templates: Templates such as a Business Case Template and a Basis of Estimate Template were created to ensure consistency throughout the Public Service when working on investment planning or project management.
- Asset Management Strategy Documents:
    - Departmental Asset Management Plan: This plan contains critical asset information pertaining to inventory, replacement value, condition, age and performance. It outlines tactical and financial strategies for managing assets throughout their life cycle.
    - City Asset Management Plan ("CAMP"): This plan provides a summary of asset information, strategies and funding deficits related to the entire portfolio of new and existing infrastructure. It presents a cross-comparison of major City services and facilitates broader decision making across the organization. The plan also outlines corporate strategies and improvement initiatives focusing on people, process, technology and assets across City departments and functional teams.
    - State of the Infrastructure Report: This report provides a high level summary of the CAMP and it reports on 13 major infrastructure elements that the City manages in order to deliver services. The report provides a comparison of asset condition, capital budget allocations and a service area’s overall contribution to the deficit based on new and existing infrastructure needs.
    - Infrastructure Plan: The Infrastructure Plan is meant to capture the City’s 10-year investment strategy, which outlines capital priorities and the limited availability of funding to support the development of a multi-year capital budget. Enhanced decision-making is facilitated through capital optimization and continuous monitoring of the City’s infrastructure deficit, debt capacity, and financing sources. The Infrastructure Plan will guide the City’s investment planning efforts based on aligned capital priorities and budget availability. It is meant to inform the capital planning process and ensure alignment with long-term City objectives as set out in OurWinnipeg, Council priorities, and departmental plans.

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

- Strategic Asset Management Plan ("SAMP"): This document will provide the City's commitment and approach to achieving Council's approved policy. The SAMP will summarize the City’s strategy for asset management and will outline how organizational objectives will be converted into asset management objectives. This will be approved by the CAO and submitted to Council as information.
- Customer Levels of Service: This document, which will be approved by Council, will provide the level to which front-line infrastructure supported services will be delivered.

The City has applied for funding under the Investing in Canada Infrastructure Program ("ICIP"), the current major 10-year federal infrastructure funding program (2018 to 2027). Funding is available under three infrastructure streams:

- Green infrastructure (environmental)
- Community, culture and recreation infrastructure
- Public transit infrastructure

In October 2019, with Council's approval, the City submitted four projects under ICIP:

- North End Sewage Treatment Plant Upgrade: Headworks facilities
- North End Sewage Treatment Plant: Biosolids facilities
- South Winnipeg Recreation Campus: Phase One - recreation Centre
- St. James Civic Centre - Facility Expansion

The City has not yet received approval on these projects.

Capital Project Management

One of the major functions of the City is the delivery of capital investments. In 2020, the City invested $0.4 billion in tangible capital assets, rehabilitating and investing in new assets such as roads, bridges and buildings. Tangible capital assets serve as key components to service delivery.

The City values strong project management and has been working diligently to mitigate against capital project delivery challenges associated with time, budget and scope by doing the following:

- The Public Service has been vigilant in the establishment of Major Capital Project Advisory 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.
- In 2018, the City rolled out its Open Capital Projects Dashboard (the "Dashboard") on its website. The Dashboard is a visually engaging, interactive tool that reports on the progress of the City's open capital projects with budgets of $5 million or more. It eliminates the complexity of analyzing a capital project's financial and non-financial information. Its schedule and cost variance matrix were custom developed to do this analysis for users. The Dashboard was awarded GFOA's Award for Excellence in Government Finance. This award recognizes this initiative as a contribution to the practice of government finance that exemplifies outstanding financial management.
- The Dashboard complements the Open Budget, which reports fundamental financial information of adopted budget, amended budget and actual costs categorized by department, category and subcategory for the City's entire portfolio of more than 700 open capital projects.
- In 2018, the City began publishing a list of unfunded major capital projects. The list is meant to provide a longer term outlook of forthcoming, unfunded projects that have been identified as needed investments to sustain the City's infrastructure.
- A Capital Expenditures Monthly Report is posted to the City's website to improve transparency and accountability. A version was made available through the City's Open Data Portal early in 2016.

Financial Management Plan

The latest Financial Management Plan (the "Plan") was adopted by Council on March 20, 2020. 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. The goals and targets have been refreshed from the previous plan adopted in 2011. A new goal added to the Plan supports long-term financial planning, with the target of transitioning to multi-year balanced tax-supported operating budgets. This target will help address financial sustainability. One of the eight targets included in the Plan is to ensure debt issuance and outstanding debt levels are in accordance with the Debt Management Policy and Debt Strategy. A review of forecasted net debt and servicing costs, including the financial implications of service concession arrangements, is conducted on an ongoing basis.

Debt Strategy

To help manage the City's debt responsibly and transparently, on October 28, 2015, Council approved an updated debt strategy for the City. The following table provides the Council approved limits; the debt metrics as at December 31, 2020; and the forecasted peak levels based on the Council approved borrowing from the 2021 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As At December 31, 2020	Forecasted Peak
Debt as a % of revenue			
City	90.0%	71.5%	78.2%
Tax-supported and other funds	80.0%	57.3%	65.5%
Utilities and other	220.0%	90.8%	94.6%
Debt-servicing as a % of revenue			
City	11.0%	5.7%	6.0%
Tax-supported and other funds	10.0%	4.1%	5.0%
Utilities and other	20.0%	8.5%	8.4%
Debt per capita			
City	$2,800	$1,855	$2,041
Tax-supported and other funds	$1,500	$1,007	$1,147
Utilities and other	$1,500	$743	$789

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

Loan Guarantees

The City has unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2020 is $36.1 million (2019 - $40.4 million). Included in the outstanding balance on guaranteed loans is a $6.0 million guarantee related to financing provided by the Federation of Canadian Municipalities to the private Fort Rouge Yards project. The City is fully indemnified for this guarantee through an indemnity agreement with First National Financial LP.

Some of the capital projects related to guarantees are in progress at year-end, using lines of credit. The potential full use of these credit facilities, or at risk amount, is $38.9 million (2019 - $43.7 million). The City does not anticipate incurring future payments on these guarantees.

On September 28, 2016, Council adopted a renewed Loan Guarantee policy. The main objectives of this policy revision were to ensure that loan guarantees are only provided to organizations that assist the City in achieving its goals while minimizing the financial risk associated with the guarantee. Other revisions include application and standby fees, a cap on the amount of loan guarantees to non-consolidated entities and a minimum threshold for loan guarantee applications.

COVID-19 has financially impacted most businesses and organizations, including those for which the City has provided a loan guarantee. The City is in regular contact with these organizations and is monitoring the status of its loan 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 pension 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 Winnipeg Civic Employees' Benefits 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 2020 was 26.29% 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, 2020, the market value of this pension fund's assets was $1,866.4 million (2019 - $1,724.9 million), which is $135.1 million more (2019 - $104.0 million more) than the accrued pension obligation.

Based on the last valuation of the Plan as at December 31, 2017, the cost of benefits accruing under this Plan in 2020 represents 27.8% 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 valuation, 1.49% of earnings was not required to be contributed by the City. Therefore, the City contributed the balance of the cost - that is, 18.31% 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, 2020. 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 filed with the Pension Commission as of December 31, 2017, the Plan had a solvency excess under this wind-up scenario.

In December 2011, 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.

On December 12, 2019, Council enacted amendments to the Winnipeg Police Pension By-law No. 126/2011. The amendments were to come into effect on April 1, 2020. The amendments changed various provisions of the Police Pension Plan that would have affected benefits paid to Police Pension Plan members on a go-forward basis.

The amendments were the subject of a grievance filed by the Winnipeg Police Association and the Winnipeg Police Senior Officer's Association and the matter was filed for arbitration. On March 27, 2020, the Arbitrator allowed the grievance and directed the City could not make modifications to the Plan, except as negotiated by the parties. On May 29, 2020, Council repealed the amended by-law retroactively to March 31, 2020, which eliminated any impact of the 2019 by-law amendment.

Group Life Insurance Plans

The City's Group Life Insurance Plan 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 ("GLIP"). 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 GLIP 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.

In 2015, Council approved By-Law 80/2015 in respect of the GLIP. The purpose of the By-Law was to transfer the GLIP's 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 GLIP have not changed. This new structure maintains the tax-exempt status of the GLIP.

Full valuations of the GLIP were undertaken as at December 31, 2019 and continued to reflect favourable financial positions. The Board of the CPEGLIPCo reviewed the results of the valuations and the GLIP's surplus policies during 2020 and approved the continuation of the employer and member contribution rates in effect. The next full valuations of the GLIP as at December 31, 2022 are expected to be completed in 2023.

Environmental Matters

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

The 2005 to 2021 Council approved capital budgets for the Water and Waste utilities and their 2022 to 2026 capital forecasts anticipate $237.8 million of future debt to fund projects mandated by the Province. During 2003, at the request of the Minister of Conservation, the Clean Environment Commission ("CEC") conducted public hearings to receive and review comments on the City's wastewater collection and treatment improvement program. The CEC made several recommendations to upgrade and improve the wastewater collection and treatment systems, which were subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licences to the City for the North End, West End, and South End Sewage Treatment Plants.

In 2011, "The Save Lake Winnipeg Act" (Bill 46) was passed, which further enforces limits and imposes treatment options for the North End Sewage Treatment Plant ("NEWPCC"). In 2013, an additional licence was issued under the Environment Act, which governs combined sewers and overflow structures. With this direction, a waste-water upgrade program is underway that will address nutrient control and biosolids management, estimated (class 3) to cost approximately $1.8 billion. The combined sewer overflow mitigation Master Plan was approved by the Province on November 13, 2019. The estimated cost (class 5) is approximately $2.3 billion. These estimates are based on preliminary assessments and are dependent on market factors and interpretation of the compliance requirements.

Council has approved a project that includes upgrades to the Headworks facilities of NEWPCC. The scope of this project is necessary for the subsequent Biosolids and Nutrient Removal Facilities projects that will address regulatory requirements. These projects will also include replacement of end-of-life equipment. Biosolids from all three sewage treatment plants are processed at NEWPCC, which is nearing biosolids treatment capacity. The Biosolids project will also provide for a new treatment facility in order to meet regulatory requirements regarding maximizing biosolids reuse. Without Provincial or Federal support of this project, it will be a challenge for the City to upgrade this facility. On September 26, 2019, Council approved the submission of an application to the ICIP for upgrades to the NEWPCC project. This application remains under review.

Other major funding sources for these improvements will be provided by the Environmental Projects Reserve, the Canada Strategic Infrastructure Fund, the Green Infrastructure Fund and accumulated surplus.

The City of Winnipeg operates one landfill, located at 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 Provincial Environment Act Licence issued on April 23, 2014 provides direction on closure and post closure requirements. In estimating future landfill closure costs, management has estimated the total cost to cover, landscape and maintain the site based upon remaining life and capacity. The liability is measured on a discounted basis using the City's average, long-term borrowing rate.

The City also records liabilities under 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. At December 31, 2020, the City recorded a $5.8 million (2019 - $7.3 million) liability related to contaminated sites.

Labour Negotiations

For the year ended December 31, 2020, 52% (2019 - 53%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,388 (2019 - 10,638). The majority of employees are represented by eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,466	January 7, 2023
CUPE	4,434	February 28, 2021
MGEU	357	February 28, 2021
UFFW	932	December 31, 2020
WAPSO	852	December 31, 2023
WFPSOA	46	August 31, 2021
WPA	1,961	December 31, 2021
WPSOA	34	December 31, 2021
Other (non-union/association)	306	Not applicable

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

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

Corporate Risk Management Division

The City has a separate Risk Management Division reporting to the Chief Financial Officer. This division provides services designed to control and minimize the adverse financial effects of accidental or unforeseen events. Working with City departments and SOAs, this division strengthens the City's long-term financial performance through the development and provision of a solid framework of risk management and loss control techniques based on an informed balance of risk and cost. Identifying, understanding and evaluating the City's risks 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 City Auditor is a statutory officer appointed by Council under The City of Winnipeg Charter. The City Auditor reports to Council through the Audit Committee and is independent of the City's Public Service. The Audit Department is classified as an independent external auditor under Government Auditing Standards due to statutory safeguards that require the City Auditor to report directly to Council through the Audit Committee. The Audit Department's primary client is Council, through the Audit Committee.

The purpose of the Audit Department is to provide independent and objective information, advice and assurance with respect to the performance of civic services in support of open, transparent and accountable governments. The value to Council is the ability to use credible information to support their decision- making efforts. Stakeholders are the Public Service and residents. The City Auditor conducts examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring the Public Service's accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations.

External Auditor

The City of Winnipeg Charter requires that an audit of the annual consolidated financial statements of the City is performed. These consolidated financial statements have been audited by KPMG LLP, as the City's appointed external auditors. KPMG LLP's role is to express an independent opinion on the fair presentation of the City's financial position and operating results, and to confirm that the statements are free from material misstatement.

Budget Process

In 2020, The City, for the first time ever, produced a balanced four-year, multi-year operating budget (2020 to 2023). Section 284(1) of The City of Winnipeg Charter requires Council to approve the operating budget before March 31 of each fiscal year. The City also prepares a six-year capital investment plan, including related funding sources. Section 284(2) of The City of Winnipeg Charter requires that before December 31 of each fiscal year, Council must adopt a capital budget for that year and a capital forecast for the next five fiscal years.

The Executive Policy Committee ("EPC"), the executive committee of Council, develops the budget. The preliminary operating and capital budgets are tabled by EPC and referred to the City's Standing Policy Committees and the Winnipeg Police Board for review and recommendation. These are then presented to Council for consideration in adoption of the budget. Each year, both operating and capital budgets are approved by Council. The 2020 budget included the approval of the City's multi-year budget policy.

Looking Forward

2021 - 2023 Multi-year Balanced Operating and Capital Budget Updates

On December 16, 2020, Council adopted both budgets for The City of Winnipeg - the 2021 to 2023 operating budget update and the 2021 capital budget and the 2022-2026 five-year capital forecast. The first year of the budget update to the 2020 multi-year balanced budget is 2021.

The key priorities in this budget were:

- Providing a safe restart for the community
- Revitalizing the economy as a result of the COVID-19 pandemic
- Maintaining a robust capital program
- Providing affordable services and keeping disciplined expenditure control, and
- Supporting strategic investments in recreation, libraries, roads, transit, water and waste, and other service areas

The 2021 capital budget and five-year forecast include $2.3 billion in City capital projects with $386.4 million authorized in 2021. Some of the projects included in the 2021 capital budget are $152.2 million for regional and local street renewal and $23.7 million for Transit capital investment, including $17.6 million for new transit buses.

The six-year capital investment plan includes $864.1 million for regional and local renewal road work; $464.0 million the sewage disposal system projects, including $180.0 million toward the combined sewer overflow and basement management flood management strategy; $165.5 million for the transit system; $70.5 million for recreation; $68.3 million for public safety; $60.0 million for the Southwest Interceptor project and $7.9 million for libraries.

The 2021 operating budget continues with tax increases of 1% for the renewal of regional streets, sidewalks and bridges (Regional Street Renewal Program) and 1% for the renewal of local streets, lanes and sidewalks (Local Street Renewal Program). As well, a 0.33% property tax increase was approved for future payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass projects.

In the context of the 2021 Budget Update, these Council approved priorities consider both the long-term needs of the City and the short-term financial pressures as a result of the COVID-19 pandemic.

The City was awarded the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2020. The City has submitted its 2021 to 2023 multi-year budget update to GFOA for review.

The 2021 adopted budget includes the 2020 and 2021 consolidated budgets that are prepared on the same basis as the consolidated financial statements.

General Revenue Fund - Adopted Budget

For the years ended December 31 (in thousands of dollars)	2020 Restated	**2021 Budget**	2022 Projection*	2023 Projection*
Revenues				
Property tax	$ 641,748	**$ 664,717**	$ 688,204	$ 712,535
Property tax credits	(7,186)	**(6,036)**	(6,060)	(7,445)
Business tax	63,378	**65,278**	63,378	63,378
Business tax credits	(5,462)	**(7,362)**	(5,462)	(5,462)
Other taxation	27,376	**26,325**	28,849	29,558
Street renewal frontage levy	63,795	**63,951**	64,305	64,659
Government transfers	146,406	**149,127**	149,793	149,807
Regulation fees	76,975	**69,298**	77,734	77,860
Sale of goods and services	54,389	**50,867**	56,345	56,936
Interest	7,198	**7,518**	7,320	7,017
Transfer from other funds	12,436	**37,672**	1,713	12,571
Utility dividend	34,587	**35,681**	36,693	37,721
Other	28,307	**23,276**	23,833	23,992
	1,143,947	**1,180,312**	1,186,645	1,223,127
Expenses				
Police service	294,496	**301,151**	307,392	312,389
Public works	151,784	**153,189**	154,219	156,410
Fire paramedic service	204,315	**210,703**	212,836	216,818
Community services	106,878	**109,858**	110,388	112,003
Corporate	70,246	**92,993**	62,627	76,853
Planning, property and development	42,396	**42,225**	41,775	41,702
Water and waste	23,541	**24,610**	23,880	24,884
Street lighting	12,409	**13,302**	13,954	14,571
Assessment and taxation	18,416	**14,601**	18,763	18,939
Innovation, transformation and technology	22,428	**21,434**	20,580	19,957
City clerk's	12,820	**12,027**	11,981	12,037
Corporate finance	8,217	**8,265**	8,394	8,585
Customer service and communications	7,122	**7,085**	6,949	7,113
Human resource services	6,026	**6,123**	6,190	6,288
Other departments	18,477	**19,267**	19,240	19,392
Operational expenditures	999,571	**1,036,833**	1,019,168	1,047,941
Capital related expenses (e.g. transfers to street renewal reserves and debt and finance charges)	144,376	**143,479**	167,477	175,186
Balanced Budget	$ -	**$ -**	$ -	$ -

* subject to annual Council approval

Accounting Pronouncements

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

- In June 2011, PSAB approved two new standards: section 3450 Financial Instruments and section 2601 Foreign Currency Translation. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2022. Upon adoption, the City must also adopt the related financial statement presentation changes in Section 1201 Financial Statement Presentation and Section 3041 Portfolio Investments.
- In March 2018, PSAB issued section 3280 Asset Retirement Obligations. This standard addresses recognition, measurement and disclosure of asset retirement costs. The new standards are effective for fiscal years beginning on or after April 1, 2023.
- In November 2018, PSAB issued section PS 3400 Revenues. This standard addresses revenue recognition principles that apply to revenues common in the public sector other than government transfers and tax revenue. The new standard is effective for fiscal years beginning on or after April 1, 2023.
- In December 2020, PSAB approved the Public Private Partnerships standard, Section PS 3160. The standard addresses the accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner and is effective for fiscal years beginning on or after April 1, 2023.

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 revenue it receives. Both the Annual Financial Report and the Detailed Financial Statements Document are available online at www.winnipeg.ca. Questions concerning the information provided in these reports should be addressed to Paul Olafson, CPA, CA - Corporate Controller, Corporate Finance Department, 4-510 Main Street, Winnipeg, Manitoba, R3B 1B9.

Catherine Kloepfer, FCPA, CGA, FCA, ICD.D.
Chief Financial Officer
May 18, 2021

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 18, 2021. 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.

Catherine Kloepfer, FCPA, CGA, FCA, ICD.D.
Chief Financial Officer
May 18, 2021

KPMG LLP
1900 - 360 Main Street
Winnipeg MB
R3C 3Z3

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of City Council of The City of Winnipeg

Opinion

We have audited the consolidated financial statements of The City of Winnipeg (the "Entity"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial liabilities and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2020 Annual Financial Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2020 Annual Financial Report" is expected to be made available to us after the date of this auditors' report.

If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

May 18, 2021

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	$ **788,122**	$ 670,801
Accounts receivable (Note 4)	**255,446**	313,662
Land held for resale	**7,955**	7,190
Investments (Note 5)	**413,048**	358,544
Investment in government businesses (Note 6)	**23,496**	23,113
	1,488,067	1,373,310
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**265,134**	287,687
Deferred revenue (Note 8)	**138,954**	100,006
Debt (Note 9)	**1,549,466**	1,458,062
Other liabilities (Note 10)	**134,228**	129,931
Accrued employee benefits and other (Note 11)	**251,227**	239,410
	2,339,009	2,215,096
NET FINANCIAL LIABILITIES	**(850,942)**	(841,786)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	**7,696,113**	7,577,419
Inventories	**25,584**	23,944
Prepaid expenses and deferred charges	**9,701**	7,518
	7,731,398	7,608,881
ACCUMULATED SURPLUS (Note 14)	$ **6,880,456**	$ 6,767,095

Commitments and contingencies (Note 15)

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 2020 (Note 21)	Actual 2020	Actual 2019
REVENUES			
Taxation (Note 16)	$ 784,701	$ 779,994	$ 764,588
Sales of services and regulatory fees (Note 17)	653,359	556,624	653,079
Government transfers (Note 18)	200,991	287,579	198,936
Investment income	35,408	34,895	39,985
Land sales and other revenue (Note 19)	30,433	16,048	26,685
Total Revenues	1,704,892	1,675,140	1,683,273
EXPENSES			
Protection and community services	563,228	560,484	556,344
Utility operations	490,639	465,937	456,805
Public works	329,778	336,182	350,233
Property and development	152,687	170,662	134,608
Finance and administration	95,674	88,770	92,653
Civic corporations	75,041	60,240	81,943
General government	21,281	45,294	31,293
Total Expenses (Note 20)	1,728,328	1,727,569	1,703,879
Annual Deficit Before Other	(23,436)	(52,429)	(20,606)
OTHER			
Government transfers related to capital (Note 18)	149,333	134,267	375,694
Developer contributions-in-kind related to capital (Note 13)	70,619	24,200	69,648
Other capital contributions	5,600	7,323	11,640
	225,552	165,790	456,982
Annual Surplus	$ 202,116	113,361	436,376
ACCUMULATED SURPLUS, BEGINNING OF YEAR		6,767,095	6,330,719
ACCUMULATED SURPLUS, END OF YEAR		$ 6,880,456	$ 6,767,095

See accompanying notes and schedules to the consolidated financial statements

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

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

	Budget 2020 (Note 21)	Actual 2020	Actual 2019
ANNUAL SURPLUS	**$ 202,116**	**$ 113,361**	$ 436,376
Amortization of tangible capital assets	**280,468**	**279,943**	266,623
Proceeds on disposal of tangible capital assets	**2,433**	**9,854**	6,260
(Gain) loss on disposal of tangible capital assets	**858**	**(953)**	5,811
Change in inventories, prepaid expenses and deferred charges	**440**	**(3,317)**	(3,899)
Tangible capital assets received as contributions (Note 13)	**(70,619)**	**(24,200)**	(69,648)
Acquisition of tangible capital assets	**(521,945)**	**(383,844)**	(804,394)
INCREASE IN NET FINANCIAL LIABILITIES	**(106,249)**	**(9,156)**	(162,871)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(841,786)**	**(841,786)**	(678,915)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (948,035)**	**$ (850,942)**	$ (841,786)

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	**$ 113,361**	$ 436,376
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**279,943**	266,623
Developer contributions-in-kind related to capital (Note 13)	**(24,200)**	(69,648)
Change in other liabilities and employee benefits	**16,114**	11,349
(Gain) loss on sale of tangible capital assets	**(953)**	5,811
Other	**(383)**	2,270
	383,882	652,781
Net change in non-cash working capital balances related to operations	**70,529**	58,242
Cash provided by operating activities	**454,411**	711,023
CAPITAL		
Acquisition of tangible capital assets	**(383,844)**	(804,394)
Proceeds on disposal of tangible capital assets	**9,854**	6,260
Cash used in capital activities	**(373,990)**	(798,134)
FINANCING		
Debenture and serial debt issued	**85,000**	215,152
Increase in sinking fund investments	**(19,032)**	(16,784)
Service concession arrangements (retired) financed	**(4,760)**	100,774
Increase in bank loans and other debt	**5,055**	20,673
Other	**25,141**	54,589
Cash provided by financing activities	**91,404**	374,404
INVESTING		
Net increase in investments	**(54,504)**	(50,477)
Cash used in investing activities	**(54,504)**	(50,477)
Increase in cash and cash equivalents	**117,321**	236,816
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**670,801**	588,097
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 788,122**	$ 670,801

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, and tourism.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services. As at December 31, 2020, the City programs and services have been altered to ensure compliance with Provincial public health orders and reflect consumer demand.

During the year, the City received Safe Restart funding from the Government of Canada to offset the financial impacts of COVID-19, which has been recognized as revenue in 2020 (Note 18).

Management assessed the financial impact on the City and as at December 31, 2020, the City did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

2. *Significant Accounting Policies*

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. 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 by the City. Inter-fund and inter-corporate balances and transactions have been eliminated.

i) Consolidated entities

The organizations included in the consolidated financial statements are as follows:

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

ii) Government businesses

The investments in North Portage Development Corporation, Park City Commons and River Park South Developments Inc. are reported as government business partnerships. 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)

iii) Partnerships

Economic Development Winnipeg Inc. is reported as a partnership with the proportionate consolidation method being used. Accordingly, fifty percent of the assets, liabilities, revenues and expenses have been included in the City's consolidated financial statements (Schedule 1).

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 federal and federal guarantee bonds; guaranteed investment certificates; municipal bonds; schedule 1 bank bonds; bankers' acceptances; schedule 2 bankers' acceptances; asset backed commercial paper; and Canada treasury bills. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

d) Land held for resale

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

e) Investments

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

f) Unamortized premium on debt

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

g) Solid waste landfills

The obligation to close and maintain solid waste landfill sites is based on the present value of estimated future expenses, adjusted for estimated inflation. The cost of the City's only active landfill 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 plan's 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 changes in net financial liabilities

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 are amortized on a straight-line basis over their estimated useful lives as follows:

2. *Significant Accounting Policies (continued)*

i) Tangible capital assets (continued)

Buildings	10 to 50 years
Vehicles	
Transit buses	18 years
Other vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Other	
Machinery and equipment	5 to 40 years
Land improvements	5 to 100 years
Water and waste plants and facilities	
Underground networks	50 to 100 years
Sewage treatment plants and lift stations	50 to 75 years
Water pumping stations and reservoirs	50 to 75 years
Flood stations and other infrastructure	20 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and other structures	25 to 75 years

Annual amortization is charged commencing when the asset is available for use.

In certain circumstances, capital project work is charged an administration fee equal to 1.25% of specific costs of the project to a maximum of $100 thousand on any individual project. In addition, interim financing charges of 2% are also capitalized as part of the project cost funded by the City.

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

a) Contributions of tangible capital assets

Developer-contributed tangible capital assets are recorded at their fair value at the date of receipt. The contribution is recorded as revenue.

b) Leases

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

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.

2. *Significant Accounting Policies (continued)*

l) Tax revenues

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

The City is required by The Public Schools Act to bill, collect and remit provincial education support levies in respect of residential and other properties on behalf of the Province, and school division special levies on behalf of school divisions. The City has no jurisdiction or control over the school divisions' operations or their mill rate increases. Therefore, no tax revenue is recognized in these consolidated financial statements for amounts collected on behalf of school divisions, nor are the assets, liabilities, revenues and expenses, with respect to the operations of the school boards (Note 16).

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

m) Government transfers

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

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

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

n) Loan guarantees

Periodically the City provides loan guarantees on specific debt issued by other entities not consolidated in these financial statements. Loan guarantees are disclosed as contingent liabilities (Note 15c) and no amounts are accrued in the consolidated financial statements until the City considers it likely that the borrower will default on the specified loan obligation. Should a default occur, the City’s resulting liability would be recorded in the consolidated financial statements.

o) Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

2. *Significant Accounting Policies (continued)*

p) Budget

The 2020 budget is included on the consolidated statements of operations and accumulated surplus and changes in net financial liabilities. The budget is compiled from the City Council-approved Operating Budget, estimates for controlled entities, adjustments to report the budget on a full accrual basis including capital revenue adjustments, assets capitalized on the statement of financial position, amortization of tangible capital assets and accruals for unfunded liabilities and administrative adjustments to provide for proper comparison to actual results presented herein.

3. *Cash and Cash Equivalents*

	2020	2019
Cash	**$ 80,492**	$ 54,615
Cash equivalents	**707,630**	616,186
	$ 788,122	$ 670,801

The average effective interest rate for cash equivalents at December 31, 2020 is 0.43% (2019 - 1.90%).

Cash and cash equivalents exclude $55.1 million (2019 - $50.1 million) which has been received from various entities including EBB. The funds are invested on a pooled basis to obtain maximum investment returns.

Cash received for interest during the year is $35.4 million (2019 - $39.5 million).

4. *Accounts Receivable*

	2020	2019
Property, payments-in-lieu and business taxes receivable	**$ 67,309**	$ 60,120
Allowance for property, payments-in-lieu and business taxes receivable	**(2,849)**	(1,207)
	64,460	58,913
Trade accounts and other receivables	**169,310**	159,866
Province of Manitoba	**35,621**	83,391
Government of Canada	**13,189**	35,428
Allowance for doubtful accounts	**(27,134)**	(23,936)
	190,986	254,749
	$ 255,446	$ 313,662

5. *Investments*

	2020	2019
Marketable securities		
Municipal bonds	**$ 130,107**	$ 119,684
Provincial bonds and bond coupons	**34,376**	13,859
Federal Entity	**20,919**	-
Bank and trust companies	**6,684**	6,585
	192,086	140,128
Manitoba Hydro long-term receivable	**220,238**	220,238
Other	**724**	(1,822)
	$ 413,048	$ 358,544

5. *Investments (continued)*

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2020 is $212.5 million (2019 - $148.8 million) and their maturity dates range from 2021 to 2053.

b) Manitoba Hydro long-term receivable

On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro from the City. 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 year ten and continuing thereafter in perpetuity.

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

6. *Investment in Government Businesses*

a) North Portage Development Corporation

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

b) Park City Commons

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

c) 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.

Summary of investment in government businesses

	2020	2019
North Portage Development Corporation (1/3 share)	**$ 19,894**	$ 19,512
Park City Commons (1/2 share)	**3,202**	3,191
River Park South Developments Inc. (1/2 share)	**400**	410
	$ 23,496	$ 23,113

6. *Investment in Government Businesses (continued)*

Summary of results of operations

	2020	2019
North Portage Development Corporation (1/3 share)	**$ 382**	$ 307
Park City Commons (1/2 share)	**11**	(8)
River Park South Developments Inc. (1/2 share)	**(10)**	236
	$ 383	$ 535

The condensed supplementary financial information of the government business entities are disclosed in schedule 1.

7. *Accounts Payable and Accrued Liabilities*

	2020	2019
Accrued liabilities	**$ 142,562**	$ 144,296
Trade accounts payable	**115,221**	136,375
Accrued interest payable	**7,351**	7,016
	$ 265,134	$ 287,687

8. *Deferred Revenue*

	2020	2019
Federal gas tax transfer		
Opening balance	**$ 48,207**	$ 31,858
Revenue earned	**(66,810)**	(72,141)
Inflows	**44,396**	88,490
Closing balance	**25,793**	48,207
Province of Manitoba		
Opening balance	**29,672**	-
Revenue earned	**(16,774)**	(8,228)
Inflows	**63,267**	37,900
Closing balance	**76,165**	29,672
Prepayment for services	**24,499**	22,127
Government of Canada - Rapid Housing Initiative	**12,497**	-
	$ 138,954	$ 100,006

9. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	2020	2019
2006-2036	July 17	5.200	VZ	183/04, 72/06	**$ 60,000**	$ 60,000
2008-2036	July 17	5.200	VZ	72/06B, 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, 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, 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.391	WC	93/11, 84/13	**60,000**	60,000
2014-2045	June 1	4.100	WD	144/11, 23/13, 149/13	**60,000**	60,000
2014-2045	June 1	3.713	WD	100/12, 23/13, 149/13	**60,000**	60,000
2014-2051	Nov. 15	3.893	WC	93/11, 145/13	**52,568**	52,568
2015-2045	June 1	3.828	WD	144/11, 100/12, 23/13, 149/13, 5/15, 61/15	**60,000**	60,000
2016-2045	June 1	3.303	WD	72/06, 23/13, 149/13, 5/15, 96/15, 40/16	**80,000**	80,000
2019-2051	Nov. 15	3.499	WC	6520/94, 6774/96, 6973/97, 6976/97, 7751/01, 72/06, 32/07 219/07, 184/08, 136/16	**100,000**	100,000
2019-2051	Nov. 15	2.667	WC	6976/97, 7751/01 219/07, 184/08, 150/09 40/16, 133/17	**120,000**	120,000
2020-2051	Nov. 15	2.663	WC	183/04, 150/009, 149/13, 5/15, 40/16 136/16, 133/17	**85,000**	-
					1,072,568	987,568
Equity in The Sinking Funds (Notes 9a and b)					**(117,881)**	(98,849)
Net sinking fund debentures outstanding					**954,687**	888,719
Other debt outstanding						
Service concession arrangement obligations (Notes 9d and 15d)					**279,852**	284,612
Bank loans and other with varying maturities up to 2046 and a weighted average interest rate of 2.71% (2019 - 2.78%)					**182,732**	177,677
Obligations for leased tangible capital assets (Note 9c)					**20,410**	21,565
					1,437,681	1,372,573
Unamortized premium on debt (Note 9e)					**111,785**	85,489
					$ 1,549,466	$ 1,458,062

9. *Debt (continued)*

Debt segregated by fund/organization:

	2020	2019
General Capital Fund	**$ 847,089**	$ 813,542
Transit System	**283,578**	274,572
Sewage Disposal	**186,755**	130,639
Waterworks System	**111,514**	116,505
Fleet Special Operating Agency	**46,883**	46,778
Consolidated entities	**37,906**	36,042
Solid Waste Disposal	**27,438**	30,073
Other	**6,284**	7,633
Land Drainage	**2,019**	2,278
	$ 1,549,466	$ 1,458,062

Debt to be retired over the next five years and thereafter excluding unamortized premium and equity in sinking funds:

	2021	2022	2023	2024	2025	2026+
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 1,072,568
Other debt	60,900	22,787	22,216	23,128	18,631	335,332
	$ 60,900	$ 22,787	$ 22,216	$ 23,128	$ 18,631	$ 1,407,900

a) As at December 31, 2020, sinking fund assets have a market value of $263.8 million (2019 - $199.7 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $54.6 million (2019 - $71.6 million) and a market value of $59.5 million (2019 - $76.5 million).

b) For sinking fund securities issued, The City of Winnipeg Charter requires the City to make annual payments to the sinking fund. Sinking fund arrangements are managed in a separate fund by the City. The City is currently paying between 1 to 2% on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Future minimum lease payments together with the balance of the obligation for leased tangible capital assets are as follows:

2021	$ 2,794
2022	2,930
2023	3,141
2024	5,225
2025	1,301
Thereafter	14,390
Total future minimum lease payments	29,781
Amount representing interest at a weighted average rate of 8.18%	(9,371)
Capital lease obligations	$ 20,410

9. *Debt (continued)*

d) Service concession arrangement obligations are as follows:

		2020		2019
Plenary Roads Winnipeg Transitway LP	**$**	**136,226**	$	138,538
Plenary Roads Winnipeg GP - Disraeli Bridges		**98,955**		100,608
DBF2 Limited Partnership - Chief Peguis Trail Extension		**44,671**		45,466
	$	**279,852**	$	284,612

Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass

The City has entered into a fixed price contract with Plenary Roads Winnipeg Transitway LP, Plenary Roads Winnipeg Transitway GP Inc. and PCL BRT (Winnipeg) GP Inc. (together, "PRWT") to design, build, finance, and maintain the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass. The contract was executed in June 2016 and terminates October 2049.

The project reached substantial completion October 2019 with total performance anticipated to be achieved in late 2021. The total project costs are estimated to be $418.4 million and are to be financed through a Provincial government transfer of $162.7 million, a $139.1 million service concession arrangement obligation to PRWT, a payment of $92.9 million from Infrastructure Canada, sinking fund debentures of $14.0 million, and other cash consideration of $9.8 million.

As at December 31, 2020, $403.1 million was capitalized for assets completed and in use. Monthly capital and interest performance-based payments totaling $8.4 million annually, for the service concession arrangement obligation, commenced in October 2019, commensurate with commissioning of the project and are payable to termination of the contract with PRWT.

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 estimated total project costs of $418.4 million project is 1.6%. Specifically, the sinking fund debt and service concession arrangement obligation to PRWT bear a combined weighted average interest rate of 4.2%.

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

9. *Debt (continued)*

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 followed 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, 2020, $195.0 million was capitalized for commissioned works. 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%.

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

Chief Peguis Trail Extension

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

The $107.7 million project 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 $6.1 million. As at December 31, 2020, $107.4 million was capitalized. 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 $107.7 million project is 4.6%. Specifically, the sinking fund debt and service concession arrangement obligation to DBF2 bear a combined weighted average interest rate of 7.2%.

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

9. Debt (continued)

e) Included in the Consolidated Statement of Financial Position are investments of $112.6 million (2019 - $88.9 million) that will be used for making semi-annual debt service payments on the sinking fund debentures issued with a premium.

f) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2020 is $65.1 million (2019 - $59.0 million) and cash paid for interest during the year is $64.8 million (2019 - $58.3 million).

g) On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro from the City . As part of the purchase agreement, The City of Winnipeg Sinking Fund Trustees are required to hold Manitoba Hydro Electric Bonds issued by Manitoba Hydro to the City of Winnipeg 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. This debt has been defeased under this arrangement, and accordingly, is not reported in the Consolidated Statement of Financial Position. The book value of this debt as at December 31, 2020 is $60.0 million (2019 - $60.0 million).

10. Other Liabilities

		2020		2019
Landfill	**$**	**65,040**	$	54,549
Expropriation		**50,520**		55,874
Contaminated sites		**5,787**		7,347
Veolia agreement (Note 15e)		**2,490**		2,206
Developer deposits and other		**10,391**		9,955
	$	**134,228**	$	129,931

Landfill

Included in landfill liabilities is the estimated total landfill closure and post-closure care expenses. The estimated liability for the City's only active landfill is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for future closure and post-closure care activities discounted at the City's average, long-term borrowing rate of 4.0% (2019 - 4.0%). Amounts to be accrued in future years as the landfill's capacity is consumed are estimated at $29.6 million.

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 greater than 100 year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 83% of its total capacity and its remaining life is estimated to be over 100 years after which perpetual post-closure maintenance is required.

The Landfill Rehabilitation Reserve was established for the purpose of providing funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for active and closed landfills maintained under the responsibility of the City. It is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill. As at December 31, 2020, the reserve had a balance of $5.1 million (2019 - $8.0 million) (Schedule 3).

Contaminated sites

As of December 31, 2020, the liability for contaminated sites includes sites associated with former City operations, sites acquired through tax forfeiture, and historical acquisition of properties. The nature of contamination includes chemicals, heavy metals, salt, and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, rail lines, fuel handling, vehicle storage and maintenance, snow storage and stockyards.

Liability estimates are based on environmental site assessments or are derived by extrapolating remediation costs incurred by the City for similar sites.

11. Accrued Employee Benefits and Other

	2020	2019
Retirement allowance - accrued obligation	**$ 88,730**	$ 88,184
Unamortized net actuarial (loss) gain	**(332)**	791
Retirement allowance - accrued liability	**88,398**	88,975
Vacation	**65,277**	61,578
Workers' compensation	**56,113**	52,614
Compensated absences	**31,290**	27,437
Other	**10,149**	8,806
	$ 251,227	$ 239,410

Under the retirement allowance programs, upon retirement, death or termination of service under certain conditions (excluding resignation), qualifying employees maybe entitled to a cash pay-out based on the value of the employees' remaining accumulated sick leave bank. In addition, certain employees maybe entitled to a severance benefit based on length of service. Adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 15.0 years (2019 - 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 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, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2020 using year-end assumptions.

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

	2020	2019
Retirement allowance - accrued liability		
Balance, beginning of year	**$ 88,975**	$ 89,287
Current service cost	**5,513**	4,959
Interest cost	**2,330**	2,747
Amortization of net actuarial (gain) loss	**314**	(40)
Benefit payments	**(8,734)**	(7,978)
Balance, end of year	**$ 88,398**	$ 88,975

Retirement allowance expense consists of the following:

	2020	2019
Current service cost	**$ 5,513**	$ 4,959
Interest cost	**2,330**	2,747
Amortization of net actuarial (gain) loss	**314**	(40)
	$ 8,157	$ 7,666

11. Accrued Employee Benefits and Other (continued)

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

	2020	2019
Discount rate on liability	**1.80%**	2.60%
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. The unamortized net actuarial losses related to the compensated absences at December 31, 2020 is $29.7 million (2019 - $20.3 million).

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 Year's Maximum Pensionable Earnings under the Canada Pension Plan and 11.8% of pensionable earnings in excess of the Year's Maximum Pensionable Earnings in 2020, and for future years, consistent with 2019. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2019, which indicated an excess of actuarial value of program assets over actuarial liabilities of $189.2 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, 2020 was nil (2019 - nil).

Total contributions by the City to the Benefits Program in 2020 were $52.9 million (2019 - $44.9 million), which were expensed as incurred.

12. Pension Costs and Obligations (continued)

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 by the Plan 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 the rate of 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 Plan's contribution stabilization reserve and the rate of cost-of-living adjustments to pensions.

An actuarial funding valuation of the Plan was prepared as of December 31, 2019. The valuation revealed a funding deficit, which, in accordance with the terms of the Plan, was resolved by a decrease in the contribution stabilization reserve and by decreasing the rate of cost-of-living adjustments to pensions from 55.4% to 52.7% of the inflation rate.

An actuarial valuation of the Plan as of December 31, 2020 is to be prepared and filed with the Office of the Superintendent - Pension Commission. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. As of the date of the last valuation of the Plan that was filed with the Office of the Superintendent - Pension Commission, December 31, 2017, the actuarial valuation showed that the Plan has a solvency excess at December 31, 2017 under this wind-up scenario.

The results of the December 31, 2019 actuarial valuation of the Plan were extrapolated to December 31, 2020. In accordance with the terms of the Plan, extrapolated surpluses and deficiencies are resolved through transfers to and from the contribution stabilization reserve and increases or reductions in the rate of cost-of-living adjustments to pensions. The principal long-term assumptions on which the extrapolation was based were: discount rate of 4.75% per year (2019 - 4.95%); inflation rate of 2.00% per year (2019 - 2.00%); and general pay increases of 3.25% per year (2019 - 3.25%) 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:

	2020	2019
Plan assets:		
Fair value, beginning of year	**$ 1,724,937**	$ 1,527,489
Employer contributions	**30,575**	29,862
Employee contributions and transfers	**15,777**	13,877
Benefits and expenses paid	**(62,052)**	(56,536)
Net investment income	**157,123**	210,245
Fair value, end of year	**1,866,360**	1,724,937
Actuarial adjustment	**(135,091)**	(104,033)
Actuarial value, end of year	**$ 1,731,269**	$ 1,620,904
Accrued pension costs and obligations:		
Beginning of year	**$ 1,589,268**	$ 1,464,401
Interest on accrued pension obligation	**78,440**	76,626
Current period benefit cost	**52,798**	46,813
Actuarial loss (gain)	**37,840**	57,964
Benefits and expenses paid	**(62,052)**	(56,536)
End of year	**$ 1,696,294**	$ 1,589,268
Funded status	**$ 34,975**	$ 31,636
Less: contribution stabilization reserve	**(34,975)**	(31,636)
Actuarial surplus	**$ -**	$ -

	2020	2019
Expenses related to pensions:		
Current period benefit cost	**$ 52,798**	$ 46,813
Amortization of actuarial gains	**(5,040)**	(398)
Less: employee contributions and transfers	**(15,777)**	(13,877)
Pension benefit expense	**31,981**	32,538
Interest on accrued benefit obligation	**78,440**	76,626
Expected return on plan assets	**(79,846)**	(79,302)
Pension interest income	**(1,406)**	(2,676)
Total expenses related to pensions	**$ 30,575**	$ 29,862

12. Pension Costs and Obligations (continued)

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 2020 were $30.6 million (2019 - $29.9 million). Total employee contributions to the Plan in 2020 were $13.5 million (2019 - $13.2 million). Benefits paid from the Plan in 2020 were $60.7 million (2019 - $55.2 million).

The expected rate of return on Plan assets in 2020 was 4.95% (2019 - 5.25%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2020 was 9.15% (2019 - 13.82%).

As the City's contributions to the Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Consolidated Statement of Financial Position. As noted above, the Plan provides that within certain prescribed constraints, in the event of a funding deficiency, a transfer from the contribution stabilization reserve and amendments to the rate of cost-of-living adjustments to pensions will be utilized to resolve the deficiency, and vice versa in the event of a surplus. The above extrapolation anticipates that the funding deficit at December 31, 2020 will be resolved through transfers from both the city account and contribution stabilization reserve and a decrease in the rate of cost-of-living adjustments.

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 2020, the City paid out $0.3 million (2019 - $0.3 million). An actuarially determined pension obligation of $3.6 million (2019 -$3.6 million) has been reflected in the accrued employee benefits and other liability on 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 until retirement. An actuarial valuation as of December 31, 2019 indicated that this post-retirement liability is fully funded.

12. Pension Costs and Obligations (continued)

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

An actuarial valuation of the Plans was prepared as of December 31, 2019 and the results were extrapolated to December 31, 2020. The principal long-term assumptions on which the valuation was based were: discount rate of 5.00% per year (2019 - 5.00%); and general pay increases of 3.25% per year (2019 - 3.25%). 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:

	2020	2019
Group life insurance plan assets, at actuarial value	**$ 180,061**	$ 172,282
Accrued post-retirement life insurance obligations	**$ 100,970**	$ 93,722

13. Tangible Capital Assets

	Net Book Value	
	2020	2019
General		
Land	**$ 316,765**	$ 316,045
Buildings	**865,033**	875,977
Vehicles	**229,662**	223,161
Computer	**42,154**	38,797
Other	**284,990**	289,844
Infrastructure		
Plants and facilities	**608,944**	619,525
Roads	**1,880,512**	1,813,470
Underground and other networks	**2,327,724**	2,308,211
Bridges and other structures	**668,622**	682,304
	7,224,406	7,167,334
Assets under construction	**471,707**	410,085
	$ 7,696,113	$ 7,577,419

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 2).

During the year, there were no write-down of tangible capital assets (2019 - $0.6 million). Interest capitalized during 2020 was $3.7 million (2019 - $4.0 million). In addition, roads and underground networks contributed to the City totaled $24.2 million in 2020 (2019 - $69.6 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $647.7 million (2019 - $657.6 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

14. Accumulated Surplus

Accumulated surplus consists of the following:

		2020		2019
Invested in tangible capital assets	**$**	**6,311,139**	$	6,235,368
Reserves (Schedule 3)		**412,996**		425,482
Other surplus accumulated in utility operations, consolidated entities and other		**234,325**		165,011
Manitoba Hydro long-term receivable (Note 5)		**220,238**		220,238
Equity in government businesses (Note 6)		**23,496**		23,113
Unfunded expenses to be funded from future revenues:				
Accrued employee benefits and other		**(247,963)**		(236,314)
Landfill (Note 10)		**(65,040)**		(54,549)
Contaminated sites (Note 10)		**(5,787)**		(7,347)
Canadian Museum for Human Rights grant		**(2,948)**		(3,907)
	$	**6,880,456**	$	6,767,095

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 existing at December 31, 2020 are as follows:

a) Operating leases

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

2021	$	8,718
2022		8,070
2023		7,499
2024		7,292
2025		6,747
Thereafter		44,454
	$	82,780

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, 2020 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements. Where the occurrence of future events is considered undeterminable, no amount has been accrued in the financial statements.

15. Commitments and Contingencies (continued)

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, 2020 is $36.1 million (2019 - $40.4 million). The City does not anticipate incurring future payment on these guarantees, and no amount has been accounted as a liability accordingly.

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 $38.9 million (2019 - $43.7 million).

d) Service concession arrangements

i) As disclosed in Note 9(d), the City will pay DBF2 a monthly performance-based maintenance payment related to the Chief Peguis Trail Extension contract. The monthly payment totaling $1.5 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 9(d), 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.

iii) As disclosed in Note 9(d), the City will pay a monthly performance-based maintenance payment to PRWT related to the South West Rapid Transitway (Stage 2) project. The monthly payment averaging $3.2 million annually is to be adjusted by CPI and is payable commencing October 2019 until the termination of the contract with PRWT in October 2049.

e) Veolia agreement

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

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

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

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

15. Commitments and Contingencies (continued)

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").
5. Positive interest adjustment to the Earnings at Risk Account ("EARA")

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, KPI earnings and EARA interest adjustment) are credited to an Earning at Risk Account ("EARA"- (note 10)). Painshare and KPI deductions reduce the EARA. All of these amounts remain at risk for the duration of the Agreement and are not guaranteed to be paid to Veolia, and by their nature, are dependent on the financial and overall results of the Program.

Veolia's withdrawals of amounts from the EARA are subject to certain limits and security posting requirements. In 2020, Veolia withdrew $2.1 million (2019 - $1.6 million) from EARA and replaced this at risk amount with a standby letter of credit.

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, 2020, the forgivable loans totaled $2.0 million (2019 - $2.4 million).

16. Taxation

		2020		2019
Municipal and school property taxes	**$**	**1,309,949**	$	1,271,658
Payments-in-lieu of property (municipal and school) and business taxes		**52,150**		52,030
		1,362,099		1,323,688
Payments to Province and school divisions		**(732,304)**		(713,974)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes		**629,795**		609,714
Local improvement and frontage levies		**65,499**		64,256
Business taxes and license-in-lieu of business taxes		**57,839**		55,442
Electricity and natural gas sales taxes		**21,213**		21,958
Amusement and accommodation taxes and mobile home licences		**5,648**		13,218
	$	**779,994**	$	764,588

The property tax roll includes school taxes of $701.5 million (2019 - $683.3 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2020 totalled $30.8 million (2019 - $30.7 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 $6.4 million (2019 - $6.2 million).

17. Sales of Services and Regulatory Fees

		2020		2019
Water sales and sewage services	**$**	**329,591**	$	321,346
Other sales of goods and services		**103,005**		141,075
Regulatory fees		**76,834**		103,236
Transit fares		**47,194**		87,422
	$	**556,624**	$	653,079

18. Government Transfers

	2020	2019
Operating		
Province of Manitoba		
Municipal Operating Grant	**$ 139,804**	$ 139,282
Public Safety	**23,955**	24,759
	163,759	164,041
Less: Support for Provincial Programs	**(23,650)**	(23,650)
	140,109	140,391
Transfer for paramedic services	**46,378**	40,856
Other	**19,874**	13,820
	206,361	195,067
Government of Canada		
Federal Safe Restart	**74,497**	-
Other	**6,721**	3,869
	81,218	3,869
Total Operating	**287,579**	198,936
Capital		
Province of Manitoba		
Accelerated Regional Road Renewal Project	**15,805**	8,253
Local Street Renewal Program	**10,184**	-
Waverley underpass	**2,566**	6,692
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**2,335**	135,123
Public Transit Infrastructure Fund	**306**	5,155
Sewage	**-**	176
Other	**6,267**	2,445
	37,463	157,844
Government of Canada		
Federal gas tax (Note 8)	**66,810**	72,141
Accelerated Regional Road Renewal Project	**15,805**	8,253
Public Transit Infrastructure Fund	**3,703**	20,555
Waverley underpass	**2,581**	6,723
Assiniboine Park Conservancy	**2,291**	11,234
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**1,321**	86,879
Other	**4,293**	12,065
	96,804	217,850
Total Capital	**134,267**	375,694
	$ 421,846	$ 574,630

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

19. Land Sales and Other Revenue

		2020		2019
Land sales	**$**	**5,383**	$	12,264
Contributions in lieu of land dedication		**1,947**		1,143
Income from government businesses (Note 6)		**383**		535
Other		**8,335**		12,743
	$	**16,048**	$	26,685

20. Expenses by Object

		2020		2019
Salaries and benefits	**$**	**906,039**	$	898,682
Goods and services		**424,602**		463,660
Amortization of tangible capital assets		**279,943**		266,623
Interest		**65,142**		59,017
Impact Fee refunds*		**36,995**		-
Other expenses		**14,848**		15,897
	$	**1,727,569**	$	1,703,879

* On July 8, 2020, Manitoba Court of Queen's Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "imposes a constitutionally invalid indirect tax" and ordered the City to refund the fees paid together with any interest earned on the funds. The City began processing refund payments November 30, 2020 with all refunds completed by December 31, 2020.

21. Budget

On December 16, 2020 Council approved the 2021 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 Council approved 2021 budget document is the 2020 and 2021 consolidated budgets that considers inter-fund transaction eliminations, tangible capital asset based revenues and amortization, controlled entity operations and the accrual of unfunded expenses. The resulting 2020 consolidated budget has been utilized in these consolidated financial statements.

22. Property and Liability Insurance

The City purchases comprehensive insurance coverage for property and liability with a self-insured retention level of $250 thousand per claim for most of the policies. The City has established an Insurance Reserve (Schedule 3) that enables the City to carry a large self-insured retention level which mitigates the effect of poor claims experience in any given year.

23. Segmented Information

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

23. Segmented Information (continued)

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 4).

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 Garbage Collection

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 garbage collection operations.

23. 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 four distinct utilities - water, wastewater, land drainage 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 garbage collection operations are reported in the General Revenue Fund and are included in the Public Works and Garbage Collection segment.

24. Contractual Rights

Developer contributions

The City has entered into a number of property development agreements which require the developers to contribute various infrastructure assets to the City, including roads and underground networks. The timing and extent of these future contributions vary depending on development activity and fair value of the assets received at time of contribution, which cannot be determined with certainty at this time.

25. Comparative Figures

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

Photo: City of Winnipeg

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF GOVERNMENT BUSINESSES AND PARTNERSHIP

Schedule 1

As at and for the years ended
(in thousands of dollars)

	GOVERNMENT BUSINESSES								GOVERNMENT PARTNERSHIP	
	North Portage Development Corporation March 31		Park City Commons December 31		River Park South Developments Inc. December 31		Total		Economic Development Winnipeg[1] December 31	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Financial Position										
Assets										
Current	**$ 5,881**	$ 5,893	**$ 3,929**	$ 4,071	**$ 2,566**	$ 2,781	**$ 12,376**	$ 12,745	**$ 4,657**	$ 3,942
Capital	**76,496**	75,805	**-**	-	**-**	-	**76,496**	75,805	**677**	544
Other	**613**	766	**-**	-	**-**	-	**613**	766	**-**	-
	$ 82,990	$ 82,464	**$ 3,929**	$ 4,071	**$ 2,566**	$ 2,781	**$ 89,485**	$ 89,316	**$ 5,334**	$ 4,486
Liabilities										
Current	**$ 4,073**	$ 4,263	**$ 712**	$ 864	**$ 1,766**	$ 1,962	**$ 6,551**	$ 7,089	**$ 214**	$ 421
Long-term	**19,234**	19,665	**-**	-	**-**	-	**19,234**	19,665	**1,812**	959
	23,307	23,928	**712**	864	**1,766**	1,962	**25,785**	26,754	**2,026**	1,380
Net equity	**59,683**	58,536	**3,217**	3,207	**800**	819	**63,700**	62,562	**3,308**	3,106
	$ 82,990	$ 82,464	**$ 3,929**	$ 4,071	**$ 2,566**	$ 2,781	**$ 89,485**	$ 89,316	**$ 5,334**	$ 4,486
City share	**$ 19,894**	$ 19,512	**$ 3,202**	$ 3,191	**$ 400**	$ 410	**$ 23,496**	$ 23,113	**$ 1,654**	$ 1,553
Results of Operations										
Revenues	**$ 18,641**	$ 15,989	**$ -**	$ -	**$ -**	$ -	**$ 18,641**	$ 15,989	**$ 7,152**	$ 7,520
Expenses	**17,494**	15,070	**2**	16	**20**	(471)	**17,516**	14,615	**6,950**	7,360
Net income (loss)	**$ 1,147**	$ 919	**$ (2)**	$ (16)	**$ (20)**	$ 471	**$ 1,125**	$ 1,374	**$ 202**	$ 160
City share	**$ 382**	$ 307	**$ 11**	$ (8)	**$ (10)**	$ 236	**$ 383**	$ 535	**$ 101**	$ 80

[1] The City proportionally consolidates fifty percent of Economic Development Winnipeg's assets, liabilities, revenues and expenses with adjustments to their results including elimination of transactions with the City, such as grants provide by the City and recording the City's portion of the Special Event Marketing Fund.

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)

	General				
	Land [1]	**Buildings**	**Vehicles**	**Computer**	**Other**
Cost					
Balance, beginning of year	**$ 316,045**	**1,355,056**	**466,650**	**184,768**	**585,324**
Add:					
Additions during the year	**8,595**	**26,788**	**36,898**	**14,008**	**28,488**
Less:					
Disposals during the year	**7,875**	**4,642**	**22,500**	**1,613**	**1,810**
Balance, end of year	**316,765**	**1,377,202**	**481,048**	**197,163**	**612,002**
Accumulated amortization					
Balance, beginning of year	**-**	**479,079**	**243,489**	**145,971**	**295,480**
Add:					
Amortization	**-**	**35,856**	**29,703**	**10,651**	**33,145**
Less:					
Accumulated amortization on disposals	**-**	**2,766**	**21,806**	**1,613**	**1,613**
Balance, end of year	**-**	**512,169**	**251,386**	**155,009**	**327,012**
Net Book Value of Tangible Capital Assets	**$ 316,765**	**$ 865,033**	**$ 229,662**	**$ 42,154**	**$ 284,990**

[1] Included in land additions is $1.4 million of land transfers from land held for resale.
[1] Included in land disposals is $1.9 million of land transfers to land held for resale.

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	2020	2019
973,348	3,164,095	3,515,812	981,993	410,085	11,953,176	$ 11,131,465
7,579	152,598	70,330	2,538	61,622	409,444	872,771
-	4,020	1,357	-	-	43,817	51,060
980,927	3,312,673	3,584,785	984,531	471,707	12,318,803	11,953,176
353,823	1,350,625	1,207,601	299,689	-	4,375,757	4,148,122
18,160	85,403	50,805	16,220	-	279,943	266,623
-	3,867	1,345	-	-	33,010	38,988
371,983	1,432,161	1,257,061	315,909	-	4,622,690	4,375,757
$ 608,944	$ 1,880,512	$ 2,327,724	$ 668,622	$ 471,707	$ 7,696,113	$ 7,577,419

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF RESERVES

Schedule 3

As at December 31
(in thousands of dollars)

		2020		2019
Reserves				
Capital Reserves				
Environmental Projects	**$**	**164,569**	$	165,991
SWRT Payment		**12,743**		15,866
Watermain Renewal		**8,681**		3,908
Sewer System Rehabilitation		**6,908**		9,938
Landfill Rehabilitation		**5,136**		8,027
Waste Diversion		**4,746**		5,221
Water Meter Renewal		**4,664**		-
Computer Replacement		**2,467**		1,293
SWRT Corridor		**2,176**		2,172
Federal Gas Tax Revenue		**1,416**		1,311
Transit Bus Replacement		**1,229**		1,417
Local Streets Renewal		**685**		104
Regional Street Renewal		**347**		124
Impact Fee		**-**		30,375
		215,767		245,747
Special Purpose Reserves				
Perpetual Maintenance Fund - Brookside Cemetery		**18,015**		17,637
Land Dedication		**9,047**		8,094
General Purpose		**9,034**		171
Land Operating *		**7,436**		12,393
Commitment		**7,033**		3,913
Destination Marketing		**4,658**		11,254
Economic Development Investment		**4,589**		3,172
Workers Compensation		**4,574**		3,325
Housing Rehabilitation Investment		**3,850**		1,556
Insurance (Note 22)		**3,676**		3,076
Insect Control Urgent Expenditures		**2,546**		3,001
Perpetual Maintenance Fund - St. Vital Cemetery		**1,320**		1,276
Perpetual Maintenance Fund - Transcona Cemetery		**942**		900
Multi-Family Dwelling Tax Investment		**597**		391
Permit		**204**		2,000
Heritage Investment		**(183)**		(190)
		77,338		71,969
Stabilization Reserve				
Financial Stabilization		**119,891**		107,766
Total Reserves	**$**	**412,996**	$	425,482

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

		2020		2019
Reserve balance as disclosed above	**$**	**7,436**	$	12,393
Investments held in government business (Note 6)		**3,602**		3,601
	$	**11,038**	$	15,994

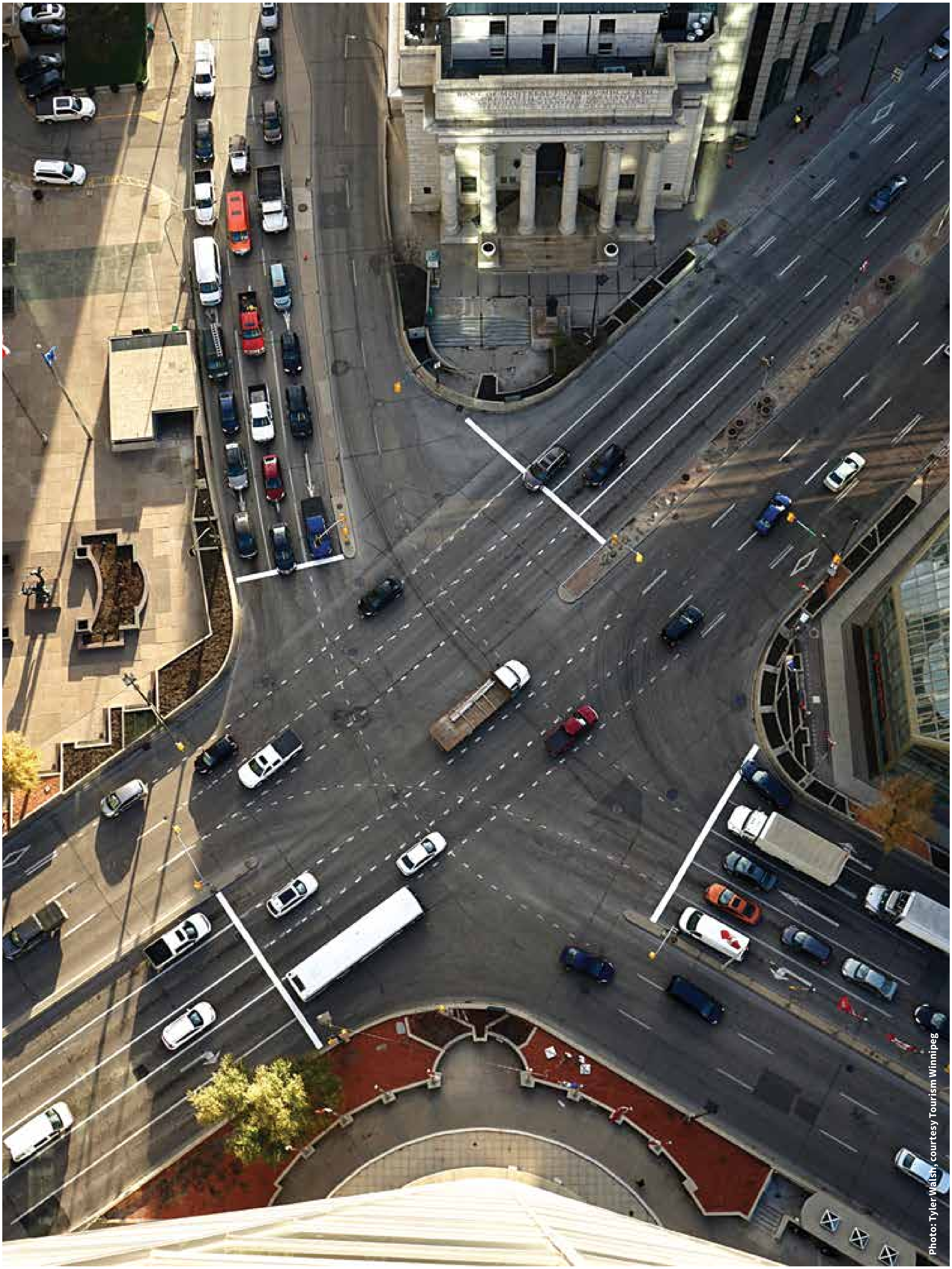


Photo: Tyler Walsh, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

For the year ended December 31, 2020
(in thousands of dollars)

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Garbage Collection**
REVENUES				
Taxation	**$ 320,987**	**$ 71,654**	**$ -**	**$ 238,871**
Sales of services and regulatory fees	**40,199**	**7,184**	**30,305**	**11,376**
Government transfers (Note 18)	**125,428**	**14,071**	**-**	**32,272**
Transfer from other funds	**2,416**	**776**	**12,746**	**4,604**
Other	**28,642**	**6,590**	**2,587**	**16,481**
	517,672	**100,275**	**45,638**	**303,604**
EXPENSES *(Note 20)*				
Salaries and benefits	**440,874**	**36,093**	**27,702**	**77,756**
Goods and services	**47,324**	**6,833**	**4,357**	**124,697**
Interest	**6,827**	**2,996**	**14**	**4,418**
Transfer to other funds	**18,158**	**33,804**	**14,715**	**112,357**
Other	**4,489**	**20,549**	**(1,150)**	**(15,624)**
	517,672	**100,275**	**45,638**	**303,604**
ANNUAL SURPLUS	**$ -**	**$ -**	**$ -**	**$ -**

For the year ended December 31, 2019
(in thousands of dollars)

	General Revenue Fund			
	Protection	Community Services	Planning	Public Works and Garbage Collection
REVENUES				
Taxation	$ 324,960	$ 80,510	$ -	$ 240,000
Sales of services and regulatory fees	46,959	15,881	34,955	11,580
Government transfers (Note 18)	97,813	9,395	-	19,710
Transfer from other funds	6,324	1,860	8,297	6,766
Other	27,463	6,545	2,474	15,713
	503,519	114,191	45,726	293,769
EXPENSES *(Note 20)*				
Salaries and benefits	427,002	43,768	28,110	78,753
Goods and services	45,577	9,495	4,124	128,235
Interest	7,476	3,124	19	4,044
Transfer to other funds	19,656	37,000	14,472	95,931
Other	3,808	20,804	(999)	(13,194)
	503,519	114,191	45,726	293,769
ANNUAL SURPLUS	$ -	$ -	$ -	$ -

Finance and Administration	**Transit System Fund**	**Water and Waste Funds**	**Other Funds and Corporations**	**Eliminations**	**Consolidated**
$ 148,615	**$ -**	**$ -**	**$ 12,458**	**$ (12,591)**	**$ 779,994**
18,204	**49,271**	**383,072**	**84,076**	**(67,063)**	**556,624**
24,537	**81,357**	**9,131**	**162,939**	**(27,889)**	**421,846**
(5,101)	**101,767**	**92,598**	**456,768**	**(666,574)**	**-**
18,576	**1,537**	**9,875**	**44,993**	**(46,815)**	**82,466**
204,831	**233,932**	**494,676**	**761,234**	**(820,932)**	**1,840,930**
62,848	**118,420**	**74,571**	**57,656**	**10,119**	**906,039**
15,896	**51,615**	**130,715**	**109,129**	**(65,964)**	**424,602**
10,280	**11,575**	**13,679**	**44,868**	**(29,515)**	**65,142**
95,790	**13,701**	**128,831**	**261,879**	**(679,235)**	**-**
20,017	**33,701**	**67,433**	**241,634**	**(39,264)**	**331,786**
204,831	**229,012**	**415,229**	**715,166**	**(803,859)**	**1,727,569**
$ -	**$ 4,920**	**$ 79,447**	**$ 46,068**	**$ (17,073)**	**$ 113,361**

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
$ 109,060	$ -	$ -	$ 26,684	$ (16,626)	$ 764,588
24,171	90,512	368,098	126,356	(65,433)	653,079
16,446	280,335	16,873	168,982	(34,924)	574,630
9,713	92,590	97,599	503,674	(726,823)	-
18,818	1,417	59,069	64,013	(47,554)	147,958
178,208	464,854	541,639	889,709	(891,360)	2,140,255
57,227	119,198	75,333	63,601	5,690	898,682
17,363	56,747	136,037	131,313	(65,231)	463,660
7,246	6,637	11,371	44,882	(25,782)	59,017
75,275	13,989	199,538	283,930	(739,791)	-
21,097	26,130	62,975	228,201	(66,302)	282,520
178,208	222,701	485,254	751,927	(891,416)	1,703,879
$ -	$ 242,153	$ 56,385	$ 137,782	$ 56	$ 436,376

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW

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

		2020	2019	2018	2017	2016
1.	Population (as restated per Statistics Canada)	**766,894**	762,997	752,970	740,697	726,055
	Unemployment rate (as restated per Statistics Canada)					
	- Winnipeg	**8.8%**	5.3%	6.4%	5.8%	6.6%
	- National average	**9.5%**	5.7%	5.9%	6.4%	7.1%
2.	Average annual headcount	**10,388**	10,638	10,490	10,444	10,426
3.	Number of taxable properties	**238,973**	236,380	234,098	231,360	228,941
	Payments-in-lieu of taxes					
	Number of properties	**1,521**	1,432	1,410	1,433	1,469
4.	Assessment - Residential	**$ 75,141,769**	$ 70,993,769	$ 69,872,623	$ 67,339,104	$ 66,197,564
	(see note) - Commercial and industrial	**21,307,140**	19,385,942	19,288,744	17,649,138	17,637,524
	- Farm and golf	**436,962**	427,772	436,161	356,731	369,954
		$ 96,885,871	$ 90,807,483	$ 89,597,528	$ 85,344,973	$ 84,205,042
	Assessment per capita (in dollars)	**$ 126,335**	$ 119,014	$ 118,992	$ 115,223	$ 115,302
	Commercial and industrial as a percentage of assessment	**21.99%**	21.35%	21.53%	20.68%	20.95%
5.	Tax arrears	**$ 65,109**	$ 58,102	$ 56,704	$ 52,599	$ 51,550
6.	Tax arrears - per capita (in dollars)	**$ 84.90**	$ 76.15	$ 75.31	$ 71.01	$ 71.00
7.	Municipal mill rate	**12.861**	13.290	12.987	13.063	12.766
	- Adjustment for tax increase	**2.3%**	2.3%	2.3%	2.3%	2.3%
	- Adjustment for general assessment	**(5.4%)**	0.0%	(2.8%)	0.0%	(8.8%)
8.	Tax Levies					
	Municipal property taxes	**$ 608,485**	$ 588,365	$ 568,274	539,043	516,034
	Payments-in-lieu of taxes	**21,310**	21,349	20,338	20,652	20,864
	Local improvement and frontage levies	**65,499**	64,256	65,006	63,120	63,129
	Business taxes and license-in-lieu of business taxes	**57,839**	55,442	57,634	55,844	57,254
	Electricity and other taxes	**26,861**	35,176	34,837	33,550	33,735
	Total taxes levied for municipal purposes	**779,994**	764,588	746,089	712,209	691,016
	Taxes levied on behalf of others					
	Province and school divisions	**732,304**	713,974	699,765	667,369	645,823
	Total taxes levied	**1,512,298**	1,478,562	1,445,854	1,379,578	1,336,839
9.	Winnipeg consumer price index (per Statistics Canada) (annual average)					
	- 2002 base year 100	**137.2**	136.4	133.3	130.2	128.1
	- Percentage increase	**0.6%**	2.3%	2.4%	1.6%	1.2%
10.	Consolidated revenues					
	- Taxation	**$ 779,994**	$ 764,588	$ 746,089	$ 712,209	$ 691,016
	- User charges	**556,624**	653,079	645,356	599,342	569,641
	- Government transfers	**421,846**	574,630	374,845	351,258	333,793
	- Interest and other revenue	**82,466**	147,958	148,010	171,388	140,396
		$ 1,840,930	$ 2,140,255	$ 1,914,300	$ 1,834,197	$ 1,734,846
11.	Consolidated expenses by function					
	- Municipal operations	**$ 1,201,392**	$ 1,165,131	$ 1,111,811	$ 1,094,370	$ 1,118,943
	- Public utilities	**465,937**	456,805	433,215	417,361	383,922
	- Civic corporations	**60,240**	81,943	74,004	71,604	69,847
		$ 1,727,569	$ 1,703,879	$ 1,619,030	$ 1,583,335	$ 1,572,712
12.	Growth in accumulated surplus	**$ 113,361**	$ 436,376	$ 295,270	$ 250,862	$ 162,134

Note: Current provincial legislation requires that a general assessment be performed every two years. A general assessment occurred in 2014, 2016, 2018 and 2020. 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)

	2020	2019	2018	2017	2016
13. Consolidated expenses by object					
Salaries and benefits	$ **906,039**	$ 898,682	$ 860,556	$ 845,087	$ 836,857
Goods and services	**424,602**	463,660	420,798	404,044	414,575
Amortization	**279,943**	266,623	257,362	245,941	235,235
Interest	**65,142**	59,017	51,962	52,834	51,799
Other expenses	**51,843**	15,897	28,352	35,429	34,246
	$ **1,727,569**	$ 1,703,879	$ 1,619,030	$ 1,583,335	$ 1,572,712
14. Payments to school authorities	$ **732,305**	$ 713,974	$ 699,765	$ 667,369	$ 645,823
15. Debt					
Tax-supported	$ **815,507**	$ 799,319	$ 685,939	$ 702,014	$ 725,602
Transit	**292,880**	281,747	147,444	112,019	93,594
City-owned utilities	**352,402**	296,062	214,687	214,010	216,250
Other	**94,773**	94,294	87,706	82,126	78,144
Total gross debt	**1,555,562**	1,471,422	1,135,776	1,110,169	1,113,590
Less: Sinking Funds	**117,881**	98,849	82,065	67,468	65,677
Total net long-term debt	$ **1,437,681**	$ 1,372,573	$ 1,053,711	$ 1,042,701	$ 1,047,913
Percentage of total assessment	**1.48%**	1.51%	1.18%	1.22%	1.24%
Debt per capita	$ **1,875**	$ 1,801	$ 1,398	$ 1,416	$ 1,439
16. Acquisition of tangible capital assets	$ **409,444**	$ 872,771	$ 613,849	$ 475,911	$ 475,619
17. Net financial liabilities	$ **850,942**	$ 841,786	$ 678,915	$ 630,786	$ 660,468
18. Accumulated surplus					
Invested in tangible capital assets	$ **6,311,139**	$ 6,235,368	$ 5,836,664	$ 5,638,975	$ 5,396,951
Reserves					
Capital	**215,767**	245,746	168,606	143,413	145,970
Stabilization	**119,891**	107,766	110,961	79,764	67,410
Special Purpose	**77,338**	71,970	68,992	74,608	81,244
	412,996	425,482	348,559	297,785	294,624
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**257,821**	188,124	220,806	169,443	153,880
Unfunded expenses	**(321,738)**	(302,117)	(295,548)	(290,992)	(281,106)
	156,321	106,245	145,496	98,689	93,012
	$ **6,880,456**	$ 6,767,095	$ 6,330,719	$ 6,035,449	$ 5,784,587
19. Government-specific indicators					
Assets-to-liabilities	**3.94**	4.05	4.58	4.46	4.34
Financial assets-to-liabilities	**0.64**	0.62	0.62	0.64	0.62
Public debt charges-to-revenues	**0.04**	0.03	0.03	0.03	0.03
Own-source revenues-to-taxable assessment	**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues	**0.23**	0.27	0.20	0.19	0.19

Photo: City of Winnipeg

2020
Funds

Detailed Financial Statements

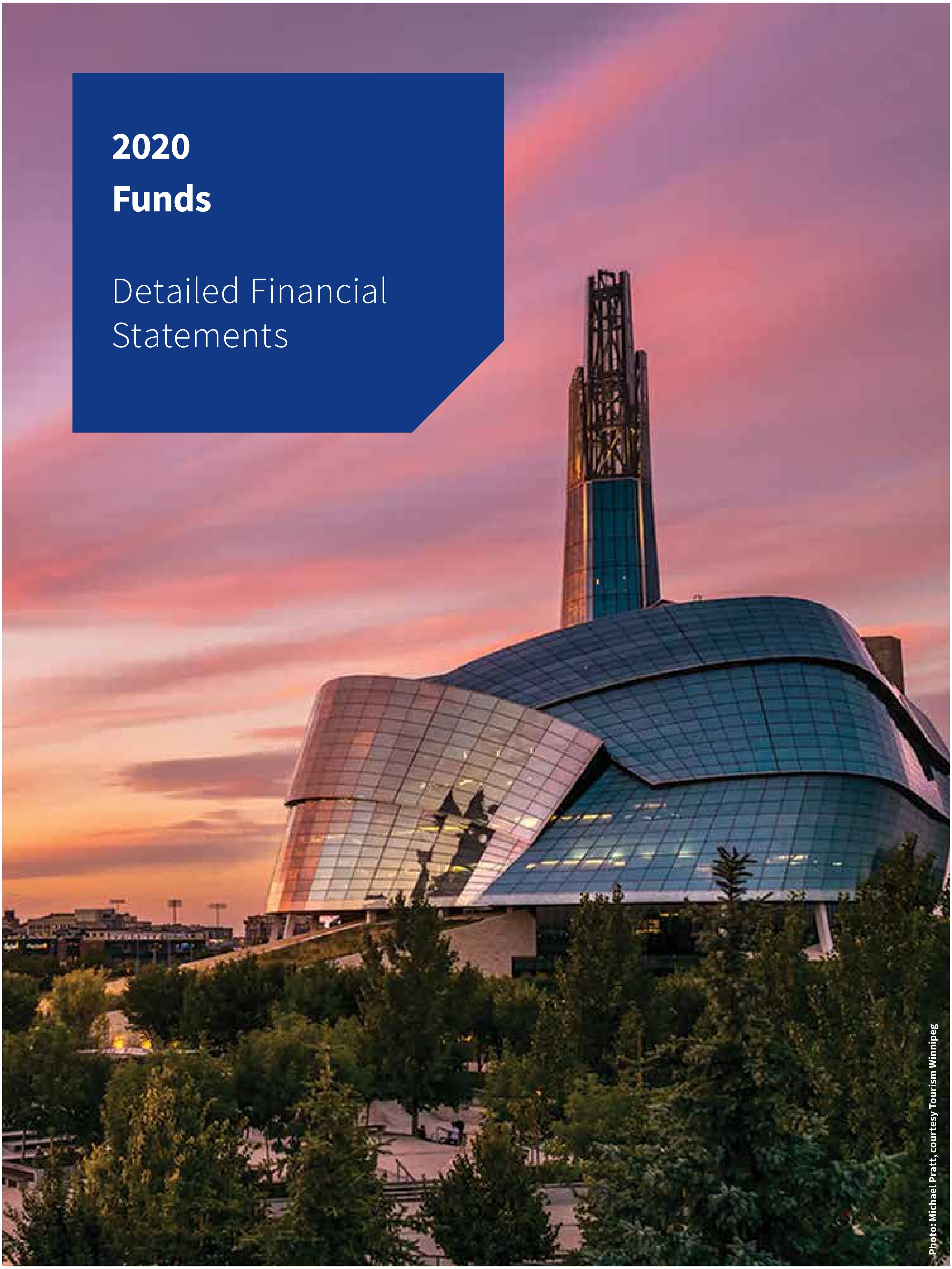


Photo: Michael Pratt, courtesy Tourism Winnipeg

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, 2020, the General Revenue Fund reported a surplus of $2.5 million (2019 - $1.1 million deficit) before transfers. Factors that contributed to the General Revenue Fund's position were as follows:

- Assessment and Taxation department had an unfavourable variance of $11.6 million, mainly due to temporary waiver of penalties on late payment of property and business taxes, increased provision and reduction of other taxes offset by saving in salaries and benefits.
- Public Works department showed an unfavourable variance of $7.1 million due to additional snow clearing expenditures in 2020, spring clean-up, and flood preparation.
- Fire Paramedic Service department had an unfavourable variance of $4.3 million, mainly due to increased overtime, additional costs for PPE as a result of COVID-19, and increased provision for uncollectible fees.
- Police department's unfavourable variance of $3.2 million resulted from a decrease of photo enforcement, and fines revenue, and unrealized pension savings.
- Legal Service also had an unfavourable variance of $2.8 million, mostly related to an increase in external legal fee.
- Planning, Property and Development's unfavourable of $1.8 million is as a result of reduction in revenue from regulation fee and sale of goods and services due to COVID-19.
- City Clerk's favourable of $1.4 million is resulted in an increase of appeals and reversal of a prior election rebates.
- Corporate Finance department's favourable variance of $2.6 million resulted in mainly due to higher interest earned on short-term investments.
- Innovation, Transformation and Technology department had a favourable variance of $3.2 million, due to savings in salaries and benefit due to delaying hiring of vacant positions.
- Community Services department experienced a $6.8 favourable variance mainly due to the impact of COVID-19 to services and programing. This includes savings related to the temporary layoff and delay of hiring staff which offset by decreased program revenue.
- Corporate department's favourable variance of $17.1 million resulted in expected disaster financial assistance for October 2019 storm event, debt and financing savings, and Federal Safe Restart funding.
- Other departmental revenue and expenses resulted in a favourable variance of $2.2 million.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

FIVE-YEAR REVIEW

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

	2020	2019	2018	2017	2016
Planning, Property and Development					
Construction					
-Permits issued	**7,440**	8,494	10,249	10,859	10,213
-Value	**$ 1,653,831**	$ 2,167,605	$ 1,849,842	$ 2,015,542	$ 1,804,579
Housing starts	**3,849**	5,021	3,757	5,046	4,002
Community Services					
Libraries Provincial Transfer	**$ 2,010**	$ 2,010	$ 2,010	$ 2,010	$ 2,010
Library circulation	**2,881,774**	5,006,407	4,881,757	4,898,940	5,121,266
Taxes Receivable					
Property, payments-in-lieu and business taxes	**$ 65,108**	$ 58,102	$ 52,999	$ 51,469	$ 49,987
Allowance for tax arrears	**(2,849)**	(1,207)	(813)	(755)	(330)
	$ 62,259	$ 56,895	$ 52,186	$ 50,714	$ 49,657
Tax Revenues					
Municipal realty taxes	**$ 599,574**	$ 572,923	$ 551,642	$ 535,344	$ 512,746
Payments-in-lieu of taxes	**$ 36,731**	36,714	35,794	36,134	35,424
Business and licenses-in-lieu of business taxes	**$ 56,180**	$ 55,113	$ 55,070	$ 55,411	$ 57,254
Statement of Operations					
Revenues	**$ 1,172,021**	$ 1,134,276	$ 1,093,161	$ 1,066,773	$ 1,066,676
Expenses	**1,169,500**	1,135,413	1,073,663	1,051,795	1,066,676
	2,521	(1,137)	19,498	14,978	-
Contribution (to)/from:					
Financial Stabilization Reserve	**(2,521)**	1,137	(19,498)	(14,978)	-
General Purpose Reserve	**-**	-	-	-	-
Surplus	**$ -**	$ -	$ -	$ -	$ -

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
ASSETS		
Current		
Cash and cash equivalents (Note 3)	**$ 807,796**	$ 696,385
Accounts receivable (Note 4)	**104,892**	106,523
Materials and supplies	**13,270**	11,406
Prepaid expenses	**2,930**	2,413
	928,888	816,727
Investments (Note 5)	**55,719**	28,138
Contributed surplus and other assets (Note 6)	**37,952**	38,911
	$ 1,022,559	$ 883,776
LIABILITIES		
Current		
Notes payable (Note 7)	**$ 65,867**	$ 57,175
Due to other funds (Note 8)	**747,310**	602,715
Accounts payable and accrued liabilities (Note 9)	**138,661**	151,523
Deferred revenue (Note 10)	**41,855**	43,994
Performance and other deposits	**28,866**	28,369
	$ 1,022,559	$ 883,776

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)

	2020 Budget	**2020 Actual**	2019 Actual
REVENUES (Schedule 1)			
Taxation (Note 12)	**$ 747,287**	**$ 743,396**	$ 717,817
Government transfers	**146,406**	**196,308**	143,364
Regulation fees	**76,582**	**61,110**	76,802
Sale of goods and services (Note 13)	**54,410**	**46,384**	56,910
Investment and other interest	**52,927**	**55,461**	53,467
Payments-in-lieu of taxes (Note 12)	**36,731**	**36,731**	36,714
Contributions and transfers	**12,435**	**15,441**	32,959
Sale of Winnipeg Hydro and Other	**17,169**	**17,190**	17,380
Total Revenues	**1,143,947**	**1,172,021**	1,135,413
EXPENSES (Schedules 2 and 3)			
Protection and community services	**629,221**	**618,733**	618,474
Public works	**294,956**	**303,604**	293,769
Finance and administration	**100,471**	**98,658**	98,081
Contribution and appropriations	**67,265**	**69,786**	70,561
Property and development	**45,908**	**45,638**	45,726
Employee benefits and payroll tax	**15,261**	**14,367**	14,970
Debt and finance charges	**372**	**359**	488
Other	**(9,507)**	**20,876**	(6,656)
Total Expenses	**1,143,947**	**1,172,021**	1,135,413
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes and schedules to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(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 federal and federal entity; other municipal bonds; schedule A bank bonds and schedule B bank bonds; 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 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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. *Cash and Cash Equivalents*

	2020	2019
Cash	**$ 47,072**	$ 35,730
Cash equivalents	**760,724**	660,655
	$ 807,796	$ 696,385

Cash equivalents have an effective average interest rate of 0.43% (2019 - 1.90%).

4. *Accounts Receivable*

		2020		2019
Property, payments-in-lieu and business taxes	**$**	**65,109**	$	58,102
Allowance for tax arrears		**(2,849)**		(1,207)
		62,260		56,895
Province of Manitoba		**45,321**		14,123
Trade accounts and other receivables		**10,026**		30,866
Government of Canada		**4,310**		18,084
Accrued interest receivable		**1,256**		1,808
Allowance for doubtful accounts		**(18,281)**		(15,253)
		42,632		49,628
	$	**104,892**	$	106,523

5. *Investments*

		2020		2019
Marketable securities				
Municipal bonds	**$**	**28,117**	$	21,553
Federal Entity		**20,918**		-
Schedule A Banks		**6,684**		6,585
	$	**55,719**	$	28,138

The aggregate market value of marketable securities at December 31, 2020 is $55.7 million (2019 - $28.1 million).

6. *Contributed Surplus and Other Assets*

		2020		2019
Contributed surpluses:				
Golf Services - Special Operating Agency	**$**	**20,575**	$	20,575
Land Operating Reserve		**8,425**		8,425
Winnipeg Parking Authority - Special Operating Agency		**73**		73
Loans receivables:				
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		**2,707**		2,750
Capital loan receivable:				
Capitalize land development costs in St. Boniface Industrial Park Phase II, non-interest bearing		**1,502**		1,664
Deferred election costs		**752**		1,506
	$	**37,952**	$	38,911

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 0.20% (2019 - 1.70%). These notes are callable by the issuers.

	2020	2019
Winnipeg Civic Employees' Benefits Program (Pension Fund)	**$ 45,594**	$ 33,782
Sinking Fund	**5,561**	(33)
Insurance Reserve	**4,631**	4,031
Workers Compensation Reserve	**4,574**	3,325
Winnipeg Police Pension Plan	**3,908**	14,358
Perpetual Maintenance Reserve Funds:		
- Brookside Cemetery	**1,346**	938
- Transcona Cemetery	**89**	198
- St. Vital Cemetery	**64**	222
Landfill Site Rehabilitation Reserve	**100**	354
	$ 65,867	$ 57,175

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 to/(from)" 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.

	2020	2019
Capital Reserves	**$ 246,235**	$ 288,935
Financial Stabilization Reserve	**119,891**	107,766
Sewage Disposal System	**103,738**	40,062
General Capital	**103,626**	84,868
Transit System	**67,406**	10,561
Special Purpose Reserves	**54,209**	39,335
Land Drainage	**18,690**	16,437
Waterworks System	**12,434**	1,618
Winnipeg Parking Authority - Special Operating Agency	**7,879**	10,245
Municipal Accommodations	**7,151**	4,126
Solid Waste Disposal	**6,638**	2,840
Animal Services - Special Operating Agency	**2,957**	2,908
Equipment and Material Services	**139**	138
Fleet Management - Special Operating Agency	**(340)**	(2,028)
Golf Services - Special Operating Agency	**(3,343)**	(5,096)
	$ 747,310	$ 602,715

9. Accounts Payable and Accrued Liabilities

	2020	2019
Trade accounts payable	**$ 53,906**	$ 55,982
Provincial education support and school division special levies payable	**40,847**	36,065
Provision for assessment appeals	**18,608**	18,604
Other accrued liabilities	**15,079**	15,744
Wages and employee benefits payable	**8,387**	21,320
Accrued interest on long-term debt	**1,834**	3,808
	$ 138,661	$ 151,523

10. *Deferred Revenue*

	2020	2019
Deferred gain on sale of assets to:		
Golf Services - Special Operating Agency	**$ 20,923**	$ 21,011
Winnipeg Parking Authority - Special Operating Agency	**2,207**	2,207
Permit, membership, street cuts and other	**17,789**	19,583
Rentals	**936**	1,193
	$ 41,855	$ 43,994

11. *Commitments and Contingent Liabilities*

The following significant commitments and contingencies existed at December 31:

a) Loan guarantees

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

	2020	2019
The Convention Centre Corporation	**$ 28,191**	$ 26,310
CentreVenture Development Corporation	**20,699**	22,433
Winnipeg Soccer Federation	**6,496**	6,654
Garden City Community Centre Inc.	**6,256**	6,210
Fort Rouge Yards	**6,042**	9,850
Dakota Community Centre Inc.	**3,941**	4,202
Transcona East End Community Club Inc.	**3,504**	3,618
Assiniboine Park Conservancy	**2,624**	1,945
Southdale Recreation Association Inc.	**2,009**	2,152
Winnipeg Housing Rehabilitation Corporation	**786**	46
Gateway Recreation Centre Inc.	**37**	135
	$ 80,585	$ 83,555

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, 2020, 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, 2020 cannot be predicted with certainty. The expense is recorded when settlement occurs.

12. *Taxation*

The property tax roll recorded in the General Revenue Fund for the year totaled $1.3 billion (2019 - $1.3 billion). This included school taxes of $701.5 million (2019 - $683.3 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Total payments-in-lieu of taxes for the year were $67.6 million (2019 - $67.4 million). Included were payments-in-lieu of school taxes assessed in 2020 of $30.8 million (2019 - $30.7 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:

		2020		2019
Sewage Disposal System	**$**	**10,950**	$	11,285
Waterworks System		**3,157**		2,826
Transit System		**1,047**		937
Winnipeg Parking Authority - Special Operating Agency		**102**		198
Solid Waste Disposal		**47**		46
	$	**15,303**	$	15,292

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:

		2020		2019
Waterworks System	**$**	**1,082**	$	1,078
Sewage Disposal System		**936**		931
Transit System		**809**		804
Municipal Accommodations		**625**		623
Solid Waste Disposal		**140**		139
Winnipeg Parking Authority - Special Operating Agency		**106**		106
Animal Services - Special Operating Agency		**80**		79
	$	**3,778**	$	3,760

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 transfer $771 thousand (2019 - $771 thousand).

Included in Public Works department's expenses is a transfer to the Insect Control Urgent Expenditures Reserve $2.8 million (2019 - $3.2 million).

Included in Planning, Property and Development department's expenses is a transfer to the Perpetual Maintenance Reserves in the amount of $165 thousand (2019 - $191 thousand), a transfer to the Permit Reserve is nil (2019 - $1.2 million), a transfer to Golf Services in the amount of $730 thousand (2019 - $730 thousand) and the Housing Rehabilitation Investment Reserve of $3.0 million (2019 - $1.0 million).

Included in Corporate Finance department's expenses are recoveries from various funds for investment management fees. This includes $160 thousand (2019 - $282 thousand) from the Special Purpose Reserves, $527 thousand (2019 - $695 thousand) from the Capital Reserves, and $234 thousand (2019 - $351 thousand) from the Sinking Fund. There was $255 thousand (2019 - $428 thousand) recovered from the Financial Stabilization Reserve.

Included in government affairs, pension contribution and other expenses during 2020 is a $94 thousand (2019 - $94 thousand) transfer from the Municipal Accommodations Fund.

Included in finance and administration expense category is a transfer to the General Purpose Reserve in the amount of $9.1 million (2019 - $206 thousand). Transfer to Financial Stabilization Reserve $7.9 million (2019 - transfer from $11.4 million).

14. *Contributions and Appropriations to Related Parties (continued)*

Included in the other expense category is a transfer to the General Capital Fund of $2.2 million (2019 - $3.3 million) related to capital expenditures.

Included in various expense categories are the following: during 2020 a transfer of $64.4 million to the Municipal Accommodations Fund (2019 - $67.2 million); a transfer to the Computer Replacement Reserve of $1.4 million (2019 - $1.3 million); a transfer to the General Capital Fund of $28.9 million (2019 - $24.0 million) to fund capital projects; a contribution to the Commitment Reserve of $5.5 million (2019 - $3.7 million); a transfer to the Insurance Reserve of $39 thousand (2019 - $727 thousand); a transfer to the Waterworks System Fund of $80 thousand (2019 - $82 thousand); a transfer to Local Streets Renewal Reserve of $41.3 million (2019 - $35.4 million) and a transfer to Regional Streets Renewal Reserve of $36.9 million (2019 - $30.9 million); a transfer to Transit Fund $67.3 million (2019 - $70.6 million) and a transfer to Parking Special Operating Agency $7.7 million (2019 - nil).

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 $65.1 million (2019 - $64.4 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, 2020 has been estimated to be $3.6 million (2019 - $3.6 million). In 2020, the City paid out $0.3 million (2019 - $0.3 million).

c) Council Pension Benefits Program Established Under By-Law No. 7869/01

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 2020, the City paid out $0.8 million (2019 - $0.5 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, 2020 at $74.1 million (2019 - $74.4 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, 2020 is estimated at $22.7 million (2019 - $19.7 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, 2020 is estimated at $48.9 million (2019 - $46.4 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, 2020 is estimated at $42.5 million (2019 - $38.0 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.

18. Comparative figures

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

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2020 Budget	2020 Actual	2019 Actual
Taxation			
Municipal realty tax	$ 599,567	$ 599,574	$ 572,923
Frontage levy	63,795	63,585	63,370
Business and licenses-in-lieu of business taxes	56,180	56,180	55,113
Electricity and natural gas sales taxes	23,100	21,213	21,958
Local improvement tax	1,354	1,322	1,184
Billboard tax	722	753	705
Licenses-in-lieu of realty tax	369	386	369
Entertainment tax	2,100	368	2,135
Local improvement tax commuted	100	15	60
	747,287	743,396	717,817
Government transfers			
Provincial of Manitoba			
Municipal Operating Grant	97,206	97,206	97,383
Public Safety	23,955	23,995	24,758
	121,161	121,201	122,141
Less: Support for Provincial Programs	(23,650)	(23,650)	(23,650)
	97,511	97,551	98,491
Transfer for paramedic services	45,529	46,378	40,856
Other	3,351	10,156	3,910
	146,391	154,085	143,257
Government of Canada	15	42,223	107
	146,406	196,308	143,364
Regulation fees			
Permits and fees	34,842	33,500	37,680
Fines	21,245	13,164	19,089
Tax penalty interest	18,000	11,987	17,550
Licenses	2,495	2,459	2,483
	41,740	27,610	76,802
Sale of goods and services	54,410	46,384	56,910

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2020 Budget	2020 Actual	2019 Actual
Investment and other interest			
Transfer from Sewage Disposal System	**20,325**	**20,325**	20,350
Transfer from Waterworks System	**14,262**	**14,262**	13,862
Transfer from Parking	**11,050**	**11,050**	9,912
Interest earned	**5,098**	**7,661**	7,220
Interest capitalized	**2,100**	**2,071**	1,881
Transfer from Fleet	**92**	**92**	242
	52,927	**55,461**	53,467
Payments-in-lieu of taxes	**36,731**	**36,731**	36,714
Contributions and transfers			
Municipal Accommodations (Note 14)	**11,025**	**11,036**	9,229
Land Operating Reserve	**4,235**	**4,235**	235
Insect Control Urgent Expenditure Reserve	**2,000**	**3,215**	3,231
Permit Reserve	**-**	**1,706**	571
Perpetual Maintenance	**311**	**385**	325
Housing Rehabilitation Reserve	**162**	**162**	191
Destination Marketing Reserve	**82**	**82**	81
Financial Stabilization Reserve	**(5,380)**	**(5,380)**	11,442
Economic Development Reserve	**-**	**-**	1,806
Insurance Reserve	**-**	**-**	1,700
Multi-Family Reserve	**-**	**-**	1,500
Workers Compensation Reserve	**-**	**-**	1,000
Transit System	**-**	**-**	782
Waterworks System	**-**	**-**	681
Winnipeg Parking Authority - Special Operating Agency	**-**	**-**	185
	12,435	**15,441**	32,959
Sale of Winnipeg Hydro and other			
Manitoba Hydro	**16,000**	**16,000**	16,000
Other revenues	**1,169**	**1,190**	1,380
	17,169	**17,190**	17,380
Total Revenues	**$ 1,109,105**	**$ 1,138,521**	$ 1,135,413

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Protection and community services			
Police service	**$ 304,076**	**$ 305,030**	$ 301,422
Fire paramedic service	**209,413**	**212,641**	202,096
Community services	**114,967**	**100,275**	114,191
Museums	**765**	**787**	765
	629,221	**618,733**	618,474
Public works			
Public works	**259,007**	**267,996**	258,992
Water and waste	**23,540**	**23,171**	22,628
Street lighting	**12,409**	**12,437**	12,149
	294,956	**303,604**	293,769
Finance and administration			
Innovation, transformation and technolgy	**28,077**	**24,911**	23,533
Assessment and taxation	**20,270**	**21,716**	21,627
City clerks	**12,924**	**12,165**	13,122
Corporate finance	**8,217**	**7,798**	7,199
Legal services	**4,459**	**7,246**	4,593
Customer services & communication	**7,244**	**6,547**	8,599
Human resource services	**6,026**	**5,714**	6,236
Chief administrative offices	**5,204**	**4,970**	5,595
Council	**4,018**	**3,983**	3,974
Mayor's office	**1,832**	**1,665**	1,738
Audit	**1,380**	**1,327**	1,228
Policy development and strategic initiatives	**820**	**616**	637
	100,471	**98,658**	98,081
Contributions and appropriations			
Contribution to Transit System	**67,265**	**67,265**	70,561
Transfer to Financial Stabilization Reserve	**-**	**2,521**	-
	67,265	**69,786**	70,561
Property and development			
Planning, property and development	**45,908**	**45,638**	45,726
Employee benefits and payroll tax			
Provincial payroll tax	**11,747**	**11,469**	3,495
Employee benefits	**3,514**	**2,898**	11,475
	15,261	**14,367**	14,970

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2020 Budget	**2020 Actual**	2019 Actual
Debt and finance charges			
Transfer to General Capital Fund	**25,685**	**29,284**	29,676
Other interest and finance charges	**-**	**1,653**	1,942
Transfer charges to departments	**(25,313)**	**(30,578)**	(31,130)
	372	**359**	488
Other			
Government affairs, pension contribution and other	**(13,408)**	**16,944**	(10,394)
Insurance and damage claims	**3,901**	**3,932**	3,738
	(9,507)	**20,876**	(6,656)
Total Expenses	**$ 1,143,947**	**$ 1,172,021**	$ 1,135,413

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 3

EXPENSES BY OBJECT

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

	2020 Budget	**2020 Actual**	2019 Actual
Salaries and employee benefits	**$ 655,906**	**$ 645,273**	$ 634,860
Transfers to other Funds	**247,666**	**275,957**	243,626
Services	**133,781**	**148,636**	156,745
Materials, parts and supplies	**41,385**	**41,649**	39,890
Grants and payments	**33,119**	**32,545**	33,319
Debt and finance charges - departmental and corporate	**36,827**	**32,520**	33,491
Municipal tax, amortization and other	**10,866**	**13,691**	12,420
Provincial payroll tax	**11,747**	**11,469**	11,475
Assets - purchases and renovations	**6,923**	**8,822**	8,158
Recoveries	**(34,273)**	**(38,541)**	(38,571)
	$ 1,143,947	**$ 1,172,021**	$ 1,135,413

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 2020 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 2020 with 2019 comparative figures are as follows:

	2020	2019
Provincial education support program levy		
Other property	**$ 111,375,711**	$ 110,145,767
Special levies (by school division)		
Winnipeg	**197,160,436**	191,440,649
Louis Riel	**113,355,151**	109,953,815
Pembina Trails	**110,175,382**	107,449,620
River East - Transcona	**81,472,769**	79,943,847
St. James - Assiniboia	**60,279,473**	58,492,404
Seven Oaks	**53,162,056**	51,373,572
Seine River	**5,277,705**	5,129,534
Interlake	**45,480**	44,981
	620,928,452	603,828,422
	$ 732,304,163	$ 713,974,189
Allocated as follows:		
Realty taxes	**$ 701,464,442**	$ 683,291,613
Payments-in-lieu of taxes	**30,839,721**	30,682,576
	$ 732,304,163	$ 713,974,189

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 5

2020 ASSESSMENT PORTIONED BY PROPERTY CLASSIFICATION

As at April 10, 2020
(unaudited)

	Portion	Taxable	Exempt Subject to Payments-in-Lieu	Exempt	Total
Residential 1	45.0%	$ 27,142,140,509	$ 90,254,022	$ 67,710,384	$ 27,300,104,915
Residential 2	45.0%	4,122,320,038	337,375,845	4,621,095	4,464,316,978
Residential 3	45.0%	2,119,899,150	1,806,750	-	2,121,705,900
Farm	26.0%	69,525,264	5,533,832	57,974,024	133,033,120
Designated Higher Education	0.0%	-	-	-	-
Institutional	65.0%	1,010,843,728	104,251,550	2,154,465,653	3,269,560,931
Pipelines	50.0%	15,086,500	-	-	15,086,500
Railways	25.0%	96,637,894	-	-	96,637,894
Designated recreational facilities	10.0%	13,979,400	847,900	4,989,500	19,816,800
Other	65.0%	11,063,521,379	969,374,416	1,867,183,585	13,900,079,380
Legislative building	65.0%	-	9,414,275	-	9,414,275
		$ 45,653,953,862	$ 1,518,858,590	$ 4,156,944,241	$ 51,329,756,693

Photo: Leif Norman, courtesy Tourism Winnipeg

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 2020 budget for the General Capital Fund of $210. million was a 2.9% increase from the 2019 budget of $204.5 million. Capital asset additions in 2020 relating to 2020 and previous years capital budgets, increased from $181.5 million in 2019 to $199.7 million for a net increase in asset additions of $195.2 million in 2020.

Of the $199.7 million of assets placed into service, $148.9 million was for Roads and Bridges, $18.6 million was for Buildings and $10.6 million was for Other Assets.

Included in the additions to major Roads and Bridges, Buildings, and Other Assets projects during the year were the following:

- Local Streets Renewal program	$	46.1	million
- Regional Streets Renewal program	$	24.3	million
- Fermor Avenue, Lagimodiere to Plessis	$	16.1	million
- Developer Contributed Roads	$	12.6	million
- Bill & Helen Norrie Library	$	8.4	million
- Sargent Avenue, Arlington to Erin	$	7.5	million
- Corydon Avenue, Cambridge to Stafford	$	6.0	million
- Watt Street, Chalmers to Monroe	$	5.3	million
- Roblin Street, Dieppe to PTH 101	$	4.8	million
- Alley Renewals	$	4.4	million
- Dublin Avenue, Notre Dame to St James	$	4.3	million
- Fort Street, Graham to Broadway	$	4.2	million
- Maryland Street, Fawcett to Maryland Bridge	$	3.3	million
- Archibald Street, Elizabeth to Cottonwood	$	3.2	million
- Cornish Library Redevelopment	$	2.7	million
- Empress St, St Matthews to Portage	$	2.6	million
- Police Division System Upgrades	$	2.5	million

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

FIVE-YEAR REVIEW

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

	2020	2019	2018	2017	2016
Tangible Capital Assets	**$ 3,148,830**	$ 3,097,260	$ 3,058,314	$ 3,783,556	$ 3,669,779
% change in tangible capital assets	**1.67%**	1.27%	(19.17%)	3.10%	3.51%
Debt					
Net Sinking Fund, serial and installment	**$ 572,732**	$ 570,620	$ 457,076	$ 469,663	$ 483,609
Other long-term debt	**187,886**	193,870	201,876	212,870	199,721
Total long-term debt	**$ 760,618**	$ 764,490	$ 658,952	$ 682,533	$ 683,330
% change in total debt	**(0.51%)**	16.02%	(3.45%)	(0.12%)	4.44%
Interest Expense	**$ 26,080**	$ 32,516	$ 33,169	$ 35,036	$ 34,817
% change in external interest expense	**(19.79%)**	(1.97%)	(5.33%)	0.63%	(2.33%)
Summary of Cash Flows					
Operating activities	**$ 214,286**	$ 224,028	$ (655,069)	$ 255,304	$ 289,893
Long-term debt issued (retired), net	**$ 7,364**	$ 114,180	$ (15,341)	$ (20,860)	$ 37,800
Payments to The Sinking Fund, net	**$ (8,338)**	$ 7,176	$ 8,593	$ 22,799	$ (6,308)
Due from/to General Revenue Fund	**$ (18,758)**	$ (140,279)	$ 75,838	$ 1,485	$ (57,894)
Capital acquisitions	**$ (199,697)**	$ (181,925)	$ (235,881)	$ (258,170)	$ (262,471)
Other	**$ 5,143**	$ (23,180)	$ 821,860	$ (558)	$ (1,020)

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 3)	**$ 103,626**	$ 84,868
Accounts receivable (Note 4)	**22,984**	23,762
Capital loans receivable (Note 5)	**25,279**	26,696
	151,889	135,326
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	**16,766**	14,267
Capital loans payable	**1,849**	3,219
Expropriation liability	**39,414**	44,182
Deferred revenue	**46,294**	29,672
Deferred revenue related to capital assets (Note 7)	**12,387**	9,791
Debt (Note 8)	**760,618**	764,490
Deferred liabilities	**857**	1,011
Developer deposits	**10,391**	9,802
	888,576	876,434
NET FINANCIAL LIABILITIES	**(736,687)**	(741,108)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	**3,148,830**	3,097,260
Prepaid expenses	**1,989**	2,675
	3,150,819	3,099,935
ACCUMULATED SURPLUS (Note 10)	**$ 2,414,132**	$ 2,358,827

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)

	2020	2019
REVENUES		
Transfers from other City of Winnipeg Funds (Schedule 2)	**$ 137,236**	$ 154,924
Transfer from General Revenue Fund		
Debt and finance	**29,284**	29,676
Other	**2,246**	3,330
Province of Manitoba capital transfer	**29,257**	14,983
Capital funding recognized (Note 7)	**27,445**	24,846
Government of Canada capital transfer	**20,032**	25,381
Developer contributions-in-kind	**17,685**	14,863
Interest income	**1,744**	1,393
Other	**4,728**	7,297
Gain on disposal of tangible capital assets	**39**	-
	269,696	276,693
EXPENSES		
Amortization	**140,173**	137,206
Interest - External debt	**35,702**	36,115
Infrastructure maintenance	**26,080**	32,516
Grants	**7,317**	12,368
Transfers to other City of Winnipeg Funds (Schedule 2)	**3,988**	7,561
Other	**1,131**	1,520
Loss on disposal of tangible capital assets	**-**	1,374
	214,391	228,660
NET SURPLUS FOR THE YEAR	**55,305**	48,033
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**2,358,827**	2,310,794
ACCUMULATED SURPLUS, END OF YEAR (Note 10)	**$ 2,414,132**	$ 2,358,827

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 55,305**	$ 48,033
Non-cash charges to operations		
Amortization	**140,173**	137,206
(Gain) loss on disposal of tangible capital assets	**(39)**	1,374
Working capital from operations	**195,439**	186,613
Net change in working capital	**3,962**	4,731
Net change in expropriation liabilities	**(4,768)**	1,746
Net change in deferred liabilities, deferred revenue and developer deposits	**19,653**	30,938
	214,286	224,028
FINANCING		
Debt issued	**12,194**	125,551
Debenture debt retired	**(4,830)**	(11,371)
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg ("The Sinking Fund")	**(1,744)**	(14,863)
Payments to The Sinking Fund for outstanding long-term debt	**(8,338)**	7,176
Capital loans receivable	**1,417**	(5,448)
Capital loans payable	**(1,370)**	(6,313)
Due to General Revenue Fund	**(18,758)**	(140,279)
Other	**(1,154)**	(955)
	(22,583)	(46,502)
INVESTING		
Net purchase of capital assets (Schedule 1)	**(199,697)**	(181,925)
Net proceeds on disposal of tangible capital assets	**7,994**	4,399
	(191,703)	(177,526)
CASH, BEGINNING OF YEAR	**-**	-
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, 2020
(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	5 to 75 years
Buildings	10 to 50 years
Machinery and equipment	5 to 25 years
Vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Water and waste	
Underground networks	50 to 100 years
Flood stations and other infrastructure	20 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 received are recognized in the fund financial statements as revenue in the financial period in which the transfers are authorized, any eligibility criteria have been met, stipulations, if any, have been met and reasonable estimates of the amounts can be determined.

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

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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 (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

	2020	2019
Government of Canada	**$ 15,530**	$ 18,313
Province of Manitoba	**3,001**	1,864
Local improvements - Fairfield Park	**842**	913
Other	**3,611**	2,672
	$ 22,984	$ 23,762

5. Capital Loans Receivable

At varying maturities up to the year 2036 with a weighted average interest rate for the year 2020 of 5.56% (2019 - 5.45%) due from the following:

	2020	2019
Transit System	**$ 25,279**	$ 26,696

6. Accounts Payable and Accrued Liabilities

	2020	2019
Trade accounts payable	**$ 12,700**	$ 10,444
Contractors' holdbacks	**4,066**	3,823
	$ 16,766	$ 14,267

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.

	2020	2019
Beginning balance	$ **9,791**	$ 8,416
Contributions received from:		
General Revenue Fund	**28,872**	23,965
Municipal Accommodations Fund	**1,169**	2,256
	30,041	26,221
Deduct capital funding recognized	**27,445**	24,846
	$ **12,387**	$ 9,791

8. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2020**	Amount of Debt 2019
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	3.828	WD3	144/11, 100/12, 23/13, 149/13, 5/15 and 61/15	**56,381**	56,381
2016-2045	Jun. 1	3.303	WD4	72/06, 23/13, 149/13, 5/15, 96/15 and 40/16	**47,363**	47,363
2011-2051	Nov. 15	4.300	WC1	72/06, 183/08, and 150/09	**20,250**	20,250
2012-2051	Nov. 15	3.853	WC2	93/2011	**50,000**	50,000
2012-2051	Nov. 15	3.759	WC3	120/09, 93/11, and 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.300	WC4	93/2011 and 84/2013	**60,000**	60,000
2014-2051	Nov. 15	3.893	WC4	93/2011 and 145/2013	**52,568**	52,568
2019-2051	Nov. 15	3.499	WC6	6520/94, 6774/96, 6976/97, 7751/01, 72/06, 32/07, 219/07, and 184/08	**97,550**	97,550
2019-2051	Nov. 15	2.667	WC7	6976/97, 7751/01, and 40/16	**28,001**	28,001
2019-2051	Nov. 15	2.667	WC7	183/04, 150/09, 149/13, 5/15, 40/16, 40/16, 136/16, and 133/17	**12,194**	-
					619,307	607,113
Equity in Sinking Fund (Note 8b)					**(46,575)**	(36,493)
Net sinking fund debentures outstanding					**572,732**	570,620

8. Debt (continued)

Other long-term debt outstanding

	2020	2019
Service concession arrangement obligations (Notes 8c and 11a)	**143,626**	146,075
Capital lease obligations with varying maturities up to 2038 and a weighted average interest rate of 8.18% (2019 - 8.18%) (Note 8d)	**20,410**	21,564
Canada Mortgage and Housing Corporation ("CMHC") term loan, maturity February 1, 2026, interest rate of 3.72%	**4,515**	5,176
Toronto Dominion Bank fixed rate term loan, maturity December 22, 2027, interest rate of 2.87%	**10,376**	11,696
Garden City Community Centre grant loan with an interest rate of 4.16%	**4,891**	5,043
Transcona East End Community Centre grant loan with an interest rate of 4.00%	**2,566**	2,652
General Revenue Fund debt issued to mature 2031 with an interest rate of 3.20%	**1,502**	1,664
	$ 760,618	$ 764,490

Debt to be retired over the next five years and thereafter:

	2021	2022	2023	2024	2025	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 619,307
Service concession arrangements	2,648	2,863	3,097	3,349	3,622	128,047
Capital lease obligations	1,365	1,618	1,969	4,225	696	10,537
CMHC	686	711	737	765	793	823
Toronto Dominion	1,358	1,397	1,438	1,479	1,523	3,181
General Revenue Fund	146	146	146	146	146	772
Community Centre Grants	247	258	268	279	291	6,114
	$ 6,450	$ 6,993	$ 7,655	$ 10,243	$ 7,071	$ 768,781

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) For sinking fund securities issued, The City of Winnipeg Charter requires the City to make annual payments to the sinking fund. Sinking fund arrangements are managed in a separate fund by the City. The City of Winnipeg General Revenue Fund, on behalf of the General Capital Fund, is currently paying between one to two 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 $107.7 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 $6.1 million. As at December 31, 2020, $107.4 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 $107.7 million project is 4.6%. Specifically, the sinking fund debt and service concession arrangement obligation to DBF2 bear a combined weighted average interest rate of 7.2%.

The City will also make 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, 2020, $195.0 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.

		2020		2019
Plenary Roads Winnipeg GP - Disraeli Bridges	**$**	**98,955**	$	100,608
DBF2 - Chief Peguis Trail		**44,671**		45,466
	$	**143,626**	$	146,074

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

	2021	$	2,794
	2022		2,930
	2023		3,141
	2024		5,225
	2025		1,301
	thereafter		14,390
Total future minimum lease payments			29,781
Amount representing interest at a weighted average interest rate of 8.18%			(9,371)
Balance of the capital lease obligations		$	20,410

9. *Tangible Capital Assets*

		2020		2019
Land	**$**	**242,475**	$	242,237
Buildings		**573,747**		581,112
Vehicles		**208**		118
Computer		**28,894**		29,012
Other		**114,666**		122,483
Plants and facilities		**20,490**		20,738
Roads		**1,599,569**		1,526,283
Underground and other networks		**18,857**		19,248
Bridges and other structures		**503,827**		514,363
Assets under construction		**46,097**		41,666
	$	**3,148,830**	$	3,097,260

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

During the year, there were no write-downs of tangible capital assets (2019 - $0.0 million). Administration fees and interim financing charges capitalized during 2020 were $2.8 million (2019 - $2.4 million). In addition, land, roads, parks, recreation facilities and underground networks contributed to the City and recorded in the General Capital Fund totaled $17.7 million in 2020 (2019 - $14.8 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $258.5 million (2019 - $263.6 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

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 $1.5 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.

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	$ 242,237	$ 980,087	$ 11,341	$ 129,284	$ 264,703
Add: Additions during the year	6,230	18,611	114	8,591	10,620
Less: Disposals during the year	5,992	4,498	294	1,613	-
Balance, end of year	242,475	994,200	11,161	136,262	275,323
Accumulated amortization					
Balance, beginning of year	-	398,975	11,223	100,272	142,220
Add: Amortization	-	24,176	15	8,709	18,437
Less: Accumulated amortization on disposals	-	2,698	285	1,613	-
Balance, end of year	-	420,453	10,953	107,368	160,657
Net Book Value of Tangible Capital Assets	$ 242,475	$ 573,747	$ 208	$ 28,894	$ 114,666

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	**2020**	2019
$ 22,267	$ 2,861,468	$ 22,918	$ 795,865	$ 41,666	**$ 5,371,836**	$ 5,207,316
-	148,890	141	2,069	4,431	**199,697**	181,925
-	4,020	-	-	-	**16,417**	17,405
22,267	3,006,338	23,059	797,934	46,097	**5,555,116**	5,371,836
1,529	1,335,185	3,670	281,502	-	**2,274,576**	2,149,002
248	75,451	532	12,605	-	**140,173**	137,206
-	3,867	-	-	-	**8,463**	11,632
1,777	1,406,769	4,202	294,107	-	**2,406,286**	2,274,576
$ 20,490	$ 1,599,569	$ 18,857	$ 503,827	$ 46,097	**$ 3,148,830**	$ 3,097,260

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)

	2020	2019
TRANSFERS FROM OTHER CITY OF WINNIPEG FUNDS		
Federal Gas Tax Revenue Reserve	**$ 48,897**	$ 68,689
Local Street Renewal Reserve	**40,490**	35,368
Regional Street Renewal Reserve	**36,547**	30,870
Municipal Accommodations Fund (Note 7)	**4,985**	5,209
Land Operating Reserve	**3,265**	8,866
Destination Marketing Reserve	**2,418**	2,182
Transit System	**293**	309
Contributions in Lieu of Land Dedication Reserve	**341**	885
Economic Development Investment Reserve	**-**	2,546
	$ 137,236	$ 154,924
TRANSFERS TO OTHER CITY OF WINNIPEG FUNDS		
Land Drainage System	**$ 2,282**	4,079
Sewage Disposal System	**1,706**	-
General Revenue Fund	**-**	2,525
Waterworks System	**-**	629
Land Dedication Reserve	**-**	220
Fleet Management	**-**	96
Winnipeg Parking Authority	**-**	12
	$ 3,988	$ 7,561

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.

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE (continued)

- 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, through the Operating Budget Recommendations 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)

	2020	2019	2018	2017	2016
General Revenue Fund's adopted budget expense	**$ 1,144,451**	$ 1,124,952	$ 1,082,088	$ 1,079,509	$ 1,055,130
Equity	**$ 119,891**	$ 107,766	$ 110,961	$ 79,764	$ 67,410
Level (1)	**10.5%**	9.6%	10.3%	7.4%	6.4%
Over target (2)	**$ 51,224**	$ 40,269	$ 46,036	$ 14,994	$ 4,103

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

(2) Residual Reserve balance (the portion of the Reserve's equity less 6% of the General Revenue Fund's adopted budget expenses).

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 119,891**	$ 107,766
EQUITY		
Unallocated	**$ 119,891**	$ 107,766

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)

	2020	2019
Balance, beginning of year	**$ 107,766**	$ 110,961
Add:		
Transfer from General Revenue Fund	**7,902**	-
Interest earned	**752**	1,896
Transfer from Commitment Reserve	**356**	198
Net realty taxes added to the assessment roll	**3,370**	6,581
	12,380	8,675
Deduct:		
Transfer to General Revenue Fund - investment management fee	**255**	428
Transfer to General Revenue Fund	**-**	11,442
	255	11,870
Balance, end of year	**$ 119,891**	$ 107,766

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(unaudited)

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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.

2. Status of the Financial Stabilization Reserve (continued)

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, through the Operating Budget Recommendations 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, 2020 effective interest rate was 0.20% (2019 - 1.70%).

THE CITY OF WINNIPEG
CAPITAL RESERVES

The City of Winnipeg (the "City") operates fifteen Capital Reserves to account for the use of designated revenue for specific purposes. The fifteen 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.

Water Meter Renewal Reserve

City Council, on January 30, 2020, authorized the establishment of a Water Meter Renewal Reserve Fund for the purpose of accumulating funds for replacement and replacement and renewal of aging water meters and an advanced meter system (AMS).
The reserve is funded through a monthly transfer from the Waterworks Fund and Sewage Disposal Fund.

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.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

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 Licence 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 Licence No. 2716 was issued for the South End Water Pollution Control Centre. Effective April 18, 2012, the South End Water Pollution Control Centre Licence 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 licence requirements.

The Director of Water and Waste is the Fund Manager.

Landfill Rehabilitation Reserve Fund

On December 12, 2017, Council approved a 2018 budget recommendation that the Brady Landfill Site Rehabilitation be terminated effective January 1, 2018 and replaced with Landfill Rehabilitation Reserve.

This reserve will provide funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for active and closed landfills maintained under the responsibility of the City.
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 user fee. The first transfer to the reserve occurred in 2013.

The Director of Water and Waste is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

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.

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, Critical Systems and Support 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.

As part of the 2019 budget, Council approved the purpose of the reserve to provide funding for the upgrade and replacement of hardware and/or software of both personal computers and city-wide critical systems and support resources. Critical system hardware elements include shared enterprise storage, servers and other hardware components. Critical system software elements include server operating systems, server virtualization, database, email and other supporting software. Support resources are for salaries and benefits of additional staff hours or contractors required to support city-wide systems. Additionally, the name of the reserve was changed to the Computer, Critical Systems and Support Reserve.

The Chief Innovation Officer 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.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

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. A subsequent agreement was signed September 2, 2014 ensuring funding until 2024.

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.

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 which commenced in 2019 for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

On March 22, 2016 City Council approved an amendment to the funding source to be a combination of the dedicated property tax revenue transferred from the General Revenue fund, an annual transfer of $1.7 million per year from the Transit System Fund starting in 2016 and an annual grant from the Province starting in 2020.

In 2017 the Province advised that the funding formula for the Transit department had changed and the annual grant for this project was eliminated. The funding source for this Reserve has been subsequently revised to be solely the dedicated property tax revenue transferred from the General Revenue fund.

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, sidewalk or bridge 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, sidewalk or bridge renewals requires approval of 2/3 of City Council.

The Director of Public Works is the Fund Manager.

Impact Fee Reserve Fund

On October 26, 2016, Council approved the establishment of the Impact Fee Reserve to fund growth-related capital projects approved by the Chief Financial Officer with consideration to the input provided by the Impact Fee Working Group, as well as to pay the costs of administering the Impact Fee By-law and Reserve Fund. All funds generated by the impact fee are to be deposited into the Reserve. Use of the Impact Fee Reserve for purposes other than those set out in Council's October 26, 2016 resolution require a 2/3 vote of Council.

On July 8, 2020, Manitoba Court of Queen’s Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "imposes a constitutionally invalid indirect tax” and ordered the City to refund the fees paid together with any interest earned on the funds. The City began processing refund payments November 30, 2020 with all refunds completed by December 31, 2020.

The Chief Financial Officer is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW

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

	2020	2019	2018	2017	2016
Water Main Renewal Reserve Fund					
Water main renewals funded	**$ 14,736**	$ 15,394	$ 21,049	$ 19,817	$ 16,081
Kilometres of water mains	**2,692**	2,689	2,679	2,660	2,637
Water main repairs	**317**	493	721	236	268
Water Meter Renewal Reserve					
Transfer from Sewage Disposal System	**$ 2,332**	$ -	$ -	$ -	$ -
Transfer from Waterworks System Fund	**$ 2,332**	$ -	$ -	$ -	$ -
Sewer System Rehabilitation Reserve Fund					
Sewer renewals funded	**$ 15,651**	$ 14,613	$ 13,071	$ 22,266	$ 25,594
Kilometres of sewers	**2,674**	2,673	2,658	2,640	2,722
Kilometres of sewers renewed	**-**	-	0.23	0.11	0.23
Environmental Projects Reserve Fund					
Transfer from Sewage Disposal System	**$ 20,711**	$ 93,092	$ 23,561	$ 18,367	$ 16,739
Transfer to Sewage Disposal System - capital projects	**$ 22,488**	$ 35,117	$ 12,094	$ 17,860	$ 6,836
Landfill Rehabilitation Reserve Fund					
Transfer from Solid Waste Disposal	**$ 345**	$ 319	$ 327	$ -	$ -
Transfer to Solid Waste Disposal	**$ 3,391**	$ 316	$ 107	$ -	$ -
Waste Diversion Reserve Fund					
Transfer from Solid Waste Disposal	**$ -**	$ -	$ -	$ 1,000	$ 4,500
Golf Course Reserve Fund					
Equity	**$ -**	$ -	$ -	$ -	$ 343
Transit Bus Replacement Reserve Fund					
Transfer (to)/from Transit System, net	**$ (190)**	$ (9,735)	$ (368)	$ (5,010)	$ 4,690
Number of buses financed	**1**	28	55	25	13

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW (continued)

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

	2020	2019	2018	2017	2016
Computer, Critical Systems and Support Reserve Fund					
Allocation of equity:					
Innovation, Transformation and Technology	**$ 2,098**	$ 1,041	$ 1,267	$ 658	$ 186
Public Works	**294**	199	212	190	123
Planning, Property and Development	**26**	48	92	76	88
Community Services	**49**	5	18	43	78
	$ 2,467	$ 1,293	$ 1,589	$ 967	$ 475
Federal Gas Tax Revenue Reserve Fund					
Government of Canada funding	**$ 66,810**	$ 72,141	$ 32,625	$ 38,959	$ 39,840
Transfer to General Capital Fund	**$ 48,897**	$ 68,689	$ 32,625	$ 29,751	$ 36,323
Transfer to Transit System - capital projects	**$ 17,913**	$ 3,452	$ -	$ 9,208	$ 3,517
Southwest Rapid Transit Corridor Reserve Fund					
Transfer (to)/from Transit System, net	**$ -**	$ -	$ (815)	$ -	$ (523)
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve Fund					
Transfer (to)/from Transit System, net	**$ (3,159)**	$ 5,362	$ 5,235	$ 3,303	$ 1,700
Local Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 41,270**	$ 35,370	$ 29,770	$ 24,370	$ 19,000
Transfer to General Capital Fund	**$ 38,998**	$ 33,898	$ 28,298	$ 23,278	$ 18,375
Regional Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 36,892**	$ 30,870	$ 25,270	$ 19,870	$ 14,500
Transfer to General Capital Fund	**$ 35,338**	$ 29,538	$ 23,938	$ 18,937	$ 13,405
Impact Fee Reserve					
Impact Fees collected	**$ 6,483**	$ 13,270	$ 12,443	$ 4,097	$ -

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Water Main Renewal Reserve	Water Meter Renewal Reserve	Sewer System Rehabilitation Reserve	Environmental Projects Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$ 8,681**	**$ 4,664**	**$ 6,908**	**$ 164,569**
Call loans - General Revenue Fund (Note 4)	-	-	-	-
Accounts receivable	-	-	-	-
	8,681	**4,664**	**6,908**	**164,569**
Investments (Note 5)	-	-	-	-
	$ 8,681	**$ 4,664**	**$ 6,908**	**$ 164,569**
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue	-	-	-	-
Debt	-	-	-	-
	-	-	-	-
EQUITY				
Allocated	**8,681**	**4,664**	**6,908**	**164,569**
Unallocated	-	-	-	-
	8,681	**4,664**	**6,908**	**164,569**
	$ 8,681	**$ 4,664**	**$ 6,908**	**$ 164,569**

See accompanying notes to the financial statements

Landfill Rehabilitation Reserve	Waste Diversion Reserve	Golf Course Reserve	Transit Bus Replacement Reserve	Computer, Critical Systems and Support Reserve	Sub-total
$ (193)	$ 4,746	$ -	$ 1,230	$ 2,467	$ 193,072
100	-	-	-	-	100
59	-	-	-	-	59
(34)	4,746	-	1,230	2,467	193,231
5,170	-	-	-	-	5,170
$ 5,136	$ 4,746	$ -	$ 1,230	$ 2,467	$ 198,401
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,136	4,746	-	1,200	2,467	198,371
-	-	-	30	-	30
5,136	4,746	-	1,230	2,467	198,401
$ 5,136	$ 4,746	$ -	$ 1,230	$ 2,467	$ 198,401

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Sub-total Brought Forward	Federal Gas Tax Reserve	SWRT Corridor Reserve	SWRT Payment Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$ 193,072**	**$ 27,209**	**$ 2,176**	**$ 12,743**
Call loans - General Revenue Fund (Note 4)	**100**	**-**	**-**	**-**
Accounts receivable	**59**	**-**	**-**	**-**
	193,231	**27,209**	**2,176**	**12,743**
Investments (Note 5)	**5,170**	**-**	**-**	**-**
	$ 198,401	**$ 27,209**	**$ 2,176**	**$ 12,743**
LIABILITIES				
Accounts payable	**$ -**	**$ -**	**$ -**	**$ -**
Deferred revenue	**-**	**25,793**	**-**	**-**
Debt	**-**	**-**	**-**	**-**
	-	**25,793**	**-**	**-**
EQUITY				
Allocated	**198,371**	**-**	**2,176**	**12,743**
Unallocated	**30**	**1,416**	**-**	**-**
	198,401	**1,416**	**2,176**	**12,743**
	$ 198,401	**$ 27,209**	**$ 2,176**	**$ 12,743**

See accompanying notes to the financial statements

Local Street Renewal Reserve	Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2020	Totals 2019
$ 10,613	**$ 422**	**$ -**	**$ 246,235**	$ 288,935
-	**-**	**-**	**100**	354
-	**-**	**-**	**59**	56
10,613	**422**	**-**	**246,394**	289,345
-	**-**	**-**	**5,170**	4,770
$ 10,613	**$ 422**	**$ -**	**$ 251,564**	$ 294,115
$ 112	**$ 75**	**$ -**	**$ 187**	$ 162
-	**-**	**-**	**25,793**	48,207
9,816	**-**	**-**	**9,816**	-
9,928	**75**	**-**	**35,796**	48,369
685	**347**	**-**	**214,322**	211,196
-	**-**	**-**	**1,446**	34,550
685	**347**	**-**	**215,768**	245,746
$ 10,613	**$ 422**	**$ -**	**$ 251,564**	$ 294,115

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	Water Meter Renewal Reserve	Sewer System Rehabilitation Reserve	Environmental Projects Reserve
Balance, beginning of year	$ 3,908	$ -	$ 9,938	$ 165,991
Add:				
Government of Canada transfers	-	-	-	-
Transfer from Sewage Disposal System	-	2,332	12,600	20,711
Transfer from Waterworks System	19,500	2,332	-	-
Transfer from Transit System	-	-	-	-
Interest earned	20	-	40	747
Transfer from General Revenue Fund	-	-	-	-
Transfer from Solid Waste Disposal	-	-	-	-
Transfer from Municipal Accommodations	-	-	-	-
Other	-	-	-	-
	19,520	4,664	12,640	21,458
Deduct:				
Transfer to General Capital Fund	-	-	-	-
Transfer to General Revenue Fund	-	-	-	-
Transfer to Transit System	-	-	-	-
Transfer to Sewage Disposal System	-	-	15,651	22,488
Transfer to Waterworks System	14,736	-	-	-
Purchase of equipment	-	-	-	-
Transfer to General Revenue Fund - investment management fee	11	-	19	392
Transfer to General Capital Fund - principal and interest	-	-	-	-
Transfer to Solid Waste Disposal	-	-	-	-
Other	-	-	-	-
	14,747	-	15,670	22,880
Balance, end of year	$ 8,681	$ 4,664	$ 6,908	$ 164,569

See accompanying notes to the financial statements

Landfill Rehabilitation Reserve	Waste Diversion Reserve	Golf Course Reserve	Transit Bus Replacement Reserve	Computer, Critical Systems and Support Reserve	Federal Gas Tax Reserve	Sub-total
$ 8,027	$ 5,221	$ -	$ 1,417	$ 1,293	$ 1,311	$ 197,106
-	-	-	-	-	66,810	66,810
-	-	-	-	-	-	35,643
-	-	-	-	-	-	21,832
-	-	-	-	-	-	-
174	24	-	6	7	105	1,123
-	-	-	-	1,406	-	1,406
345	-	-	-	-	-	345
-	-	-	-	11	-	11
-	-	-	-	-	-	-
519	24	-	6	1,424	66,915	127,170
-	-	-	-	-	48,897	48,897
-	-	-	-	-	-	-
-	-	-	190	-	17,913	18,103
-	-	-	-	-	-	38,139
-	-	-	-	-	-	14,736
-	-	-	-	246	-	246
18	12	-	3	4	-	459
-	-	-	-	-	-	-
3,392	487	-	-	-	-	3,879
-	-	-	-	-	-	-
3,410	499	-	193	250	66,810	124,459
$ 5,136	$ 4,746	$ -	$ 1,230	$ 2,467	$ 1,416	$ 199,817

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	**$ 197,106**	**$ 2,172**	**$ 15,866**	**$ 104**
Add:				
Government of Canada transfers	**66,810**	**-**	**-**	**-**
Transfer from Sewage Disposal System	**35,643**	**-**	**-**	**-**
Transfer from Waterworks System	**21,832**	**-**	**-**	**-**
Transfer from Transit System	**-**	**-**	**9,095**	**-**
Interest earned	**1,123**	**9**	**79**	**19**
Transfer from General Revenue Fund	**1,406**	**-**	**-**	**41,270**
Transfer from Solid Waste Disposal	**345**	**-**	**-**	**-**
Transfer from Municipal Accommodations	**11**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
	127,170	**9**	**9,174**	**41,289**
Deduct:				
Transfer to General Capital Fund	**48,897**	**-**	**-**	**38,998**
Transfer to General Revenue Fund	**-**	**-**	**-**	**-**
Transfer to Transit System	**18,103**	**-**	**12,254**	**-**
Transfer to Sewage Disposal System	**38,139**	**-**	**-**	**-**
Transfer to Waterworks System	**14,736**	**-**	**-**	**-**
Purchase of equipment	**246**	**-**	**-**	**-**
Transfer to General Revenue Fund - investment management fee	**459**	**5**	**43**	**19**
Transfer to General Capital Fund - principal and interest	**-**	**-**	**-**	**1,691**
Transfer to Solid Waste Disposal	**3,879**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
	124,459	**5**	**12,297**	**40,708**
	-			
Balance, end of year	**$ 199,817**	**$ 2,176**	**$ 12,743**	**$ 685**

See accompanying notes to the financial statements

Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2020	Totals 2019
$ 123	$ 30,375	$ 245,746	$ 168,606
-	-	66,810	72,141
-	-	35,643	111,092
-	-	21,832	19,000
-	-	9,095	7,579
2	137	1,369	4,243
36,892	-	79,568	67,554
-	-	345	319
-	-	11	10
-	6,483	6,483	13,335
36,894	6,620	221,156	295,273
35,338	-	123,233	132,125
-	-	-	-
-	-	30,357	15,404
-	-	38,139	49,730
-	-	14,736	15,394
-	-	246	1,632
1	-	527	694
1,332	-	3,023	2,804
-	-	3,879	350
(1)	36,995	36,994	-
36,670	36,995	251,134	218,133
$ 347	$ -	$ 215,768	$ 245,746

THE CITY OF WINNIPEG
CAPITAL RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Funds and as at December 31, 2020, the Funds did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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
Water Meter Renewal Reserve
Sewer System Rehabilitation Reserve Fund
Environmental Projects Reserve Fund
Landfill Rehabilitation Reserve Fund
Waste Diversion Reserve Fund
Golf Course Reserve Fund
Transit Bus Replacement Reserve Fund
Impact Fee Reserve Fund
Computer, Critical Systems and Support Reserve Fund
Federal Gas Tax Revenue Reserve Fund
Southwest Rapid Transit Corridor Reserve Fund
Southwest Rapid Transitway (Stage 2) and Pembina Hwy Underpass Pmt 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.

1. Significant Accounting Policies (continued)

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.

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

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

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.

Water Meter Renewal Reserve

City Council, on January 30, 2020, authorized the establishment of a Water Meter Renewal Reserve Fund for the purpose of accumulating funds for replacement and replacement and renewal of aging water meters and an advanced meter system (AMS).

The reserve is funded through a monthly transfer from the Waterworks Fund and Sewage Disposal Fund.

The Director of Water and Waste is the Fund Manager.

2. Status of the Capital Reserves (continued)

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 Disposal System Fund, and interest.

The Director of Water and Waste is the Fund Manager.

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 2019 sewer rate includes a provision of 0.4000 cents (2018 - 0.4000 cents) per cubic meter of billed water consumption to fund this transfer.

The Director of Water and Waste is the Fund Manager.

Landfill Rehabilitation Reserve Fund

On December 12, 2017, Council approved a 2018 budget recommendation that the Brady Landfill Site Rehabilitation be terminated effective January 1, 2018 and replaced with Landfill Rehabilitation Reserve.

This reserve will provide funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for active and closed landfills maintained under the responsibility of the City.

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill. The landfill tipping fee includes a provision $1.00 per tonne for each tonne disposed at the Brady Landfill to fund the new reserve.

The Director of Water and Waste is the Fund Manager.

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

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.

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, Critical Systems and Support Reserve

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.

As part of the 2019 budget, Council approved the purpose of the reserve to provide funding for the upgrade and replacement of hardware and/or software of both personal computers and city-wide critical systems and support resources. Critical system hardware elements include shared enterprise storage, servers and other hardware components. Critical system software elements include server operating systems, server virtualization, database, email and other supporting software. Support resources are for salaries and benefits of additional staff hours or contractors required to support city-wide systems. Additionally, the name of the reserve was changed to the Computer, Critical Systems and Support Reserve.

The Chief Innovation Officer 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.

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

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.

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.

2. Status of the Capital Reserves (continued)

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

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 which commenced in 2019 for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project.

On March 22, 2016 City Council approved an amendment to the funding source to be a combination of the dedicated property tax revenue transferred from the General Revenue fund, an annual transfer of $1.7 million per year from the Transit System Fund starting in 2016 and an annual grant from the Province starting in 2020.

In 2017 the Province advised that the funding formula for the Transit department had changed and the annual grant for this project was eliminated. The funding source for this Reserve has been subsequently revised to be solely the dedicated property tax revenue transferred from the General Revenue fund.

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.

Impact Fee Reserve Fund

On October 26, 2016, Council approved the establishment of the Impact Fee Reserve to fund growth-related capital projects approved by the Chief Financial Officer with consideration to the input provided by the Impact Fee Working Group, as well as to pay the costs of administering the Impact Fee By-law and Reserve Fund. All funds generated by the impact fee are to be deposited into the Reserve. Use of the Impact Fee Reserve for purposes other than those set out in Council's October 26, 2016 resolution require a 2/3 vote of Council.

On July 8, 2020, Manitoba Court of Queen’s Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "imposes a constitutionally invalid indirect tax” and ordered the City to refund the fees paid together with any interest earned on the funds. The City began processing refund payments November 30, 2020 with all refunds completed by December 31, 2020.

The Chief Financial Officer 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 local streets. Use of the Regional Street Renewal Reserve for purposes other than regional streets, bridges 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, 2020 effective interest rate was 0.20% (2019 - 1.70%).

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

	2020	2019
Marketable securities		
Municipal bonds	**$ 5,170**	$ 4,770

The aggregate market value of marketable securities at December 31, 2020 was $6,047 thousand (2019 - $5,192 thousand).

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.

On April 29, 2015, Council approved an amendment to the purpose of the Workers Compensation Reserve
1) to include Permanent Partial Impairment awards for occupational disease claims and
2) that pension surplus/deficit from Workers Compensation Board be accounted for in the Workers Compensation Reserve.

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. 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 Gail Parvin Hammerquist Fund (Heritage Investment Reserve), 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.

On February 22, 2012, City Council adopted that 15% of gross land sales for the fiscal year two years prior to the budget year under consideration, to a maximum of $1.2 million, be transferred to the General Capital Fund for an annual Community Centre Renovation Grant Program (of up to $965,000) and to the General Community Centres (of up to $235,000), subject to Council approval. Any surplus of funds greater than the amount required for the purposes of the Land Operating Reserve Fund is to be transferred to the Commitment Reserve Fund.

The Director of Planning, Property and Development 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 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.

THE CITY OF WINNIPEG
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. 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 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."

On December 16, 2020, Council adopted the 2021 Operating Budget which includes the recommendation that the terms and conditions of the General Purpose Reserve be amended to allow as a funding source any budget allocation approved by Council including external or internal funding sources.

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.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES (continued)

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 was capped at $3.0 million and any surplus funds over and above the cap were 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 General Revenue Fund, reported in the Planning, Property and Development Department.

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)

	2020	2019	2018	2017	2016
Workers Compensation Reserve Fund					
Call loans - General					
Revenue Fund	**$ 4,574**	$ 3,325	$ 1,160	$ 1,844	$ 5,081
Investments	**$ -**	$ -	$ 2,003	$ 3,008	$ -
Interest earned	**$ 17**	$ 55	$ 72	$ 28	$ 25
Brookside Cemetery Reserve Fund					
Call loans - General					
Revenue Fund	**$ 1,346**	$ 938	$ 482	$ 788	$ 749
Investments	**$ 16,528**	$ 16,558	$ 16,586	$ 15,878	$ 15,509
Interest earned	**$ 670**	$ 680	$ 670	$ 650	$ 645
St. Vital Cemetery Reserve Fund					
Call loans - General					
Revenue Fund	**$ 64**	$ 222	$ 169	$ 127	$ 97
Investments	**$ 1,246**	$ 1,046	$ 1,046	$ 1,046	$ 1046
Interest earned	**$ 38**	$ 37	$ 36	$ 34	$ 34
Transcona Cemetery Reserve Fund					
Call loans - General					
Revenue Fund	**$ 89**	$ 198	$ 152	$ 122	$ 95
Investments	**$ 847**	$ 697	$ 697	$ 697	$ 697
Interest earned	**$ 27**	$ 26	$ 25	$ 24	$ 23
Insurance Reserve Fund					
Call loans - General					
Revenue Fund	**$ 4,631**	$ 4,031	$ 4,705	$ 3,560	$ 3,646
Investments	**$ -**	$ -	$ 1,002	$ 2,003	$ -
Interest earned	**$ 19**	$ 98	$ 81	$ 28	$ 7
Contributions in Lieu of Land Dedication Reserve Fund					
Cash dedications revenue	**$ 1,947**	$ 1,143	$ 1,501	$ 5,055	$ 1,219
Interest earned	**$ 37**	$ 145	$ 143	$ 66	$ 34
Park improvement expenses	**$ 1,025**	$ 1,260	$ 1,922	$ 1,233	$ 315
Land Operating Reserve Fund					
Number of properties sold	**38**	28	20	27	31
Number acquired - tax sale	**18**	33	21	29	11
Number exchanged	**3**	2	2	5	2
Snow Clearing Reserve Fund					
Transfer (to)/from					
General Revenue Fund	**$ -**	$ -	$ -	$ -	$ -

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2020	2019	2018	2017	2016
Commitment Reserve Fund					
Allocation of equity:					
Corporate and other	**$ 3,962**	$ 1,573	$ 2,443	$ 2,462	$ 1,130
Fire Paramedic Services	**2,282**	1,200	300	200	200
Innovation, Transformation and Technology	**328**	658	440	379	-
Community Services	**188**	263	50	465	89
Water and Waste	**165**	219			
Planning, Property and Development	**-**	-	249	802	-
Police Service	**-**	-	-	-	249
Public Works	**109**	-	178	21	120
	$ 7,034	$ 3,913	$ 3,660	$ 4,329	$ 1,788
Heritage Investment Reserve Fund					
Municipal realty tax revenue	**$ 1,200**	$ 839	$ 769	$ 817	$ 804
Housing Rehabilitation Investment Reserve Fund					
Grant expense	**$ 547**	$ 5,204	$ 11,305	$ 9,945	**$** 6,640
Economic Development Investment Reserve Fund					
Municipal realty tax revenue	**$ 2,337**	$ 5,808	$ 4,859	$ 3,210	$ 2,442
General Purpose Reserve Fund					
Net transfer from (to) General Revenue Fund	**$ 9,068**	$ 206	$ 110	$ 88	$ (16,212)
Interest earned	**$ 1**	$ 3	$ 1	$ -	$ 40
Multiple-Family Dwelling Tax Investment Reserve Fund					
Municipal realty tax revenue	**$ 2,683**	$ 3,447	$ -	$ -	$ 1,919
Interest earned	**$ 4**	$ 33	$ 42	$ 31	$ 24
Insect Control Urgent Expenditures Reserve Fund					
Net transfer from (to) General Revenue Fund	**$ (455)**	$ 1	$ -	$ 772	$ (427)
Permit Reserve Fund					
Net transfer (to) from General Revenue Fund	**$ (1,706)**	$ 608	$ (635)	$ 41	$ 489

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2020	2019	2018	2017	2016
Destination Marketing Reserve Fund					
Accommodation tax revenue	**$ 4,141**	$ 10,009	$ 9,977	$ 9,856	$ 10,165
Grants expense:					
Economic Development Winnipeg Inc.	**$ 3,588**	$ 5,170	$ 4,548	$ 4,356	$ 3,794
The Convention Centre Corporation Inc.	**2,520**	4,580	1,500	1,500	1,500
Downtown Winnipeg Biz	**180**	180	-	-	-
West End Biz	**100**	100	-	-	-
Exchange District Biz	**95**	95	-	-	-
Patent 5 Inc	**7**	-	-	-	-
	$ 6,490	$ 10,125	$ 6,048	$ 5,856	$ 5,294

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)	**4,574**	**1,346**	**64**	**5,984**
Accounts receivable	-	**141**	**10**	**151**
Land held for resale	-	-	-	-
	4,574	**1,487**	**74**	**6,135**
Investments (Note 5)	-	**16,528**	**1,246**	**17,774**
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 4,574	**$ 18,015**	**$ 1,320**	**$ 23,909**
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ -	$ -
Deferred Revenue	-	-	-	-
	-	-	-	-
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	**4,574**	**18,015**	**1,320**	**23,909**
	4,574	**18,015**	**1,320**	**23,909**
	$ 4,574	**$ 18,015**	**$ 1,320**	**$ 23,909**

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)	$ -	$ -	$ -	$ 9,079
Call loans - General Revenue Fund (Note 4)	5,984	89	4,631	-
Accounts receivable	151	6	-	-
Land held for resale	-	-	-	-
	6,135	95	4,631	9,079
Investments (Note 5)	17,774	847	-	-
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 23,909	$ 942	$ 4,631	$ 9,079
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ 955	$ 32
Deferred Revenue	-	-	-	-
	-	-	955	32
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	23,909	942	3,676	9,047
	23,909	942	3,676	9,047
	$ 23,909	$ 942	$ 4,631	$ 9,079

See accompanying notes to the financial statements

	Land Operating Reserve	Snow Clearing Reserve	Commitment Reserve	Heritage Investment Reserve	Housing Rehabilitation Reserve	Sub-Total
	$ (753)	$ -	$ 7,044	$ 528	$ 16,347	$ 32,245
	-	-	-	-	-	10,704
	1,863	-	-	-	-	2,020
	7,955	-	-	-	-	7,955
	9,065	-	7,044	528	16,347	52,924
	(53)	-	-	-	-	18,568
	3,684	-	-	-	-	3,684
	10,139	-	-	-	-	10,139
	116	-	-	-	-	116
	$ 22,951	$ -	$ 7,044	$ 528	$ 16,347	$ 85,431
	$ 3,487	$ -	$ 10	$ 711	$ -	$ 5,195
	-	-	-	-	12,497	12,497
	3,487	-	10	711	12,497	17,692
	8,425	-	-	-	-	8,425
	3,284	-	-	899	486	4,669
	7,755	-	7,034	(1,082)	3,364	54,645
	11,039	-	7,034	(183)	3,850	59,314
	$ 22,951	$ -	$ 7,044	$ 528	$ 16,347	$ 85,431

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)	$ 32,245	$ 4,876	$ 9,034	$ 632
Call loans - General Revenue Fund (Note 4)	10,704	-	-	-
Accounts receivable	2,020	-	-	-
Land held for resale	7,955	-	-	-
	52,924	4,876	9,034	632
Investments (Note 5)	18,568	-	-	-
Investments in government business (Note 6)	3,684	-	-	-
Land	10,139	-	-	-
Deferred charges	116	-	-	-
	$ 85,431	$ 4,876	$ 9,034	$ 632
LIABILITIES				
Current				
Accounts payable	$ 5,195	$ 287	$ -	$ 35
Deferred Revenue	12,497	-	-	-
	17,692	287	-	35
EQUITY				
Contributed surplus (Note 7)	8,425	-	-	-
Allocated	4,669	-	-	-
Unallocated	54,645	4,589	9,034	597
	59,314	4,589	9,034	597
	$ 85,431	$ 4,876	$ 9,034	$ 632

See accompanying notes to the financial statements

Insect Control Reserve	Permit Reserve	Destination Marketing Reserve	Totals 2020	Totals 2019
$ 2,546	$ 204	$ 4,672	$ 54,209	$ 39,333
-	-	-	10,704	8,714
-	-	250	2,270	1,907
-	-	-	7,955	5,140
2,546	204	4,922	75,138	55,094
-	-	-	18,568	18,248
-	-	-	3,684	3,601
-	-	-	10,139	10,607
-	-	-	116	98
$ 2,546	$ 204	$ 4,922	$ 107,645	$ 87,648
$ -	$ -	$ 264	$ 5,781	$ 3,653
-	-	-	12,497	-
-	-	264	18,278	3,653
-	-	-	8,425	8,425
-	-	3,479	8,148	15,552
2,546	204	1,179	72,794	60,018
2,546	204	4,658	80,942	75,570
$ 2,546	$ 204	$ 4,922	$ 107,645	$ 87,648

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	$ 3,325	$ 17,637	$ 1,276	$ 900
Add:				
Transfer from General Revenue Fund	-	110	25	30
Transfer from Municipal Accommodations	-	-	-	-
Other	2,085	-	-	-
Accommodation tax	-	-	-	-
Land sales	-	-	-	-
Municipal realty tax	-	-	-	-
Interest earned	17	670	38	27
Cash payments-in-lieu of land dedication	-	-	-	-
Transfer from Transit System Fund	-	-	-	-
Transfer from Land Operating Reserve	-	-	-	-
Transfer from General Capital Fund	-	-	-	-
Transfer from Multi-Family Reserve	-	-	-	-
Transfer from Winnipeg Parking - SOA	-	-	-	-
	2,102	780	63	57
Deduct:				
Transfer to General Revenue Fund	-	359	15	11
Grants	-	-	-	-
Transfer to General Capital Fund	-	-	-	-
Other	842	-	-	-
Cost of sales	-	-	-	-
Transfer to Municipal Accommodations Fund	-	-	-	-
Transfer to Contributions in Lieu of Land Dedication Reserve	-	-	-	-
Transfer to General Revenue Fund - investment management fee	11	43	4	4
Transfer to Financial Stabilization Reserve	-	-	-	-
Transfer to Fleet Management - SOA	-	-	-	-
Transfer to Golf Services - SOA	-	-	-	-
Transfer to Transit	-	-	-	-
Transfer to Heritage Reserve	-	-	-	-
	853	402	19	15
Balance, end of year	$ 4,574	$ 18,015	$ 1,320	$ 942

See accompanying notes to the financial statements

Insurance Reserve	Land Dedication Reserve	Land Operating Reserve	Snow Clearing Reserve	Sub-Total
$ 3,076	$ 8,094	$ 15,994	$ -	$ 50,302
39	-	-	-	204
-	-	-	-	-
15	-	296	-	2,396
-	-	-	-	-
-	-	5,383	-	5,383
-	-	-	-	-
19	37	42	-	850
-	1,947	-	-	1,947
819	-	-	-	819
-	386	-	-	386
-	-	-	-	-
-	-	380	-	380
-	-	-	-	-
892	2,370	6,101	-	12,365
-	-	4,235	-	4,620
-	-	-	-	-
-	341	3,265	-	3,606
(242)	1,025	902	-	2,527
-	-	1,982	-	1,982
144	-	-	-	144
-	-	386	-	386
11	20	18	-	111
-	-	-	-	-
26	-	-	-	26
9	31	-	-	40
344	-	-	-	344
-	-	268	-	268
292	1,417	11,056	-	14,054
$ 3,676	$ 9,047	$ 11,039	$ -	$ 48,613

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	$ 50,302	$ 3,913	$ (190)	$ 1,556
Add:				
Transfer from General Revenue Fund	204	5,456	-	3,000
Transfer from Municipal Accommodations	-	375	-	-
Other	2,396	165	-	-
Accommodation tax	-	-	-	-
Land sales	5,383	-	-	-
Municipal realty tax	-	-	1,200	-
Interest earned	850	-	2	9
Cash payments-in-lieu of land dedication	1,947	-	-	-
Transfer from Transit System Fund	819	-	-	-
Transfer from Land Operating Reserve	386	-	268	-
Transfer from General Capital Fund	-	-	-	-
Transfer from Multi-Family Reserve	380	-	-	-
Transfer from Winnipeg Parking - SOA	-	-	-	-
	12,365	5,996	1,470	3,009
Deduct:				
Transfer to General Revenue Fund	4,620	-	-	162
Grants	-	-	1,285	547
Transfer to General Capital Fund	3,606	-	-	-
Other	2,527	2,519	177	-
Cost of sales	1,982	-	-	-
Transfer to Municipal Accommodations Fund	144	-	-	-
Transfer to Contributions in Lieu of Land Dedication Reserve	386	-	-	-
Transfer to General Revenue Fund - investment management fee	111	-	1	6
Transfer to Financial Stabilization Reserve	-	356	-	-
Transfer to Fleet Management - SOA	26	-	-	-
Transfer to Golf Services - SOA	40	-	-	-
Transfer to Transit	344	-	-	-
Transfer to Heritage Reserve	268	-	-	-
	14,054	2,875	1,463	715
Balance, end of year	$ 48,613	$ 7,034	$ (183)	$ 3,850

See accompanying notes to the financial statements

Economic Development Reserve	General Purpose Reserve	Multiple-Family Dwelling Reserve	Insect Control Reserve	Permit Reserve	Sub-Total
$ 3,172	$ 171	$ 391	$ 3,001	$ 2,000	$ 64,316
-	9,068	-	2,754	-	20,482
-	-	-	-	-	375
-	-	1,051	-	-	3,612
-	-	-	-	-	-
-	-	-	-	-	5,383
2,337	-	2,683	-	-	6,220
17	1	4	12	9	904
-	-	-	-	-	1,947
-	-	-	-	-	819
-	-	-	-	-	654
-	-	-	-	-	-
-	-	-	-	-	380
-	-	-		-	-
2,354	9,069	3,738	2,766	9	40,776
-	-	-	3,215	1,706	9,703
837	100	3,529	-	-	6,298
-	-	-	-	95	3,701
90	105	-	-	-	5,418
-	-	-	-	-	1,982
-	-	-	-	-	144
-	-	-	-	-	386
10	1	3	6	4	142
-	-	-	-	-	356
-	-	-	-	-	26
-	-	-	-	-	40
-	-	-	-	-	344
-	-	-	-	-	268
937	206	3,532	3,221	1,805	28,808
$ 4,589	$ 9,034	$ 597	$ 2,546	$ 204	$ 76,284

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 2020	Totals 2019
Balance, beginning of year	**$ 64,316**	**$ 11,254**	**$ 75,570**	$ 79,214
Add:				
Transfer from General Revenue Fund	**20,482**	**-**	**20,482**	10,153
Transfer from Municipal Accommodations	**375**	**-**	**375**	-
Other (Note 6)	**3,612**	**-**	**3,612**	5,643
Accommodation tax	**-**	**4,141**	**4,141**	10,009
Land sales	**5,383**	**-**	**5,383**	12,264
Municipal realty tax	**6,220**	**-**	**6,220**	10,093
Interest earned	**904**	**40**	**944**	1,855
Cash payments-in-lieu of land dedication	**1,947**	**-**	**1,947**	1,143
Transfer from Transit System Fund	**819**	**-**	**819**	391
Transfer from Land Operating Reserve	**654**	**-**	**654**	621
Transfer from General Capital Fund	**-**	**-**	**-**	220
Transfer from Multi-Family Reserve	**380**	**-**	**380**	1,255
Transfer from Winnipeg Parking - SOA	**-**	**-**	**-**	4,405
	40,776	**4,181**	**44,957**	58,052
Deduct:				
Transfer to General Revenue Fund	**9,703**	**82**	**9,785**	10,639
Grants	**6,298**	**6,490**	**12,788**	19,878
Transfer to General Capital Fund	**3,701**	**2,518**	**6,219**	14,479
Other	**5,418**	**1,669**	**7,087**	10,156
Cost of sales	**1,982**	**-**	**1,982**	737
Transfer to Municipal Accommodations Fund	**144**	**-**	**144**	259
Transfer to Contributions in Lieu of Land Dedication Reserve	**386**	**-**	**386**	-
Transfer to General Revenue Fund - investment management fee	**142**	**18**	**160**	282
Transfer to Financial Stabilization Reserve	**356**	**-**	**356**	198
Transfer to Fleet Management - SOA	**26**	**-**	**26**	58
Transfer to Golf Services - SOA	**40**	**-**	**40**	5
Transfer to Transit	**344**	**-**	**344**	338
Transfer to Heritage Reserve	**268**	**-**	**268**	621
	28,808	**10,777**	**39,585**	57,650
Balance, end of year	**$ 76,284**	**$ 4,658**	**$ 80,942**	$ 75,570

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Funds and as at December 31, 2020, the Funds did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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
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.

1. Significant Accounting Policies (continued)

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.

f) Investment in government business

The investment in River Park South Developments Inc. and Park City Commons 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, a fund was created 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.

2. Status of the Special Purpose Reserves (continued)

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.

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.

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

In accordance with City Council directives, 5% of the gross sales revenue is allocated to Gail Parvin Hammerquist Fund (Heritage Investment Reserve), 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. On February 22. 2012, City Council adopted that 15% of gross land sales for the fiscal year two years prior to the budget year under consideration, to a maximum of $1.2 million, be transferred to the General Capital Fund for an annual Community Centre Renovation Grant Program (of up to $965,000) and to the General Community Centres (of up to $235,000), subject to Council approval. Any surplus of funds greater than the amount required for the purposes of the Land Operating Reserve Fund is to be transferred to the Commitment Reserve Fund.

The Director of Planning, Property and Development 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 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.

2. Status of the Special Purpose Reserves (continued)

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.

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."

On December 16, 2020, Council adopted the 2021 Operating Budget which includes the recommendation that the terms and conditions of the General Purpose Reserve be amended to allow as a funding source any budget allocation approved by Council including external or internal funding sources.

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.

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

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.

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.

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

On September 12, 2018, City Council approved the revised funding allocation for the Destination Marketing Reserve Fund as follows:

- A grant to Economic Development Winnipeg Inc. equal to the greater of $2.0 million or 35% of annual accommodation tax revenue;
- A grant of $1.5 million annually to The Winnipeg Convention Centre Corporation;
- Up to 37.5% of the annual accommodation tax revenue to be set aside within the Reserve to fund future capital works for the Winnipeg Convention Centre;
- That the Destination a Marketing Reserve Fund is to fund any expenses incurred in the General Revenue Fund to administer the accommodation; and
- The remainder of the funds, net of the above, paid to Economic Development Winnipeg Inc. for the Special Event Marketing Fund.

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, 2020 effective interest rate was 0.20% (2019 - 1.70%).

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*

	2020	2019
Marketable securities		
Municipal bonds	**$ 17,927**	$ 17,607
Provincial bonds and bond coupons	**694**	694
	18,621	18,301
Other	**(53)**	(53)
	$ 18,568	$ 18,248

The aggregate market value of marketable securities at December 31, 2020 was $23,617 thousand (2019 - $21,529 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 2020 of loss of $10 thousand (2019 - income of $236 thousand) are included in the Statement of Changes in Equity as miscellaneous expense.

6. *Investment in Government Business (continued)*

Park City Commons

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

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.

8. *Comparative Figures*

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF FINANCIAL POSITION

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

		2020		2019
ASSETS				
Current				
Due from General Revenue Fund (Note 2)	**$**	**139**	$	138
Investment (Note 3)		**1,148**		1,148
	$	**1,287**	$	1,286
RETAINED EARNINGS	**$**	**1,287**	$	1,286

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)

	2020	2019
REVENUES		
Interest	**$ 1**	$ 2
Net earnings for the year	**1**	2
RETAINED EARNINGS, BEGINNING OF YEAR	**1,286**	1,284
RETAINED EARNINGS, END OF YEAR	**$ 1,287**	$ 1,286

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

3. *Investment*

	2020	2019
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: Mike Peters, 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, utilities and Special Operating Agencies. 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)

	2020	2019	2018	2017	2016
Number of facilities	**119**	122	120	113	135
Total area square footage	**3,112,422**	3,230,895	3,140,995	3,104,626	3,243,444

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 7,151**	$ 4,127
Accounts receivable (Note 4)	**44**	42
Prepaid expenses	**748**	833
	$ 7,943	**$** 5,002
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 7,177**	$ 4,385
Deferred revenue	**766**	617
	$ 7,943	$ 5,002

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)

	2020 Budget	2020 Actual	2019 Actual
REVENUES			
Contributions from City of Winnipeg departments (Note 8b)	**$ 71,941**	**$ 68,740**	$ 71,792
Other rental	**389**	**345**	431
Investment and other	**77**	**7**	19
Total Revenues	**72,407**	**69,092**	72,242
EXPENSES			
Municipal Accommodations	**56,581**	**53,579**	56,965
Transfer to General Revenue Fund	**11,150**	**10,837**	9,354
Transfer to General Capital Fund	**4,676**	**4,676**	5,923
Total Expenses (Note 9)	**72,407**	**69,092**	72,242
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, 2020
(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 1.25% 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.

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, renovates 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, utilities and Special Operating Agencies.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada’s federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

4. Accounts Receivable

	2020	2019
Maintenance billings and other	**$ 44**	$ 42

5. Accounts Payable and Accrued Liabilities

		2020		2019
Accounts payable and accrued liabilities	**$**	**4,254**	$	3,126
Performance deposits		**1,832**		322
Wages and employee benefits payable		**728**		631
Accrued interest on long-term debt		**315**		297
Accrued debenture principal		**48**		9
	$	**7,177**	$	4,385

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:

2021	8,555
2022	7,914
2023	7,389
2024	7,198
2025	6,653
Subsequent	44,360
	$ 82,069

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 (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2020 at $1.2 million (2019 $1.3 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, 2020 is estimated at $1.0 million (2019 - $1.0 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, 2020 is estimated at $1.7 million (2019 - $1.5 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, 2020 is estimated at $0.3 million (2019 - $1.0 million).

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 (2019 - $1.6 million) of pension costs were allocated to Municipal Accommodations. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2019 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 $923 thousand (2019 - $953 thousand)
- Transfer from the Insurance Reserve Fund for recovery of insurance claims is $144 thousand (2019 - $259 thousand);
- Transfer to the Computer Replacement Reserve Fund is $11 thousand (2019 - $10 thousand);
- Transfer to the Commitment Reserve Fund is $375 thousand (2019 - $nil);
- Transfer to the General Revenue Fund for general government charges is $625 thousand (2019- $622 thousand), which represents the estimated share of The City of Winnipeg's general expenses applicable to the Municipal Accommodations Fund;
- Transfer to the General Revenue Fund for global savings is $94 thousand (2019 - $94 thousand); and
- Transfer to the City of Winnipeg Parking Authority - Special Operating Agency for parking space rental is $10 thousand (2019 - $13 thousand).

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

	2020	2019
General Revenue Fund	**$ 64,361**	$ 67,122
Sewage Disposal System	**1,138**	1,151
Waterworks System	**977**	1,055
Fleet Management - Special Operating Agency	**721**	759
Municipal Accommodations Fund	**491**	671
Winnipeg Parking Authority - Special Operating Agency	**322**	345
Transit System	**320**	302
Animal Services - Special Operating Agency	**205**	205
Solid Waste Disposal Fund	**205**	182
	$ 68,740	$ 71,792

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

9. Expenses by Object

	2020 Budget	**2020 Actual**	2019 Actual
Services, materials and supplies	**$ 36,278**	**$ 33,545**	$ 36,855
Salaries and employee benefits	**20,718**	**19,474**	20,549
Transfer to General Revenue Fund	**11,150**	**10,837**	9,354
Transfer to General Capital Fund	**4,676**	**4,676**	5,923
Other grants and transfers	**1,102**	**1,426**	1,164
Debt and finance charges	**1,503**	**1,565**	1,126
Recoveries	**(3,020)**	**(2,431)**	(2,729)
	$ 72,407	**$ 69,092**	$ 72,242

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.

11. Comparative Figures

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

2020
Utilities

Detailed Financial Statements

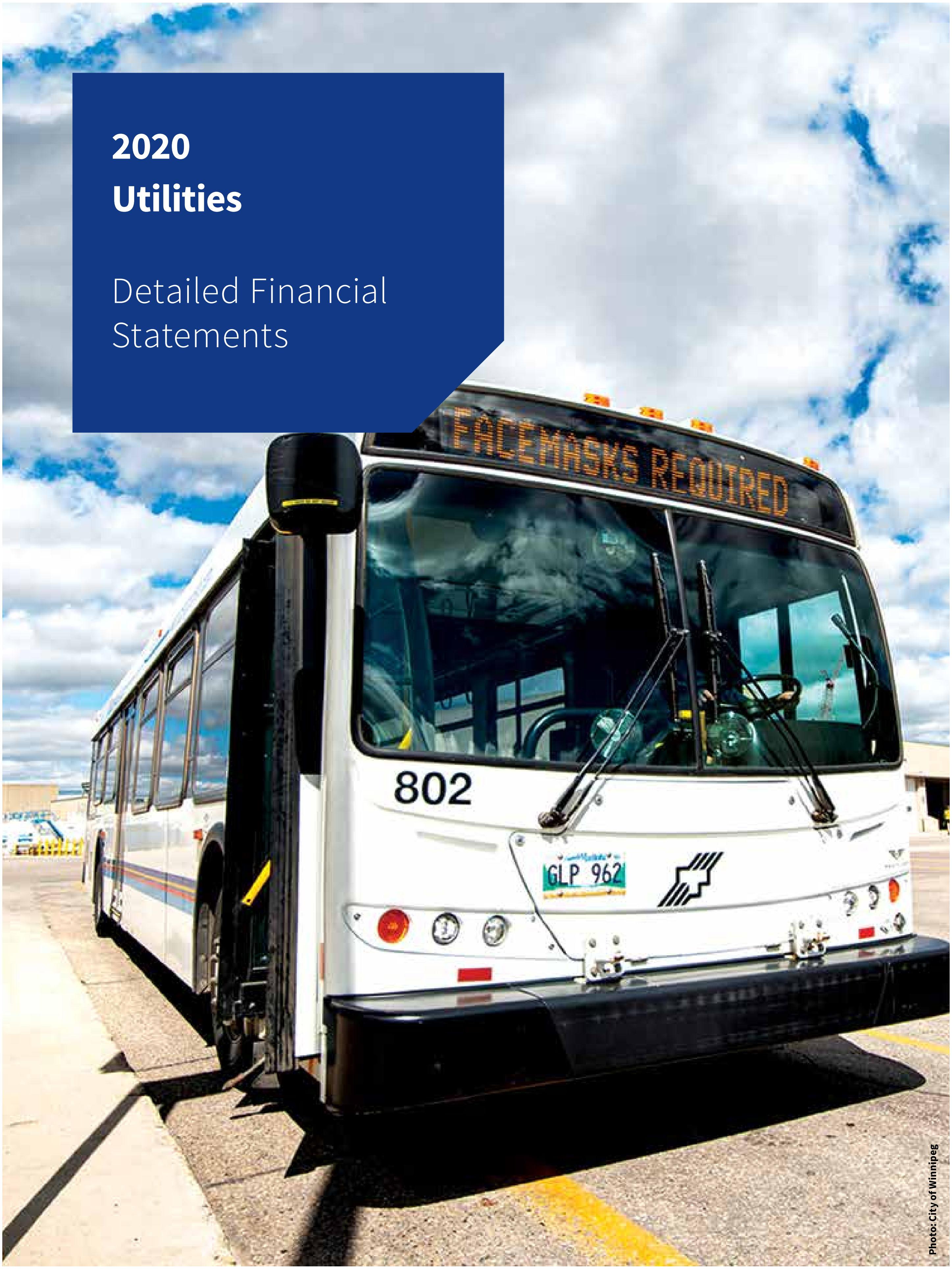


Photo: City of Winnipeg

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 - conventional transit, Winnipeg Transit Plus and chartered bus/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 fare revenue decreased by $40.2 million from 2019 as a result of decreased ridership from the COVID-19 pandemic.

The COVID-19 pandemic had a profound impact on the operations and financial results of Winnipeg Transit. Operational measures taken to manage the impacts of the pandemic included:

- Coordinating with the Workplace Safety and Health Committee and Emergency Operations Centre to identify the hazards and provide personal protective equipment to frontline employees and contractors, as well as implementing processes and policies for using both conventional transit and Transit Plus to ensure public health guidelines are adhered to including accommodating physical distancing and wearing face masks.

- Creating multiple schedules and holding bus operator sign up on the various options in order to be able to scale service levels as needed to respond to ridership changes and mitigate operating costs. Transit is now developing up to five different schedules for each season and has developed a process to facilitate scaling service up or down in the middle of a seasonal schedule.

- Changing bus and shelter cleaning protocols to facilitate enhanced cleaning procedures with new products and technology deemed effective against the COVID-19 virus.

- Mobilize and support migrating office staff to work from home arrangements where feasible including the Winnipeg Transit Plus contact centre.

The Transit System received $32.3 million as financial support from the Federal Government Safe Restart Program to offset the losses realized during the year. Additional cost mitigation measures were also taken to address the operating losses during the year including service reductions, bus operator layoffs, a hiring freeze and limited discretionary spending.

Despite the challenges of managing the Transit System through the pandemic, several achievements were realized during the year, including:

- On April 12, Winnipeg Transit launched the new BLUE rapid transit line, which operates on the newly-completed Southwest Transitway. This was the largest single change to service in Winnipeg Transit’s history and creates a new spine-and-feeder network in southwest Winnipeg and a series of feeder routes that connect to these corridors.

- The low income monthly bus pass program, WINNpass, was launched offering a discount off the full fare monthly pass to eligible individuals. The program implementation included the deployment of a new system to facilitate online applications and workflow management.

- Winnipeg Transit completed the projects under the Public Transit Infrastructure Program, valued at $113 million. This 4-year program funded many of Transit’s key infrastructure projects such as the garage expansion, replacement of diesel buses, upgrades to roof/ventilation systems, and new bus hoists.

THE CITY OF WINNIPEG
TRANSIT SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2020	2019	2018	2017	2016
Regular cash fare	**$ 3.00**	$ 2.95	$ 2.95	$ 2.70	$ 2.65
Winnipeg Transit Plus					
Annual ridership (in thousands)	**242.6**	455.5	459.5	473.4	467.9
Total cost per passenger	**$ 47.54**	$ 27.81	$ 25.53	$ 23.92	$ 23.25
Revenue to cost ratio	**3%**	5%	7%	7%	10%
Regular transit					
Annual ridership (in millions)	**24.8**	48.8	48.4	48.1	48.5
Bus hours operated (in thousands)	**1,499**	1,579	1,554	1,549	1,542
Direct operating cost per passenger	**$ 6.26**	$ 3.36	$ 3.27	$ 3.12	$ 3.02
Direct operating cost per vehicle hour	**$ 103.55**	$ 103.77	$ 101.79	$ 96.92	$ 94.92
Revenue to cost ratio	**32%**	55%	56%	54%	55%

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
FINANCIAL ASSETS		
Cash	**$ 828**	$ 480
Accounts receivable (Note 3)	**3,468**	53,467
Due from General Revenue Fund (Note 4)	**67,406**	10,561
	71,702	64,508
LIABILITIES		
Accounts payable and accrued liabilities	**4,909**	6,775
Expropriation liability	**11,097**	11,692
Deferred revenue	**12,375**	7,127
Debt (Note 5)	**302,948**	295,291
	331,329	320,885
NET FINANCIAL LIABILITIES	**(259,627)**	(256,377)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**804,292**	796,123
Inventory (Note 7)	**7,862**	7,907
Prepaid expenses	**899**	857
	813,053	804,887
ACCUMULATED SURPLUS (Note 8)	**$ 553,426**	$ 548,510

Commitments (Note 17)

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)

	2020 Budget	2020 Actual	2019 Actual
REVENUES			
Sale of goods and services (Note 9)	**$ 95,650**	**$ 49,277**	$ 90,518
Appropriation from General Revenue Fund	**62,757**	**62,757**	66,182
Government transfers (Note 10)	**42,023**	**74,316**	42,048
Interest and other	**1,305**	**1,335**	1,491
Total revenues from operations	**201,735**	**187,685**	200,239
EXPENSES			
Operations (Note 11)	**86,592**	**82,811**	83,854
Plant and equipment (Note 12)	**65,412**	**55,373**	62,420
Client Services	**14,246**	**12,746**	13,749
Other departmental (Note 13)	**13,870**	**12,289**	12,136
Finance and administration	**3,579**	**3,338**	3,186
Information systems	**2,068**	**1,867**	2,073
Planning, schedules and marketing	**1,506**	**1,293**	1,325
Communications	**1,157**	**998**	743
Human resources	**956**	**950**	848
Asset Management	**449**	**300**	313
Total expenses from operations (Note 14)	**189,835**	**171,965**	180,647
Transfers to other funds (Note 15)	**9,095**	**9,095**	7,578
Transfer to Capital	**2,805**	**2,805**	5,039
Total expenses	**201,735**	**183,865**	193,264
Surplus for the year from operations	**-**	**3,820**	6,975
Net surplus from capital (Note 16)	**-**	**1,096**	235,178
NET SURPLUS FOR THE YEAR	**$ -**	**4,916**	242,153
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**548,510**	306,357
ACCUMULATED SURPLUS, END OF YEAR		**$ 553,426**	$ 548,510

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 4,916**	$ 242,153
Non-cash items related to operations		
Amortization	**35,320**	26,747
Loss on disposal of tangible capital assets	**292**	562
Working capital from operations	**40,528**	269,462
Net change in other working capital	**53,384**	5,806
	93,912	275,268
FINANCING		
Interest on funds on deposit with The City of Winnipeg Sinking Fund	**(621)**	(538)
Debt issued	**15,833**	142,935
Payments on long term debt	**(6,117)**	(3,184)
Payments to The City of Winnipeg Sinking Fund for outstanding debt	**(1,438)**	(1,264)
Expropriation liability	**(595)**	(432)
Due from General Revenue Fund	**(56,845)**	(34,036)
	(49,783)	103,481
INVESTING		
Acquisition and construction of tangible capital assets	**(43,781)**	(378,546)
	(43,781)	(378,546)
Increase in cash	**348**	203
CASH, BEGINNING OF YEAR	**480**	277
CASH, END OF YEAR	**$ 828**	$ 480

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(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 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.

b) Inventory

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

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:

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.

d) 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.

1. Significant Accounting Policies (continued)

d) Service Concession Arrangements (continued)

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 is when the tangible capital asset is available for productive use.

e) 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 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 financial statements.

f) 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 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 a Province of Manitoba annual operating grant.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund as at December 31, 2020. Transit did realize significant fare revenue losses due to low ridership levels as a result of COVID-19. However, management believes it has sufficient liquidity to sustain operations.

3. Accounts Receivable

		2020		2019
Government of Canada	**$**	**1,855**	$	7,781
Fare products, charter and other		**1,613**		3,629
Province of Manitoba		**-**		42,057
	$	**3,468**	$	53,467

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 to/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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

5. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.		Amount of Debt **2020**		2019
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	June 1	3.828	WD-3	6/2015		**3,619**		3,619
2019-2051	Nov 15	2.667	WC-7	40/2016		**10,000**		10,000
2020-2051	Nov 15	2.663	WC-8	40/2016		**3,000**		-
2020-2051	Nov 15	2.663	WC-8	133/2017		**956**		-
						107,325		103,369
Funds on deposit with the Sinking Funds (Note 5b)						**(15,211)**		(13,152)
Net sinking fund debentures outstanding						**92,114**		90,217

Other long term debt outstanding

		2020		2019
Bank of Nova Scotia revolving term loan due June 30, 2021 with an interest rate of the bank's prime rate minus 1.05%		**31,000**		31,000
TD Bank loan due October 23, 2035 with a fixed interest rate of 1.96%		**9,979**		-
Bank of Montreal loan due August 1, 2034 with a fixed interest rate of 2.92%		**8,350**		8,840
General Capital Fund debt issued by the City with varying maturities up to 2035 and a weighted average interest rate of 1.30% (2019 - 1.39%). Individual interest rates range from 0 to 7.25%		**25,279**		26,696
Service concession arrangement obligations (Notes 5d and 17)		**136,226**		138,538
	$	**302,948**	$	295,291

5. *Debt (continued)*

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

	2021	2022	2023	2024	2025	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 107,325
Revolving term loan	31,000	-	-	-	-	-
Long term loans	1,091	1,118	1,145	1,172	1,201	12,602
General Capital Fund debt	3,267	3,291	3,205	3,117	3,023	9,376
Service Concession Arrangement	2,416	2,525	2,638	2,756	2,879	123,012
	$ 37,774	$ 6,934	$ 6,988	$ 7,045	$ 7,103	$ 252,315

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) For sinking fund securities issued, The City of Winnipeg Charter requires the City to make annual payments to the sinking fund. Sinking fund arrangements are managed in a separate fund by the City. The Winnipeg Transit System is currently paying between one to two percent on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) The Fund has a revolving term loan from the Bank of Nova Scotia for the purpose of financing the construction of Southwest Rapid Transit corridor to a maximum amount of $50.0 million. The credit facility bears interest at the bank's prime rate minus 1.05% per annum and is secured by a general security agreement. The loan is due June 30, 2021 but repayment can be made at any time. Interest is payable monthly. The balance at December 31, 2020 is $31.0 million (2019 - $31.0 million)

d) Service concession arrangement obligations are as follows:

	2020	2019
Plenary Roads Winnipeg Transitway LP	**$ 136,226**	$ 138,538

The City has entered into a fixed price contract with Plenary Roads Winnipeg Transitway LP, Plenary Roads Winnipeg Transitway GP Inc. and PCL BRT (Winnipeg) GP Inc. (together, “PRWT”) to design, build, finance, and maintain the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass. The contract was executed in June 2016 and terminates October 2049.

The project reached substantial completion October 2019 with total performance anticipated to be achieved late 2021. The total project costs are estimated to be $418.4 million and are to be financed through a Provincial government transfer of $162.65 million, a $139.1 million service concession arrangement obligation to PRWT, a payment of $92.85 million from Infrastructure Canada, sinking fund debentures of $14.0 million, and other cash consideration of $9.8 million.

5. Debt (continued)

As at December 31, 2020, $403.06 million was capitalized for assets completed and in use (Note 6). Monthly capital and interest performance-based payments totalling $8.35 million annually, for the service concession arrangement obligation, commenced in October 2019, commensurate with commissioning of the project and are payable to termination of the contract with PRWT.

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 estimated total project costs of $418.4 million project is 1.6%. Specifically, the sinking fund debt and service concession arrangement obligation to PRWT bear a combined weighted average interest rate of 4.2%.

The City will also make a monthly performance-based maintenance payment to PRWT as disclosed in Note 17.

e) Included in interest and finance charges expense is $330 thousand (2019 - $372 thousand) paid to the General Capital Fund.

f) Cash paid for interest during the year was $5.2 million (2019 - $4.7 million).

6. Tangible Capital Assets

	Net Book Value	
	2020	2019
Vehicles	**$ 163,472**	$ 157,602
Buildings	**108,001**	103,095
Land improvements	**19,158**	19,150
Land	**47,268**	47,532
Roads, bridges and tunnels	**436,384**	445,341
Other	**16,304**	12,187
Assets under construction	**13,705**	11,216
	$ 804,292	$ 796,123

For additional information, see the Schedule of Tangible Capital Assets (Schedule 1).
During the year there were no write-downs of tangible capital assets (2019 - $nil).
Interim financing changes capitalized during 2020 were $545 thousand (2019 - $1.40 million).

7. Inventory

	2020	2019
Parts and uniforms	**$ 7,825**	$ 7,887
Tickets, passes and other	**37**	20
	$ 7,862	$ 7,907

8. Accumulated Surplus

	2020	2019
Appropriated	**$ 19,592**	$ 8,257
Unappropriated	**11,978**	19,715
Retained earnings	**31,570**	27,972
Invested in tangible capital assets	**521,856**	520,538
	$ 553,426	$ 548,510

9. *Sale of Goods and Services*

	2020 Budget	2020 Actual	2019 Actual
Passenger Fares	**$ 92,313**	**$ 46,915**	$ 87,111
Advertising rights	**2,939**	**2,015**	2,926
Charter and other	**398**	**347**	481
	$ 95,650	**$ 49,277**	$ 90,518

10. *Government Transfers*

The Provincial Government provided transfers of $40.1 million (2019 - $40.1 million) towards the operation of the Transit System, $1.9 million (2019 - $1.9 million) as a local government support transfer and $2.1 million (2019 - $139.6 million) as a capital transfer.

The Federal Government provided a transfer of $32.3 million (2019 - $nil) as part of the Safe Restart Agreement intended to support public transit by providing funding to offset lost fare revenue and added operating costs as a result of COVID-19 and $4.9 million (2019 - $98.7 million) as a capital transfer.

11. *Operations*

	2020 Budget	2020 Actual	2019 Actual
Bus operators	**$ 76,325**	**$ 73,801**	$ 75,316
Inspectors	**6,363**	**5,583**	5,215
Operations administration	**2,259**	**1,764**	1,831
Instruction	**1,645**	**1,663**	1,492
	$ 86,592	**$ 82,811**	$ 83,854

12. *Plant and Equipment*

	2020 Budget	2020 Actual	2019 Actual
Vehicle maintenance and overhaul	**$ 29,549**	**$ 27,179**	$ 29,527
Bus servicing	**23,987**	**16,956**	21,737
Facilities maintenance	**8,243**	**7,709**	7,806
Maintenance administration	**3,633**	**3,529**	3,350
	$ 65,412	**$ 55,373**	$ 62,420

13. *Other Departmental*

	2020 Budget	2020 Actual	2019 Actual
Interest and finance charges	**$ 5,667**	**$ 5,558**	$ 5,146
Taxes	**3,287**	**3,164**	3,064
Insurance and claims	**2,400**	**1,965**	1,804
General government charges and other	**1,530**	**1,172**	1,357
Employee benefits	**986**	**430**	765
	$ 13,870	**$ 12,289**	$ 12,136

13. Other Departmental (continued)

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, 2020 is estimated at $6.8 million (2019 - $6.7 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, 2020 at $5.9 million (2019 - $6.2 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, 2020 at $5.9 million (2019 - $5.2 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 $9.2 million (2019 - $9.0 million).

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, $9.0 million (2019 - $9.0 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, 2019 and has an actuarial surplus.

b) General government charges

Included in general government charges and other is $809 thousand (2019 - $804 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 $309 thousand (2019 - $302 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 2020, realty and business taxes paid to the General Revenue Fund was $1,047 thousand (2019 - $937 thousand).

e) Insurance

During 2020 $475 thousand was transferred to the Insurance Reserve (2019 - $54 thousand).

f) 311 and business technology services

Included in expenses is $1.0 million (2019 - $1.0 million) that has been charged by the General Revenue Fund for services provided by various City departments.

14. *Expenses by Object*

		2020 Budget		2020 Actual		2019 Actual
Salaries and wages	**$**	**103,258**	**$**	**98,516**	$	98,955
Materials and supplies		**36,150**		**28,743**		33,867
Employee benefits		**19,937**		**19,373**		19,726
Services		**17,531**		**14,636**		16,851
Interest on debt		**5,526**		**5,496**		5,027
Taxes - municipal and payroll		**3,287**		**3,164**		3,064
Other		**2,534**		**2,017**		2,813
Insurance and transfer to Insurance Reserve		**2,690**		**2,712**		2,421
Recoveries		**(1,078)**		**(2,692)**		(2,077)
	$	**189,835**	**$**	**171,965**	$	180,647

15. *Transfers to Other Funds*

		2020 Budget		2020 Actual		2019 Actual
Transfer to SW Transit Payment Reserve	**$**	**9,095**	**$**	**9,095**	$	7,148
Transfer to Transit Bus Replacement Reserve		**-**		**-**		430
	$	**9,095**	**$**	**9,095**	$	7,578

16. *Net Surplus from Capital*

		2020 Budget		2020 Actual		2019 Actual
Revenues						
Transfer from Federal Gas Tax Reserve	**$**	**-**	**$**	**17,913**	**$**	3,452
Transfer from SW Rapid Transitway Pmt Reserve		**-**		**12,254**		1,786
Government of Canada capital transfers (Note 10)		**-**		**4,939**		98,685
Transfer from General Revenue Fund - principal repayment		**4,508**		**4,508**		4,379
Transfer from capital		**-**		**4,097**		6,545
Province of Manitoba capital transfers (Note 10)		**-**		**2,102**		139,602
Other		**-**		**243**		-
Transfer from Transit Bus Replacement Reserve		**-**		**190**		10,166
		4,508		**46,246**		264,615
Expenses						
Amortization		**4,508**		**35,320**		26,747
Interest		**-**		**6,038**		1,525
Work in process costs expensed in year		**-**		**3,500**		603
Loss on disposal of tangible capital assets		**-**		**292**		562
		4,508		**45,150**		29,437
	$	**-**	**$**	**1,096**	$	235,178

17. Commitments

Service concession arrangements

As disclosed in Note 5(d), Transit will pay a monthly performance-based maintenance payment to PRWT related to the South West Rapid Transitway (Stage 2) project. The monthly payment averaging $3.2 million annually is to be adjusted by CPI and is payable commencing October 2019 until the termination of the contract with PRWT in October 2049.

18. 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	$ 290,241	$ 118,149	$ 42,401
Add: Additions during the year	21,467	7,756	1,017
Less: Disposals during the year	(12,516)	-	-
Balance, end of year	299,192	125,905	43,418
Accumulated amortization			
Balance, beginning of year	(132,639)	(15,054)	(23,251)
Add: Amortization	(15,305)	(2,850)	(1,009)
Less: Accumulated amortization on disposal	12,224	-	-
Balance, end of year	(135,720)	(17,904)	(24,260)
Net Book Value of Tangible Capital Assets	$ 163,472	$ 108,001	$ 19,158

Schedule 1

Land	Roads, Bridges, and Tunnels	Other	Assets Under Construction	2020	2019
$ 47,532	$ 477,729	$ 41,725	$ 11,216	**$ 1,028,993**	$ 659,103
(264)	4,173	7,143	2,489	**43,781**	378,546
-	-	-	-	**(12,516)**	(8,656)
47,268	481,902	48,868	13,705	**1,060,258**	1,028,993
-	(32,388)	(29,538)	-	**(232,870)**	(214,217)
-	(13,130)	(3,026)	-	**(35,320)**	(26,747)
-	-	-	-	**12,224**	8,094
-	(45,518)	(32,564)	-	**(255,966)**	(232,870)
$ 47,268	$ 436,384	$ 16,304	$ 13,705	**$ 804,292**	$ 796,123

Photo: Oak Hammock Marsh, 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 stated 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 amended the rate from 8% to 12% of budgeted gross water sales. On March 20, 2019, as part of the 2019 budget adoption process, Council amended the rate from 12% to 11% of budgeted gross water sales.

The Waterworks System utility dividend was $14.3 million in 2020 (2019 - $13.9 million).

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2020	2019	2018	2017	2016
Water rate in dollars (per cu. metre)	**$ 1.86**	$ 1.82	$ 1.82	$ 1.78	$ 1.63
Annual water pumped (million litres)	**70,529**	71,883	71,330	69,005	69,096
Water pumped in litres per capita per day	**252**	257	255	252	260
Average daily water pumped (million litres per day)	**193**	197	195	189	189
Maximum day water pumping rates (million litres per day)	**254**	253	262	236	221
Maximum hour water pumping rates (million litres per day)	**383**	374	365	342	342
Kilometres of aqueduct	**174.5**	174.5	174.5	174.5	174.5
Kilometres of feeder mains	**151.5**	151.5	151.6	151.6	151.9
Kilometres of water mains	**2,691.6**	2,689.5	2,679.4	2,659.8	2,637.1
Number of hydrants	**23,107**	22,928	22,785	22,376	22,045
Number of billed services	**214,356**	212,403	210,490	208,008	205,759

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
ASSETS		
Current		
Cash	**$ 2**	$ 2
Accounts receivable (Note 3)	**28,640**	27,224
Due from General Revenue Fund (Note 4)	**12,434**	1,618
Inventories	**1,601**	1,629
Prepaid expenses	**2**	2
	42,679	30,475
Tangible capital assets (Note 5)	**992,520**	990,074
Deferred charges (Note 6)	**1,480**	1,572
	$ 1,036,679	$ 1,022,121
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 7,612**	$ 6,961
Current portion of long-term debt (Note 8)	**3,080**	3,073
	10,692	10,034
Long-term debt (Note 8)	**109,914**	115,005
	120,606	125,039
ACCUMULATED SURPLUS (Note 9)	**916,073**	897,082
	$ 1,036,679	$ 1,022,121

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)

	2020 Budget	2020 Actual	2019 Actual
REVENUES (Schedule 1)			
Sale of goods and services (Note 10)	**$ 129,871**	**$ 132,065**	$ 127,676
Interest	**2,111**	**2,169**	1,910
Government transfers and permits	**2,135**	**1,746**	2,227
Other	**316**	**552**	561
Total revenues	**134,433**	**136,532**	132,374
EXPENSES (Schedules 2 and 3)			
Water distribution	**48,439**	**45,495**	49,280
Debt and finance	**13,551**	**8,464**	8,473
Taxes, employee benefits and other (Note 11)	**7,128**	**7,718**	6,750
Engineering services	**4,131**	**3,835**	4,031
Finance and administration	**4,152**	**3,356**	3,701
Information systems and technology	**2,611**	**2,446**	2,730
Environmental standards	**1,679**	**1,512**	1,432
Customer services	**1,624**	**1,391**	1,512
Human resources	**1,082**	**947**	1,019
Total expenses from operations	**84,397**	**75,164**	78,928
Surplus for the year from operations	**50,036**	**61,368**	53,446
Transfers to other funds (Note 12)	**36,094**	**36,094**	32,862
Net surplus from operations after transfers to other funds	**13,942**	**25,275**	20,584
Net (deficit)/surplus from capital (Schedule 4)	**2,979**	**(6,283)**	4,420
NET SURPLUS FOR THE YEAR	**$ 16,921**	**18,991**	25,004
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**897,082**	872,078
ACCUMULATED SURPLUS, END OF YEAR		**$ 916,073**	$ 897,082

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 18,991**	$ 25,004
Non-cash items related to operations		
Amortization	**25,318**	25,083
Loss on disposal of tangible capital assets	**-**	12
Working capital from operations	**44,309**	50,099
Change in net working capital other than cash	**(730)**	1,296
	43,579	51,395
FINANCING		
Amortization of debenture discount	**92**	94
Debt retired	**(244)**	(237)
Due to/from General Revenue Fund	**(10,816)**	(11,802)
Interest on sinking fund	**(2,011)**	(1,802)
Payments to sinking fund	**(2,836)**	(2,836)
	(15,815)	(16,583)
INVESTING		
Purchase of tangible capital assets	**(27,764)**	(34,812)
Increase (decrease) in cash	**-**	-
CASH, BEGINNING OF YEAR	**2**	2
CASH, END OF YEAR	**$ 2**	$ 2

Subsequent event (Note 14)

See accompanying notes and schedules to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(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.

The Director of Water and Waste is the Fund Manager.

g) Water Meter Renewal Reserve

On January 30, 2020, City Council adopted a motion that a new Water Meter Renewal Reserve be approved to fund a program for the replacement and renewal of water meters with advanced water meters, which Reserve would be funded by customers through the Daily Basic Charge.

The Director of Water and Waste is the Fund Manager.

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. *Accounts Receivable*

	2020	2019
Water billings and other	**$ 29,040**	$ 27,624
Allowance for doubtful accounts	**(400)**	(400)
	$ 28,640	$ 27,224

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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

5. *Tangible Capital Assets*

	Net Book Value	
	2020	2019
Underground networks	**$ 670,444**	$ 662,384
Water pumping stations and reservoirs	**294,138**	300,438
Computer	**10,182**	6,213
Road and bridges	**9,350**	9,783
Buildings	**2,928**	3,032
Assets under construction	**2,065**	5,549
Land	**1,791**	1,791
Machinery and equipment	**1,622**	884
	$ 992,520	$ 990,074

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2020 and 2019 there were no write-downs of tangible capital assets, and interim financing charges capitalized during 2020 were $125 thousand (2019 - $75 thousand). In addition, underground networks contributed to the City and recorded in the Waterworks System Fund totaled $1.6 million in 2020 (2019 - $12.5 million) and were capitalized at their fair value at the time of receipt.

6. *Deferred Charges*

	2020	2019
Deferred debenture discount	**$ 1,480**	$ 1,572

7. *Accounts Payable and Accrued Liabilities*

	2020	2019
Accrued debenture interest	**$ 3,807**	$ 3,807
Other accrued liabilities	**1,901**	1,634
Trade accounts payable	**705**	633
Deferred revenue and other	**638**	747
Performance deposits (miscellaneous capital holdbacks)	**561**	140
	$ 7,612	$ 6,961

8. *Long Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2020**	2019
2006-2036	July 17	5.200	VZ	183/2004 and 72/2006	**$ 60,000**	$ 60,000
2008-2036	July 17	5.200	VZ	72/2006 B	**100,000**	100,000
					160,000	160,000
Equity in Sinking Funds (Note 8b)					**(48,242)**	(43,394)
Net sinking fund debentures outstanding					**111,758**	116,606

Other long-term debt outstanding

	2020	2019
Canada Mortgage and Housing Corporation ("CMHC") debt, maturity in 2025, interest rate of 3.35%	**1,236**	1,472
	112,994	118,078
Current portion of long-term debt	**(3,080)**	(3,073)
	$ 109,914	$ 115,005

Principal retirement on long-term debt over the next five years and thereafter is as follows:

	2021	2022	2023	2024	2025	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 160,000
CMHC	244	253	261	270	208	-
	$ 244	$ 253	$ 261	$ 270	$ 208	$ 160,000

8. *Long Term Debt (continued)*

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 $8.5 million (2019 - $8.5 million).

9. *Accumulated Surplus*

	2020	2019
Invested in tangible capital assets	**$ 879,526**	$ 872,009
Retained earnings	**36,547**	25,072
	$ 916,073	$ 897,081

10. *Revenue*

Effective March 1, 2020 the water rate was $1.86 per cubic metre (2019 - $1.82).

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 2020, tax paid to the General Revenue Fund was $3.2 million (2019 - $2.8 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, 2020 is $3.9 million (2019 - $3.2 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, 2020 is estimated at $1.5 million (2019 - $1.9 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, 2020 at $2.3 million (2019 - $2.3 million).

11. Taxes, Employee Benefits and Other (continued)

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, 2020 at $3.2 million (2019 - $3.3 million).

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 $3.7 million (2019 - $3.8 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, 2019 and has disclosed an actuarial surplus.

General government charges

Included in expenses is $1.1 million (2019 - $1.1 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 $977 thousand (2019 - $1.1 million) that has been charged by the Municipal Accommodations Fund for the rental of office space.

Insurance and damage claims

Included in expenses is $116 thousand credit (2019 - $224 thousand credit) from the City of Winnipeg Insurance Reserve.

12. Transfers to Other Funds

The Waterworks System transfers to other funds are as follows:

	2020	2019
Transfer to Water Main Renewal Reserve	**$ 19,500**	$ 19,000
Utility dividend transfer to General Revenue	**14,262**	13,862
Transfer to Water Meter Renewal Reserve	**2,332**	-
	$ 36,094	$ 32,862

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. In 2019 Council amended the rate from 12% to 11% of budgeted water sales.

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 financial statement presentation adopted for the current year.

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 1

REVENUES

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

	2020 Budget	2020 Actual	2019 Actual
Sale of goods and services			
Water sales	**$ 129,658**	**$ 131,844**	$ 127,380
Fire hydrant and other rentals	**145**	**161**	209
Sale of goods and services	**68**	**60**	87
	129,871	**132,065**	127,676
Interest			
Sinking Fund earnings	**2,011**	**2,011**	1,802
Capital construction interest	**120**	**125**	75
Interest	**(20)**	**33**	33
	2,111	**2,169**	1,910
Government transfers, permits and other			
Permits and fees	**1,350**	**979**	1,459
Provincial support transfer	**785**	**767**	768
	2,135	**1,746**	2,227
Other	**316**	**552**	561
Total revenues	**$ 134,433**	**$ 136,532**	$ 132,374

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Water treatment and distribution			
Water treatment plant	$ 20,211	$ 18,874	$ 19,522
Water main maintenance	20,282	18,674	21,707
General administration	2,445	2,475	2,532
Railway maintenance and operations	2,605	2,349	2,161
Emergency services	1,557	1,959	2,055
Stores - 552 Plinguet	506	459	642
Intake operation	585	459	415
Mechanical/civil/electrical maintenance allocation	165	158	165
Meter shop	83	88	81
	48,439	45,495	49,280
Corporate Division			
Debt and finance			
Long-term debt			
Interest	8,374	8,371	8,380
Finance charges	93	93	93
Amortization	5,084	-	-
	13,551	8,464	8,473
Taxes, employee benefits and other			
Property taxes	3,459	3,606	3,277
General government charges	1,083	1,083	1,078
Rent	977	977	1,059
Employee benefits	884	868	794
Provincial payroll tax	927	819	846
Insurance and damage claims	577	723	740
Other services	221	32	211
Transfer (from) to insurance reserve	-	(116)	(224)
Recoveries	(1,000)	(274)	(1,031)
	7,128	7,718	6,750

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Engineering services division			
Water planning	**1,381**	**1,316**	1,418
Design and construction	**560**	**632**	651
Drafting and graphics	**673**	**628**	561
Customer technical services	**424**	**354**	410
Administration	**415**	**344**	339
Asset management	**270**	**331**	251
Services development	**223**	**193**	178
Engineer designate support	**185**	**37**	223
	4,131	**3,835**	4,031
Finance and administration division			
Customer billing	**2,995**	**2,373**	2,634
Accounting services	**473**	**402**	493
Capital planning	**274**	**235**	230
Office of the Director	**163**	**160**	159
Rates and business analysis	**134**	**94**	94
Knowledge management	**113**	**92**	91
Plinguet operational support	**-**	**-**	-
	4,152	**3,356**	3,701
Information systems and technology division			
Support services	**1,044**	**1,085**	1,172
Major systems	**1,108**	**913**	1,132
Planning and design	**459**	**448**	426
	2,611	**2,446**	2,730
Environmental standards division			
Analytical services	**1,131**	**976**	907
Compliance	**391**	**372**	362
Administration	**157**	**164**	163
	1,679	**1,512**	1,432
Customer services division			
Customer relations	**1,128**	**976**	1,070
Administration	**307**	**269**	271
Communications	**189**	**146**	171
	1,624	**1,391**	1,512

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Human resources division			
Human resources	**521**	**468**	489
Timekeeping and payroll	**185**	**172**	186
Work place health and safety	**193**	**165**	221
Human resources training	**183**	**142**	123
	1,082	**947**	1,019
Total expenses from operations	**84,397**	**75,164**	78,928
Transfers to other funds (Note 12)			
Transfer to Water Main Renewal Reserve	**19,500**	**19,500**	19,000
Dividend transfer to General Revenue	**14,262**	**14,262**	13,862
Transfer to Water Meter Renewal Reserve	**2,332**	**2,332**	-
Total transfers to other funds	**36,094**	**36,094**	32,862
Total expenses	**$ 120,491**	**$ 111,258**	$ 111,790

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2020 Budget	2020 Actual	2019 Actual
Salaries	**$ 42,281**	**$ 38,183**	$ 39,391
Transfers	**38,160**	**38,045**	34,784
Goods and services	**38,066**	**35,330**	39,633
Interest on long-term debt	**8,467**	**8,463**	8,473
Employee benefits	**8,093**	**7,529**	7,572
Other expenses	**4,954**	**4,956**	4,787
Grants	**112**	**112**	124
Finance charges	**65**	**63**	59
Amortization/sinking fund	**5,084**	**-**	-
Recoveries	**(24,791)**	**(21,423)**	(23,033)
Total expenses	**$ 120,491**	**$ 111,258**	$ 111,790

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2020 Actual	2019 Actual
Revenues		
Transfers		
Water Main Renewal Reserve	**$ 14,736**	$ 15,394
Provincial and Federal Capital	**106**	735
General Capital	**-**	629
Sewage Disposal System	**2,754**	336
	17,596	17,094
Developer contributions-in-kind	**1,568**	12,494
Total revenue from capital	**19,164**	29,588
Expenses		
Amortization	**25,318**	25,083
Other expenses	**129**	85
Total expenses from capital	**25,447**	25,168
Net (deficit)/surplus from capital	**$ (6,283)**	$ 4,420

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	$ 1,791	$ 5,752	$ 10,153	$ 46,035
Add: Additions during the year	-	-	908	5,331
Adjustment relating to 2019	-	-	-	-
Less: Disposals during the year	-	-	-	-
Balance, end of year	1,791	5,752	11,061	51,366
Accumulated amortization				
Balance, beginning of year	-	2,719	9,269	39,822
Add: Amortization	-	105	170	1,362
Adjustment relating to 2019				
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	2,824	9,439	41,184
Net Book Value of Tangible Capital Assets	$ 1,791	$ 2,928	$ 1,622	$ 10,182

Schedule 5

Infrastructure				Totals	
Underground Networks	Roads and Bridges	Water Pumping Stations and Reservoirs	Assets Under Construction	**2020**	2019
$ 959,881	$ 11,021	$ 431,156	$ 5,548	**$ 1,471,337**	$ 1,442,339
23,061	4	1,943	(3,483)	**27,764**	34,812
12	-	-	-	**12**	-
(1,242)	-	-	-	**(1,242)**	(5,813)
981,712	11,025	433,099	2,065	**1,497,871**	1,471,338
297,497	1,238	130,718	-	**481,263**	461,982
15,001	437	8,243	-	**25,318**	25,083
12				**12**	-
(1,242)	-	-	-	**(1,242)**	(5,801)
311,268	1,675	138,961	-	**505,351**	481,264
$ 670,444	$ 9,350	$ 294,138	$ 2,065	**$ 992,520**	$ 990,074


Photo: City of Winnipeg

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 Land Drainage Fund, utility dividend and transfers to the Environmental Projects Reserve, Sewer System Rehabilitation Reserve and Water Meter Renewal 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 Sustainable Development 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, and solids management to be in compliance with the Environment Act. The WEWPCC upgrade is complete, SEWPCC is in progress. The remaining NEWPCC upgrade program is forecasted to cost $1.8 billion depending on market factors. 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 ongoing environmental programs and studies including a portion of the sewage collection and treatment system improvements as directed by the Province of Manitoba.

In 2013, a licence was issued under the Environment Act, which governs combined sewer overflows. The Combined Sewer Overflow (CSO) Master Plan was approved by the province November 13, 2019. The approved CSO Master Plan is a way forward to reduce combined sewer overflows. It balances environmental, economic, and social values and provides a responsible and reasonable approach to reducing combined sewer overflows. The CSO Master Plan is estimated to cost $2.3 billion.

The final SEWPCC upgrade construction contract was awarded in October 2017. The project is currently in the construction phase. The NEWPCC Upgrade consists of three projects: Power Supply & Headworks Facilities, Biosolids Facilities Project, and Nutrient Removal Facilities Project. In 2020, the NEWPCC Power Supply project was completed and procurement of the Headworks Design Build works commenced.

City Council approved The Utility Dividend Policy on March 22, 2011. The policy stated 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 amended the rate from 8% to 12% of budgeted gross water sales. On March 20, 2019, as part of the 2019 budget adoption process, Council amended the rate from 12% to 11% of budgeted gross water sales. The Sewage Disposal System dividend was $20.3 million in 2020 (2019 - $20.3 million).

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2020	2019	2018	2017	2016
Rate in dollars (per cubic meter)	**$ 2.81**	$ 2.80	$ 2.80	$ 2.55	$ 2.40
Annual sewage received (million litres)*	**86,395**	102,482	82,070	91,956	100,716
Daily sewage received (million litres)*	**236.0**	281.0	225.0	252.0	275.0
Kilometres of interceptor sewers**	**135.4**	135.4	134.3	133.3	139.7
Kilometres of combined sewers	**1,019.2**	1,019.8	1,020.5	1,021.0	1,020.7
Kilometres of wastewater sewers**	**1,519.4**	1,517.6	1,503.2	1,485.7	1,493.4
Number of lift stations ***	**75**	75	75	75	74
Number of billed sewer services	**214,252**	212,300	210,386	207,903	205,655

Note:
* Sewage received is dependent on both levels of precipitation and water conservation efforts.
** Net decrease in 2017 due to assets being retired.
*** Saint Boniface station came off warranty in 2017 as an additional lift station.

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
ASSETS		
Current		
Cash	**$ 1**	$ 1
Due from General Revenue Fund (Note 3)	**103,738**	40,062
Accounts receivable (Note 4)	**55,990**	51,767
Prepaid expenses	**210**	335
Inventory	**572**	282
	160,511	92,447
Long-term receivable	**3,920**	4,339
Tangible capital assets (Note 5)	**1,338,501**	1,301,861
	$ 1,502,932	$ 1,398,647
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 29,735**	$ 45,754
Current portion of long-term debt (Note 7)	**3,029**	1,848
	32,764	47,602
Other liabilities	**24,288**	2,206
Long-term debt (Note 7)	**156,634**	100,704
	213,686	150,512
ACCUMULATED SURPLUS (Note 9)	**1,289,246**	1,248,135
	$ 1,502,932	$ 1,398,647

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)

	2020 Budget	2020 Actual	2019 Actual
REVENUES (Schedule 1)			
Sewer services (Note 10)	**$ 184,769**	**$ 190,691**	$ 188,649
Government transfers, permits and other	**10,961**	**12,700**	10,953
Interest	**767**	**490**	1,448
Total revenues	**196,497**	**203,881**	201,050
EXPENSES (Schedules 2 and 3)			
Collection, interception and treatment	**51,816**	**49,577**	50,088
Taxes, employee benefits and other (Note 11)	**17,435**	**16,064**	16,038
Engineering services	**6,603**	**5,985**	6,662
Debt and finance	**7,461**	**4,299**	1,905
Finance and administration	**4,172**	**3,369**	3,708
Information systems and technology	**3,405**	**3,015**	3,266
Environmental standards	**3,116**	**2,798**	2,858
Customer services	**1,205**	**1,042**	1,224
Human resources	**991**	**867**	939
Office of Sustainability	**666**	**426**	-
Total expenses from operations	**96,870**	**87,442**	86,688
Surplus for the year from operations	**99,627**	**116,439**	114,362
Transfers to other funds (Note 12)	**67,098**	**66,661**	141,651
Net surplus (deficit) from operations after transfer to other funds	**32,529**	**49,778**	(27,289)
Net (deficit) surplus from capital (Schedule 4)	**-**	**(8,667)**	27,881
Net surplus for the year	**$ 32,529**	**41,111**	592
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**1,248,135**	1,247,543
ACCUMULATED SURPLUS, END OF YEAR		**$ 1,289,246**	$ 1,248,135

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 41,111**	$ 592
Non-cash items related to operations		
Amortization	**25,660**	24,625
Loss on disposal of tangible capital assets	**6**	102
Working capital from operations	**66,777**	25,319
Change in net working capital other than cash	**172**	28,518
	66,949	53,837
FINANCING		
Due from General Revenue Fund	**(63,676)**	32,039
Debt issued	**59,034**	80,000
	(4,642)	112,039
INVESTING		
Purchase of tangible capital assets	**(62,307)**	(165,876)
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 40 years
Information systems	5 to 10 years
Water and sewage plants and networks:	
Underground networks	50 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.

c) 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 or the tangible capital assets are acquired.

1. *Significant Accounting Policies (continued)*

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

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

e) 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. Since 2011, the Sewer System Rehabilitation Reserve Fund is funded through sewer rates.

The Director of the Water and Waste Department is the Fund Manager.

f) 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 2020 sewer rate includes a provision of 35 cents (2019 - 40 cents) per cubic meter of billed water consumption to be transferred from the Sewage Disposal System Fund to this Reserve.

The Director of the Water and Waste Department is the Fund Manager.

1. Significant Accounting Policies (continued)

g) Water Meter Renewal Reserve

On January 30, 2020, City Council adopted a motion that a new Water Meter Renewal Reserve be approved to fund a program for the replacement and renewal of water meters with advanced water meters, which Reserve would be funded by customers through the Daily Basic Charge.

The Director of the Water and Waste Department is the Fund Manager.

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

4. Accounts Receivable

	2020	2019
Trade Accounts	**$ 49,590**	$ 46,182
Government of Canada	**5,300**	4,485
Province of Manitoba	**1,100**	1,100
	$ 55,990	$ 51,767

5. Tangible Capital Assets

	Net Book Value	
	2020	2019
Land	**$ 2,375**	$ 1,422
Land improvement	**424**	506
Buildings	**307**	318
Equipment	**71**	89
Information technology	**1,132**	1,245
Underground networks	**751,792**	750,222
Sewage treatment plants and lift stations	**258,475**	262,716
Assets under construction	**323,925**	285,343
	$ 1,338,501	$ 1,301,861

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2020 there was no write-down of tangible capital assets. Interim financing charges capitalized during 2020 were $211 thousand (2019 - $406 thousand). In addition, underground networks contributed to the City and recorded in the Sewage Disposal System Fund totaled $2 million in 2020 (2019 - $16.2 million) and were capitalized at their fair value at the time of receipt.

6. Accounts Payable and Accrued Liabilities

	2020	2019
Trade accounts payable	**$ 27,411**	$ 43,777
Other accrued liabilities	**1,228**	986
Performance deposits	**564**	657
Accrued debenture interest	**532**	334
	$ 29,735	$ 45,754

7. Long-term Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	**Amount of Debt 2020**	Amount of Debt 2019
2016-2045	Jun. 1	3.303	WD4	5/2015	**$ 24,000**	$ 24,000
2019-2051	Nov. 15	2.667	WD6	219/07, 184/08 150/09 183/04, 150/19	**80,000**	80,000
2020-2051	Nov. 15	2.663	WD8	5/2015	**59,034**	-
					163,034	104,000
Equity in Sinking Fund (Note 7b)					**(3,371)**	(1,448)
Net Sinking fund debentures outstanding					**159,663**	102,552

7. Long-term Debt (continued)

Current portion of long-term debt	**(3,029)**	(1,848)
Net Long-Term Debt	**$ 156,634**	$ 100,704

Principal retirement on long-term debt over the next five years is as follows:

	2021	2022	2023	2024	2025	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 163,034

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

b) For sinking fund securities issued, The City of Winnipeg Charter requires the City to make annual payments to the sinking fund. Sinking fund arrangements are managed in a separate fund by the City. The City of Winnipeg Sewage Disposal System is currently paying between 2.663 to 3.303% 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 $4.2 million (2019 - $1.4 million).

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.

8. Commitment (continued)

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

Compensation to Veolia under the agreement includes the following components:
1. Reimbursement of Veolia's actual direct costs related to the Program ("Direct Costs");
2. An agreed upon margin percentage which is applied to Direct Costs of the Program. The quantum of the margin percentage is dependent on the nature of the cost ("Fee");
3. For operations and capital projections under the Program, a target cost 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, 2020, prepaid expenses include $210 thousand on account of the City's payment of Direct Costs related to the PGS (2019 - $335 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 become payable to Veolia. The fee amounts are recorded at the time fee payments become 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. Accumulated Surplus

	2020	2019
Invested in tangible capital assets	**$ 1,178,838**	$ 1,199,308
Retained earnings	**110,408**	48,827
	$ 1,289,246	$ 1,248,135

10. Sewer Services Revenue

The sewer rate for 2020 was $2.81 per cubic meter (2019 - $2.80). The Environmental Projects Reserve contribution for 2020 was 35 cents per cubic meter (2019 - 40 cents).

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. During 2020, realty taxes paid and transferred to the General Revenue Fund were $11.0 million (2019 - $11.3 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, 2020 is $1.7 million (2019 - $1.5 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, 2020 is estimated at $0.9 million (2019 - $0.9 million).

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, 2020 is estimated at $1.2 million (2019 - $1.2 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, 2020 at $1.3 million (2019 - $1.4 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 $1.8 million (2019 - $1.7 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, 2019 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 2020, this amounted to $0.9 million (2019 - $0.9 million) and was transferred to the General Revenue Fund.

Rent

Included in expenses is $1.1 million (2019 - $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 $15 thousand recoverable (2019 - $27 thousand recoverable) from the City of Winnipeg Insurance Reserve.

12. Transfers to Other Funds

The Sewage Disposal System transfers to other funds are as follows:

	2020	2019
Transfer to Environmental Projects Reserve	**$ 20,711**	$ 93,093
Utility dividend transfer to General Revenue Fund	**20,325**	20,350
Transfer to Sewer System Rehabilitation Reserve	**12,600**	18,000
Transfer to Land Drainage System - Capital	**5,180**	3,884
Transfer to Land Drainage System - Operating	**4,439**	6,324
Transfer to Water Meter Renewal Reserve	**2,332**	-
Transfer to General Capital Fund	**909**	-
Transfer to Commitment Reserve	**165**	-
	$ 66,661	$ 141,651

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 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.

14. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year presentation.

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM **Schedule 1**

REVENUES

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

	2020 Budget	2020 Actual	2019 Actual
Sewer services	**$ 184,769**	**$ 190,691**	$ 188,649
Government transfers, permits and other			
Industrial waste surcharges	**4,500**	**5,297**	5,138
Hauled waste	**4,850**	**4,523**	3,302
Permits and fees	**400**	**1,831**	1,346
Other	**718**	**644**	824
Provincial transfers	**493**	**405**	343
	10,961	**12,700**	10,953
Interest			
Interest	**500**	**204**	994
Capitalized	**150**	**211**	406
Sinking Fund earnings	**117**	**75**	48
	767	**490**	1,448
Total revenues	**$ 196,497**	**$ 203,881**	$ 201,050

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Collection, interception and treatment			
North end sewage treatment plant	**$ 15,672**	**$ 13,991**	$ 14,544
Local sewer	**6,506**	**6,256**	6,846
Sludge disposal	**5,904**	**6,632**	6,696
South end sewage treatment plant	**6,299**	**5,647**	4,779
Interception system	**3,722**	**4,292**	4,381
Mechanical maintenance	**3,139**	**3,037**	3,141
Administration	**3,214**	**2,860**	2,535
Electrical maintenance/instrumentation	**2,716**	**2,639**	2,590
West end sewage treatment plant	**2,405**	**2,102**	2,301
Civil maintenance	**1,253**	**1,208**	1,303
Process control	**986**	**913**	972
	51,816	**49,577**	50,088
Taxes, employee benefits and other			
Property taxes	**11,403**	**10,979**	11,316
Miscellaneous	**2,883**	**2,062**	2,528
Rent	**1,138**	**1,138**	1,154
General government charges	**936**	**936**	931
Insurance and claims	**610**	**610**	515
Employee benefits	**540**	**561**	402
Provincial payroll tax	**425**	**395**	390
Recoveries	**(500)**	**(617)**	(1,198)
	17,435	**16,064**	16,038
Engineering services			
Wastewater planning	**2,246**	**2,051**	1,952
Sewer connections	**1,100**	**1,119**	1,695
Design and construction	**688**	**632**	651
Drafting and graphic	**673**	**628**	561
Asset management	**495**	**556**	476
Customer technical services	**424**	**354**	410
Administrative services	**415**	**344**	340
Engineering services development	**223**	**193**	178
Engineer designate support	**289**	**58**	349
Land drainage and flood planning	**50**	**50**	50
	6,603	**5,985**	6,662

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Debt and finance			
Long-term debt interest	$ 4,848	$ 3,869	$ 1,345
Finance charges	2,613	430	560
	7,461	4,299	1,905
Finance and administration			
Customer accounts	2,995	2,378	2,635
Accounting services and administration	600	530	620
Capital planning	259	222	219
Rates / business analysis	211	152	147
Knowledge management	107	87	87
Plinguet operational support	-	-	-
	4,172	3,369	3,708
Information systems and technology			
Support services	1,668	1,487	1,606
Planning and design	1,108	914	1,076
Major systems	629	614	584
	3,405	3,015	3,266
Environmental standards			
Analysis	1,682	1,603	1,707
Industrial waste	1,131	907	867
Administration	173	164	163
Compliance	130	124	121
	3,116	2,798	2,858
Customer services			
Customer relations	1,128	976	1,070
Administration	35	34	116
Communications	42	32	38
	1,205	1,042	1,224
Human resources			
Human resources	477	429	451
Timekeeping and payroll	170	157	171
Workplace health and safety	177	151	203
Human resources training	167	130	114
	991	867	939
Office of Sustainability	666	426	-
Total expenses from operations	$ 96,870	$ 87,442	$ 86,688

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Transfers to other funds (Note 12)			
Transfer to Environmental Projects Reserve	**$ 17,050**	**$ 20,711**	$ 93,093
Utility dividend transfer to General Revenue Fund	**20,324**	**20,325**	20,350
Transfer to Sewer System Rehabilitation Reserve	**18,000**	**12,600**	18,000
Transfer to Land Drainage System - Operating	**5,180**	**5,180**	3,884
Transfer to Land Drainage System - Capital	**4,212**	**4,439**	6,324
Transfer to Water Meter Renewal Reserve	**2,332**	**2,332**	-
Transfer to General Capital Fund	**-**	**909**	-
Transfer to Commitment Reserve	**-**	**165**	-
	67,098	**66,661**	141,651
Total expenses	**$ 163,968**	**$ 154,103**	$ 228,339

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2020 Budget	2020 Actual	2019 Actual
Transfers to other funds	$ 67,098	$ 66,661	$ 141,651
Goods and services	54,295	49,983	52,397
Salaries	20,147	19,293	18,927
Other expenses	13,306	12,583	13,062
Employee benefits	3,811	3,640	3,430
Interest on long-term debt	4,853	3,870	1,345
Finance charges	2,608	430	560
Recoveries	(2,150)	(2,357)	(3,033)
Total expenses	$ 163,968	$ 154,103	$ 228,339

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2020 Actual	2019 Actual
Revenues		
Transfers		
Environmental Projects Reserve	**$ 22,488**	$ 35,117
Sewer System Rehabilitation Reserve	**15,651**	14,613
General Capital Fund	**1,706**	-
Provincial and Federal capital transfers	**815**	10,094
Transfer from other funds	**200**	-
	40,860	59,824
Developer contributions-in-kind	**2,047**	16,287
Total revenues from capital	**42,907**	76,111
Expenses		
Amortization	**25,660**	24,625
Transfer to Land Drainage System	**19,483**	21,159
Capital maintenance	**3,677**	2,011
Transfer to Waterworks System	**2,754**	337
Loss on disposal of tangible capital assets	**-**	98
Total expenses from capital	**51,574**	48,230
Net (deficit) surplus from capital	**$ (8,667)**	$ 27,881

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	$ 1,422	$ 806	$ 989	$ 526	$ 1,722
Add: Additions during the year	960	-	-	-	39
Less: Disposals during the year	(7)	-	-	-	-
Balance, end of year	2,375	806	989	526	1,761
Accumulated amortization					
Balance, beginning of year	-	301	671	437	477
Add: Amortization	-	81	11	18	152
Less: Accumulated amortization on disposals	-	-	-	-	-
Balance, end of year	-	382	682	455	629
Net Book Value of Tangible Capital Assets	$ 2,375	$ 424	$ 307	$ 71	$ 1,132

Schedule 5

Infrastructure			Totals	
Underground Networks	Sewage Treatment Plants and Lift Stations	Assets Under Construction	**2020**	2019
$ 1,161,302	$ 474,696	$ 285,343	**$ 1,926,806**	$ 1,761,632
18,152	4,574	38,582	**62,307**	165,876
(102)	-	-	**(109)**	(702)
1,179,352	479,270	323,925	**1,989,004**	1,926,806
411,080	211,980	-	**624,946**	600,919
16,583	8,815	-	**25,660**	24,625
(103)	-	-	**(103)**	(599)
427,560	220,795	-	**650,503**	624,945
$ 751,792	$ 258,475	$ 323,925	**$ 1,338,501**	$ 1,301,861

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

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 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 Landfill Rehabilitation Reserves.

Commercial landfill tipping continues to be split between the City of Winnipeg Brady Road Resource Management Facility (BRRMF) and two other privately operated class 1 landfills in the capital region. The commercial tipping fee is $81.00 per tonne (2019 - $79.00).

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. In 2020, a Residential Food Waste Pilot project was rolled out to approximately 4,000 homes. The pilot includes the distribution of green carts, kitchen containers and bags as well as weekly collection of food waste.

The revenues from the recycling programs are comprised of support payments received from the Multi Material Stewardship Manitoba and the sale of recyclables. In 2020, the City realized $16 million in revenue (2019 - $10.9 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.

Waste diversion initiatives are also funded through the waste diversion user fee. In 2020 this fee is $0.1781 per day (2019 - $0.1726). These monies are used in part to operate the 4R Winnipeg Depot program. The first depot location opened in 2016 at the Brady Road Resource Management Facility. The second depot location opened in 2017 at 1120 Pacific Ave. The third depot location opened in 2018 at 429 Panet Road.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

FIVE-YEAR REVIEW

December 31
(unaudited)

	2020	2019	2018	2017	2016
Solid Waste (tonnes)					
Single family residential	**138,420**	121,982	119,837	120,300	121,826
Multi-family and small commercial	**56,150**	52,068	52,204	51,909	52,454
Large commercial / industrial	**87,441**	90,276	86,601	91,591	91,544
Other (1)	**60,509**	52,252	71,438	88,891	95,018
Charitable organization	**2,426**	2,522	2,484	2,635	2,822
Total landfill tonnage	**344,946**	319,100	332,564	355,326	363,664
Residential small loads Brady 4R Depot Number of loads	**119,517**	93,090	82,722	69,658	80,439
Residential small loads Other 4R Depots (2) Number of loads	**131,646**	96,328	72,063	18,836	-
Compostable yard waste Total tonnage	**37,252**	31,525	33,041	28,528	34,123
Recyclables (tonnes)					
Blue cart	**45,694**	45,367	47,054	47,701	48,610
Depots/apartments	**5,317**	5,489	5,499	6,476	6,400
Total recyclables	**51,011**	50,856	52,553	54,177	55,010
Leachate removed Total kilolitres	**79,276**	49,687	39,541	53,930	65,360

(1) Includes tonnage for small loads on an estimated weight of 500kg per load entering the landfill for the years 2013-2015. In 2016, with the opening of the 4R Winnipeg Depot, all small loads were weighed.

(2) The 4R Winnipeg Depots are located at 1120 Pacific Avenue and 429 Panet Road. There is no garbage collection at these sites.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

STATEMENT OF FINANCIAL POSITION

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

	2020	2019
ASSETS		
Current		
Cash	**$ 193**	$ 116
Due from General Revenue Fund (Note 3)	**6,638**	2,840
Accounts receivable (Note 4)	**10,384**	11,638
	17,215	14,594
Tangible capital assets (Note 5)	**48,341**	46,168
	$ 65,556	$ 60,762
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 3,841**	$ 4,671
Current portion of long-term debt (Note 7 and 12)	**2,286**	2,437
	6,127	7,108
Long-term debt (Note 7 and 12)	**23,044**	25,354
	29,171	32,462
ACCUMULATED SURPLUS (Note 8)	**36,385**	28,300
	$ 65,556	$ 60,762

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)

	2020 Budget	2020 Actual	2019 Actual
REVENUES (Schedule 1)			
Sales of services and regulatory fees	**$ 41,997**	**$ 46,703**	$ 39,368
Government transfers and other	**4,650**	**4,969**	4,933
Interest	**213**	**114**	234
Total revenues	**46,860**	**51,786**	44,535
EXPENSES (Schedules 2 and 3)			
Solid waste operations	**46,723**	**42,718**	43,744
Debt and finance	**3,267**	**855**	902
Employee benefits, taxes and other (Note 9)	**645**	**585**	541
Total expenses from operations	**50,635**	**44,158**	45,187
Surplus (deficit) for the year from operations	**(3,775)**	**7,628**	(652)
Transfers to other funds (Note 10)	**302**	**345**	319
Surplus (deficit) from operations after transfers to other funds	**(4,077)**	**7,283**	(971)
Net surplus (deficit) from capital (Schedule 4)	**(2,256)**	**802**	(2,810)
Net surplus (deficit) for the year	**$ (6,333)**	**8,085**	(3,781)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**28,300**	32,081
ACCUMULATED SURPLUS, END OF YEAR		**$ 36,385**	$ 28,300

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus (deficit) for the year	**$ 8,085**	$ (3,781)
Non-cash items related to operations		
Amortization	**3,207**	3,052
Loss on disposal of tangible capital assets	**141**	-
Working capital from operations	**11,433**	(729)
Change in net working capital other than cash	**424**	(2,918)
	11,857	(3,647)
FINANCING		
Due from General Revenue Fund	**(3,798)**	4,943
Repayment of loan	**(2,199)**	(2,141)
Payments to The Sinking Fund for outstanding debt	**(237)**	(163)
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg ("The Sinking Fund")	**(25)**	(17)
Proceeds from loan	**-**	4,449
	(6,259)	7,071
INVESTING		
Purchase of tangible capital assets	**(5,521)**	(3,430)
Increase (decrease) in cash	**77**	(6)
Cash position, beginning of year	**116**	122
Cash position, end of year	**$ 193**	$ 116

See accompanying notes and schedules to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(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
Building and improvements	10 to 50 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) Landfill Rehabilitation Reserve

City Council on December 15th, 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.

On December 12th, 2017, Council approved to terminate the Brady Landfill Site Rehabilitation Reserve effective January 1, 2018 and replace with a new Landfill Rehabilitation Reserve in accordance with section 289 of the City of Winnipeg Charter. The purpose of the new reserve be to provide funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for all active and closed landfills maintained under the responsibility of the City.

The balance of funds in the Brady Landfill Site Rehabilitation Reserve were transferred to the new Landfill Rehabilitation Reserve effective January 1, 2018.

1. Significant Accounting Policies (continued)

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund. The transfer is based on $1.00 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 user fee.

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

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

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, third party grants and the waste diversion user fee. 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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada’s federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

4. *Accounts Receivable*

		2020		2019
Landfill tipping, recycling and waste diversion	**$**	**10,624**	$	11,878
Allowance for doubtful accounts		**(240)**		(240)
	$	**10,384**	$	11,638

5. *Tangible Capital Assets*

	Net Book Value			
		2020		2019
Land improvements	**$**	**28,693**	$	25,160
Building and improvements		**15,132**		15,730
Machinery and equipment		**3,186**		4,343
Land		**803**		541
Information technology		**324**		377
		48,138		46,151
Assets under construction		**203**		17
	$	**48,341**	$	46,168

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During the year, there were no write-downs of tangible capital assets (2019 - $nil).
Interim financing charges capitalized during 2020 were $23 thousand (2019 - $58 thousand).

6. *Accounts Payable and Accrued Liabilities*

		2020		2019
Waste Reduction and Recycling Support Levy	**$**	**1,791**	$	1,673
Trade accounts payable		**1,548**		2,674
Other accrued liabilities		**461**		283
Accrued debenture interest payable		**41**		41
	$	**3,841**	$	4,671

7. *Long-Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.		Amount of Debt **2020**		2019
2016-2045	June 1	3.303	WD4	5/2015	**$**	**8,637**	$	8,637
2019-2051	November 15	3.499	WC6	136/2016		**2,450**		2,450
2019-2051	November 15	2.667	WC7	133/2018		**1,999**		1,999
Equity in sinking fund (Note 7b)						**(783)**		(521)
Net Sinking Fund Debentures outstanding						**12,303**		12,565

7. *Long-Term Debt (continued)*

Other debt outstanding

TD Commercial Bank loan with a maturity date of April 24, 2035 and an interest rate of 3.09%	**$ 11,634**	$ 12,269
TD Commercial Bank loan with a maturity date of November 13, 2021 and an interest rate of 2.63%	**1,393**	2,957
	13,027	15,226
Total Debt Outstanding	**25,330**	27,791
Current portion of debentures (Note 12)	**(237)**	(237)
Current portion of loan	**(2,049)**	(2,200)
Current Portion of Debt	**(2,286)**	(2,437)
Long-term Debt (Note 12)	**$ 23,044**	$ 25,354

Principal retirement on long-term debt over the next five years and thereafter is as follows:

	2021	2022	2023	2024	2025	2026 and Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 13,086
Other debt	2,049	677	698	719	742	8,142
	$ 2,049	$ 677	$ 698	$ 719	$ 742	$ 21,228

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) For sinking fund securities issued, The City of Winnipeg Charter requires the City to make annual payments to the sinking fund. Sinking fund arrangements are managed in a separate fund by the City. The City of Winnipeg Solid Waste Disposal System is currently paying between two to four 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 $0.9 million (2019 - $0.9 million).

8. *Accumulated Surplus*

	2020	2019
Invested in tangible capital assets	**$ 23,012**	$ 18,377
Retained earnings	**13,373**	9,923
	$ 36,385	$ 28,300

9. *Employee Benefits, Taxes and Other*

Property taxes

Property taxes represent full taxes paid to The City of Winnipeg General Revenue Fund. In 2020, the amount incurred was $58 thousand (2019 - $57 thousand).

9. *Employee Benefits, Taxes 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, 2020 is $386 thousand (2019 - $360 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, 2020 is estimated at $919 thousand (2019 - $791 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, 2020 at $270 thousand (2019 - $228 thousand).

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, 2020 at $208 thousand (2020 - $228 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 2020, $455 thousand (2019 - $446 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, 2019 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 2020 this amounted to $140 thousand (2019 - $139 thousand) and was transferred to the General Revenue Fund.

Rent

Included in various expense categories is an amount of $205 thousand (2019 - $176 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

10. *Transfers to Other Funds*

	2020	2019
Transfer to Landfill Rehabilitation Reserve	**$ 345**	$ 319

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.

12. *Comparative Figures*

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 1

REVENUES

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

	2020 Budget	2020 Actual	2019 Actual
Sales of services and regulatory fees			
Recycling	$ 14,064	$ 16,009	$ 10,911
Landfill tipping fees	13,857	15,776	14,764
Waste diversion user fee	12,929	13,375	12,431
Small load fees	1,147	1,543	1,262
	41,997	46,703	39,368
Government transfers and other			
Waste reduction support	4,210	4,515	4,800
Provincial support	440	454	133
	4,650	4,969	4,933
Interest			
Late payment charges and returned payments	97	62	102
Sinking fund earnings	26	25	17
Interest capitalized	90	23	58
Interest	-	4	57
	213	114	234
Total revenues	$ 46,860	$ 51,786	$ 44,535

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Solid waste operations			
Recycling	**$ 22,500**	**$ 22,103**	$ 23,152
Waste minimization	**10,965**	**8,936**	9,170
Brady Road Resource Management Facility	**9,942**	**8,405**	8,557
Landfill and environmental	**2,202**	**2,140**	1,833
Support services	**887**	**734**	843
Administration	**227**	**400**	189
	46,723	**42,718**	43,744
Debt and finance			
Interest on long-term debt	**839**	**855**	871
Amortization	**2,428**	**-**	-
Debenture Issue Expense	**-**	**-**	31
	3,267	**855**	902
Employee benefits, taxes and other			
Employee benefits	**306**	**241**	196
General government charges	**140**	**140**	139
Provincial payroll tax	**119**	**123**	129
Property taxes	**58**	**58**	57
Insurance and damage claims	**20**	**20**	17
Other	**2**	**3**	3
	645	**585**	541
Total Expenses from Operations	**50,635**	**44,158**	45,187
Transfers to other funds (Note 10)			
Transfer to Landfill Rehabilitation Reserve	**302**	**345**	319
Total expenses	**$ 50,937**	**$ 44,503**	$ 45,506

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 3

EXPENSES BY OBJECT

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

	2020 Budget	**2020 Actual**	2019 Actual
Goods and services	**$ 40,031**	**$ 36,708**	$ 37,726
Salaries	**5,525**	**4,891**	4,987
Employee benefits	**1,201**	**1,033**	1,024
Interest on long-term debt	**3,267**	**855**	902
Transfers	**302**	**345**	319
Finance charges	**166**	**145**	126
Recoveries	**(295)**	**(232)**	(191)
Other expenses	**740**	**758**	613
Total expenses	**$ 50,937**	**$ 44,503**	$ 45,506

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 4

SURPLUS (DEFICIT) FROM CAPITAL

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

	2020 Actual	2019 Actual
Revenues		
Transfer from Landfill Rehabilitation Reserve Fund	**$ 3,392**	$ 316
Provincial Support	**658**	-
Transfer from Waste Diversion Reserve Fund	**487**	34
Other Revenue	**20**	-
Proceeds from sale of assets	**13**	-
Total revenues from capital	**4,570**	350
Expenses		
Amortization	**3,207**	3,052
Capital studies and other equipment	**548**	98
Capital maintenance	**13**	10
Total expenses from capital	**3,768**	3,160
Net surplus (deficit) from capital	**$ 802**	$ (2,810)

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	$ 33,892	$ 18,222	$ 13,859
Add: Additions (completions) during the year	270	4,887	125	53
Less: Disposals during the year	(8)	-	(36)	(210)
Balance, end of year	803	38,779	18,311	13,702
Accumulated amortization				
Balance, beginning of year	-	8,732	2,492	9,516
Add: Amortization	-	1,354	723	1,077
Less: Accumulated amortization on disposals	-	-	(36)	(77)
Balance, end of year	-	10,086	3,179	10,516
Net Book Value of Tangible Capital Assets	$ 803	$ 28,693	$ 15,132	$ 3,186

Schedule 5

		Totals	
Information Technology	**Assets Under Construction**	**2020**	2019
$ 625	**$ 17**	**$ 67,156**	$ 63,726
-	**186**	**5,521**	3,430
-	**-**	**(254)**	-
625	**203**	**72,423**	67,156
248	**-**	**20,988**	17,936
53	**-**	**3,207**	3,052
-	**-**	**(113)**	-
301	**-**	**24,082**	20,988
$ 324	**$ 203**	**$ 48,341**	$ 46,168

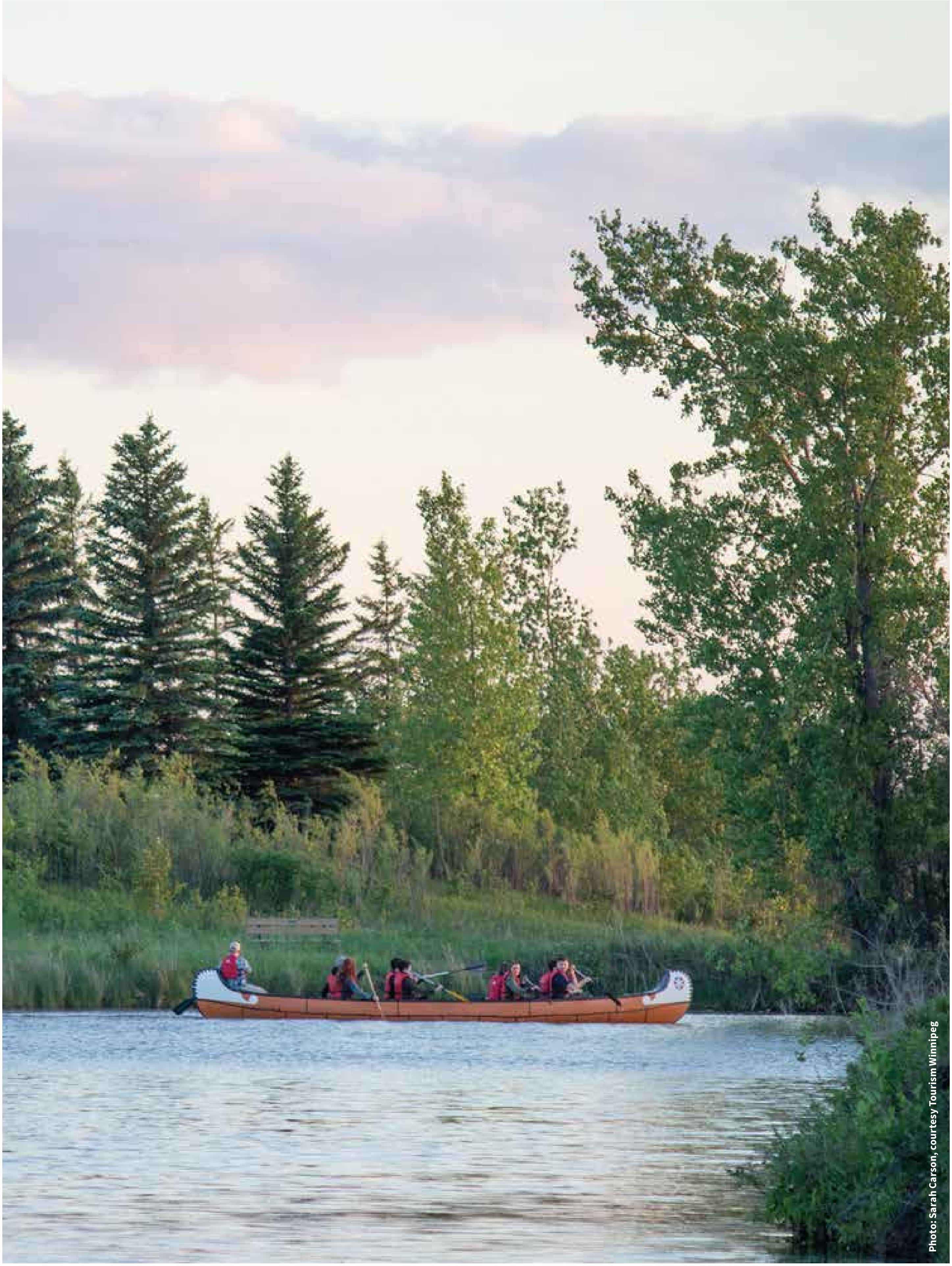


Photo: Sarah Carson, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
LAND DRAINAGE 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.

Prior to 2012, land drainage costs were accounted for and funded through the mill rate tax-supported budget. Since 2012, land drainage operating and capital programs, including debt servicing, have been fully funded by a transfer from the Sewage Disposal Fund, utilizing a portion of the sewer rate. Effective January 1, 2018, in order to facilitate transparency and account for utility funded operating and capital costs separate from that of tax supported, a new Fund was established for the Land Drainage System. The fund does not have employees or sales revenues and is entirely funded by the Sewage Disposal System.

The objective of the Land Drainage System is to provide property owners with storm and flood water control in order to prevent flood damage to property. The Land Drainage System monitors riverbank conditions including undertaking stabilization and erosion protection along city owned riverbank lands. The Land Drainage System budget provides funding for wastewater flood pumps, wastewater storm retention and local land drainage maintenance.

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

Collector network:	**2020**	2019	2018	2017	2016
Number of stormwater retention basins	**105**	101	102	92	86
Number of permanent of flood pumping stations	**31**	31	31	31	31
Number of stormwater retention basin pumping stations	**5**	5	5	5	5
Kilometers of land drainage sewer mains	**1,263**	1,260	1,243	1,218	1,206
Kilometers of storm relief mains	**184**	183	184	188	188
Peak river elevations (>8.5 feet) - spring	**18.95**	18.33	15.67	19.31	16.5
Peak river elevations (>8.5 feet) - summer	**14.48**	12.53	7.61	7.15	12.1
Meters of city owned riverbank protected (1) annually	**-**	-	150	70	360
Number of waterway permits issued	**145**	123	136	116	128

Note:

1 The 2020 Capital Budget of $500,000 for Riverbank Stabilization-Physical Asset Protection was allocated to the Wellington Crescent Riverbank, Path and Roadway Project, which is being constructed in 2021.

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

STATEMENT OF FINANCIAL POSITION

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

		2020		2019
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$**	**18,690**	$	16,437
Accounts receivable		**1,256**		-
		19,946		16,437
Long-term receivable		**1,849**		3,219
Tangible capital assets (Note 4)		**905,389**		894,869
	$	**927,184**	$	914,525
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 5)	**$**	**18,609**	$	16,951
Current portion of long-term debt (Note 6)		**266**		259
		18,875		17,210
Long-term debt (Note 6)		**1,753**		2,019
		20,628		19,229
ACCUMULATED SURPLUS (Note 7)		**906,556**		895,296
	$	**927,184**	$	914,525

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2020 Budget	2020 Actual	2019 Actual
REVENUES (Schedule 1)			
Transfer from Sewage Disposal (Note 8)	**$ 4,658**	$ **4,439**	$ 3,884
Government transfers, permits and other	**300**	**433**	311
Interest	**-**	**59**	156
Total revenues	**4,958**	**4,931**	4,351
EXPENSES (Schedules 2 and 3)			
Flood pumping stations	**1,981**	**2,310**	1,774
Storm water retention	**1,174**	**1,189**	1,000
Support services allocation, debt and finance	**986**	**833**	902
Local land drainage maintenance	**446**	**474**	528
Debt and finance	**320**	**62**	91
Lot grades	**51**	**50**	50
Flood costs	**-**	**13**	6
Total expenses from operations	**4,958**	**4,931**	4,351
Surplus for the year from operations	**-**	**-**	-
Transfers to other funds (Note 12)	**-**	**-**	-
Net surplus from operations after transfer to other funds	**-**	**-**	-
Net surplus from capital (Schedule 4)	**-**	**11,260**	34,570
Net surplus for the year	**$ -**	**11,260**	34,570
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**895,296**	860,726
ACCUMULATED SURPLUS, END OF YEAR		$ **906,556**	$ 895,296

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

STATEMENT OF CASH FLOWS

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

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 11,260**	$ 34,570
Non-cash items related to operations		
Amortization	**19,442**	18,687
Working capital from operations	**30,702**	53,257
Change in net working capital other than cash	**143**	4,723
	30,845	57,980
FINANCING		
Due from General Revenue Fund	**(2,253)**	(6,899)
Proceeds from loan	**1,370**	6,313
	(883)	(586)
INVESTING		
Purchase of tangible capital assets	**(29,962)**	(57,394)
	(29,962)	(57,394)
CASH, BEGINNING OF YEAR	**-**	-
CASH, END OF YEAR	**$ -**	$ -

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(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 exceptions:

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.

c) 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.

2. *Status of the Land Drainage System*

Land Drainage System Utility fund was created in 2018. The Utility is primarily funded by the Sewage Disposal System which provides financing for the flood pumping stations, storm water retention, support services allocation, debt and finance, local land drainage maintenance, and lot grades. The purpose of the Fund is to provide a structure to measure financial performance and accommodate long-term financial planning for the City's land drainage system.

2. Status of the Land Drainage System (continued)

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. Due from other City of Winnipeg Funds

a) 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, 2020 effective interest rate was 0.2% (2019 1.6%)

b) General Capital Fund - capital loan receivable

The receivable funds capital projects owed to the Water and Waste Department to be refunded as capital costs are incurred. In prior years, funds from the Sewage Disposal Fund were transferred to mill rate supported General Capital Fund, to be used to fund the Land Drainage System budgeted capital projects. Now that the Land Drainage System is no longer part of the General Capital Fund, the unused funding is to be refunded to the Land Drainage System as capital costs are incurred. This will be treated as a loan between the General Capital Fund and the Land Drainage System.

4. Tangible Capital Assets

	Net Book Value	
	2020	2019
Land	**$ 881**	$ 881
Land improvement	**250**	293
Information technology	**1,420**	1,692
Underground networks	**886,633**	876,344
Sewage treatment plants and lift stations	**16,170**	15,635
Assets under construction	**35**	24
	$ 905,389	$ 894,869

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

Underground networks contributed to the City and recorded in the Land Drainage System Fund totaled $2.9 million ($26.0 million in 2019) and were capitalized at their fair value at the time of receipt.

5. *Accounts Payable and Accrued Liabilities*

		2020		2019
Deferred revenue and other	$	**13,574**	$	12,875
Performance deposits		**3,871**		3,883
Trade accounts payable		**1,164**		193
	$	**18,609**	$	16,951

6. *Long-term Debt*

		2020		2019
Other debt outstanding				
TD Commercial Bank loan with a maturity date of December 22, 2027 and an interest rate of 2.87%	**$**	**2,019**	$	2,278
Total Debt Outstanding		**2,019**		2,278
Current portion of debentures		**-**		-
Current portion of long-term debt		**(266)**		(259)
Current Portion of Debt		**(266)**		(259)
Net Long-Term Debt	**$**	**1,753**	$	2,019

Principal retirement on long-term debt over the next five years and thereafter is as follows:

	2021	2022	2023	2024	2025	Thereafter
Other debt	$ 266	$ 273	$ 281	$ 287	$ 299	$ 613

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

b) Cash paid for interest during the year was $0.06 million,($0.09 million in 2019).

7. *Accumulated Surplus*

		2020		2019
Invested in tangible capital assets	**$**	**906,514**	$	895,830
Retained earnings		**42**		(534)
	$	**906,556**	$	895,296

8. *Land Drainage Revenue*

The Land Drainage System is fully funded by Sewage Disposal System.

9. Taxes, Employee Benefits and Other

Employee benefits

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 Land Drainage utility does not have employees therefore no unrecorded liability at December 31, 2020.

Insurance and damage claims

Included in expenses is $10.6 thousand ($9.6 thousand in 2019) recovered from the City of Winnipeg Insurance Reserve.

10. 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 Land Drainage 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.

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 1

REVENUES

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

	2020 Budget	2020 Actual	2019 Actual
Transfer from Sewage Disposal System	**$ 4,658**	**$ 4,439**	$ 3,884
Government transfers, permits and other			
Building lot grade permits	**300**	**279**	311
Provincial grants -other	**-**	**154**	-
	300	**433**	311
Interest	**-**	**59**	156
Total revenues	**$ 4,958**	**$ 4,931**	$ 4,351

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 2

EXPENSES

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

	2020 Budget	2020 Actual	2019 Actual
Collection, interception and treatment			
Local land drainage maintenance	**$ 1,981**	**$ 2,310**	$ 1,774
Support services allocation, debt and finance	**1,174**	**1,189**	1,000
Flood pumping stations	**986**	**833**	902
Storm water retention	**446**	**474**	528
Lot grades	**51**	**50**	50
Flood costs	**-**	**13**	6
	4,638	**4,869**	4,260
Debt and finance			
Principal	**258**	**-**	-
Long-term debt interest	**62**	**62**	90
Finance charges	**-**	**-**	1
	320	**62**	91
Total expenses from operations	**$ 4,958**	**$ 4,931**	$ 4,351

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2020 Budget	**2020 Actual**	2019 Actual
Goods and services	**$ 4,636**	**$ 4,877**	$ 4,267
Interest on long-term debt	**62**	**62**	90
Salaries	**2**	**3**	3
Finance charges	**-**	**-**	1
Amortization/sinking fund	**258**	**-**	-
Other expenses	**-**	**(11)**	(10)
Total expenses	**$ 4,958**	**$ 4,931**	$ 4,351

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2020 Actual	2019 Actual
Revenues		
Transfer from Sewage Disposal System	**$ 24,663**	$ 28,510
Transfer utility capital - allocated	**4,781**	1,010
Transfer from General Capital Fund	**2,282**	4,079
Transfer utility capital - unallocated	**(4,980)**	(6,324)
	26,746	27,275
Developer contributions-in-kind	**2,903**	26,004
Provincial capital grants	**1,256**	-
	4,159	26,004
Total revenues from capital	**30,905**	53,279
Expenses		
Amortization	**19,442**	18,687
Transfer to Sewage Disposal System	**200**	-
Contracts Construction & Maintenance (WIP Expense)	**3**	22
Total expenses from capital	**19,645**	18,709
Net surplus from capital	**$ 11,260**	$ 34,570

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	General		
	Land	**Land Improvements**	**Information Technology**
Cost			
Balance, beginning of year	$ **881**	$ **439**	$ **5,217**
Add: Additions during the year	**-**	**1**	**-**
Less: Disposals during the year	**-**	**-**	**-**
Balance, end of year	**881**	**440**	**5,217**
Accumulated amortization			
Balance, beginning of year	**-**	**146**	**3,524**
Add: Amortization	**-**	**44**	**273**
Less: Accumulated amortization on disposals	**-**	**-**	**-**
Balance, end of year	**-**	**190**	**3,797**
Net Book Value of Tangible Capital Assets	$ **881**	**$ 250**	**$ 1,420**

Schedule 5

Infrastructure			Totals	
Underground Networks	**Lift Stations**	**Assets Under Construction**	**2020**	2019
$ 1,371,698	**$ 24,538**	**$ 24**	**$ 1,402,797**	$ 1,345,403
28,977	**973**	**11**	**29,962**	57,394
-	**-**	**-**	**-**	-
1,400,675	**25,511**	**35**	**1,432,759**	1,402,797
495,354	**8,904**	**-**	**507,928**	489,241
18,688	**437**	**-**	**19,442**	18,687
-	**-**	**-**	**-**	-
514,042	**9,341**	**-**	**527,370**	507,928
$ 886,633	**$ 16,170**	**$ 35**	**$ 905,389**	$ 894,869

Photo: Ian Carter, courtesy Tourism Winnipeg

2020 Special Operating Agencies

Detailed Financial Statements

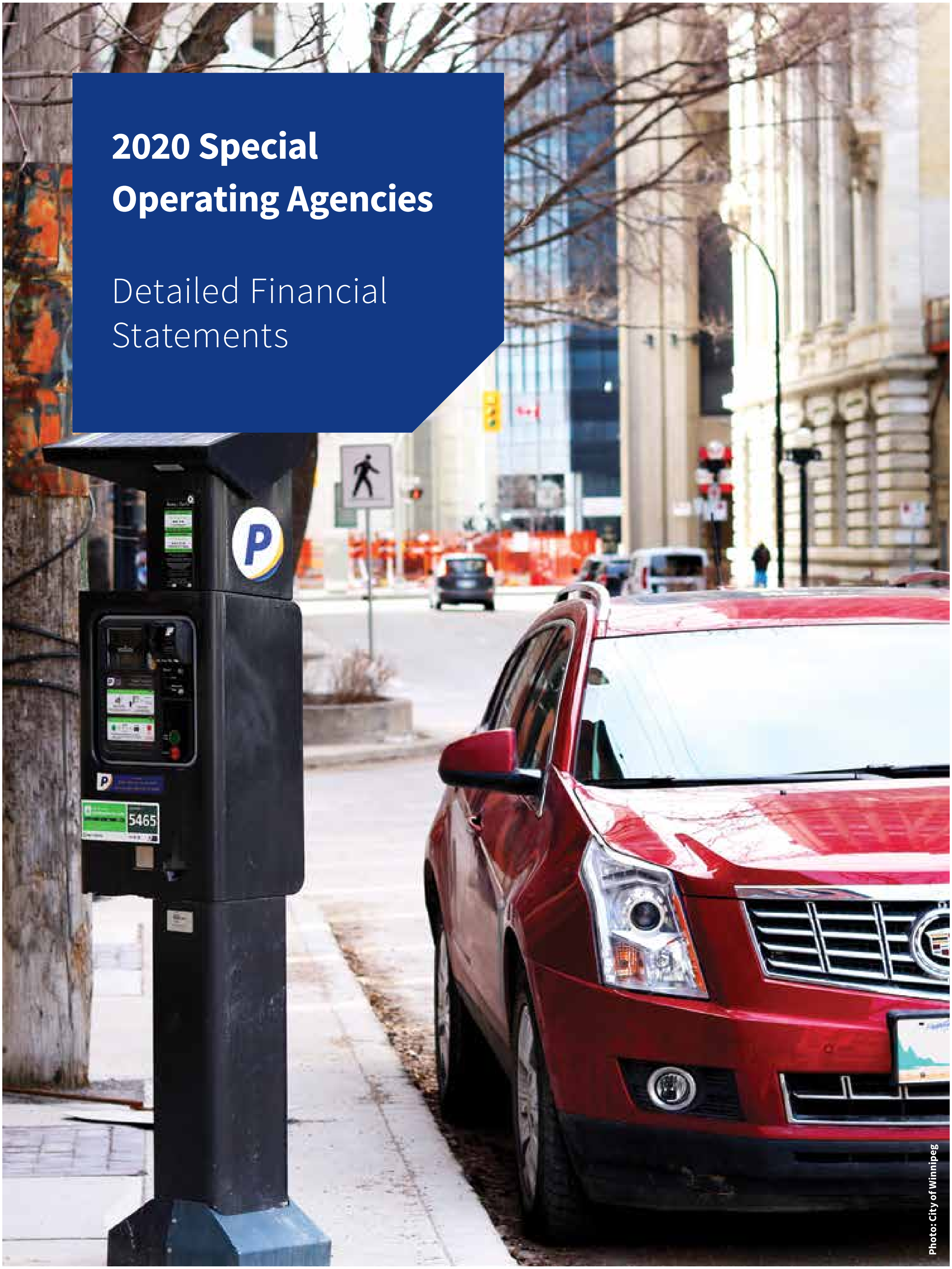


Photo: City of Winnipeg

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION
As at December 31

	2020	2019
FINANCIAL ASSETS		
Cash	**$ 17,182**	$ 17,699
Due from the City of Winnipeg - General Revenue Fund (Note 3)	**2,956,942**	2,907,708
	2,974,124	2,925,407
LIABILITIES		
Accounts payable and accrued liabilities	**229,460**	293,104
Deferred revenue	**1,570,551**	1,458,596
Vacation and overtime payable	**103,611**	99,187
Retirement allowances and compensated absences (Note 4a)	**155,000**	141,000
	2,058,622	1,991,887
NET FINANCIAL ASSETS	**915,502**	933,520
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	**4,795**	11,644
ACCUMULATED SURPLUS (Note 6)	**$ 920,297**	$ 945,164

Commitments (Note 7)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the years ended December 31

	Budget 2020	Actual 2020	Actual 2019
REVENUES			
Regulation fees	**$ 2,404,808**	**$ 2,380,647**	$ 2,364,895
Transfer (Note 8)	**771,219**	**771,219**	771,219
Sales of goods and services	**67,300**	**72,326**	90,947
Government transfers	**27,259**	**27,992**	27,234
Other revenue	**126,000**	**172,733**	198,823
Total Revenues	**3,396,586**	**3,424,917**	3,453,118
EXPENSES			
Salaries and employee benefits	**2,000,498**	**1,698,779**	1,754,594
Grants, transfers and other	**842,893**	**835,495**	868,019
Services (Note 9)	**298,140**	**254,813**	300,114
Administrative expenses (Note 9)	**226,364**	**226,364**	256,004
Rent (Note 9)	**205,167**	**205,167**	205,167
Materials, parts and supplies	**131,910**	**152,979**	162,547
Debt and finance charges	**38,602**	**47,724**	38,898
Assets and purchases	**9,229**	**21,614**	38,842
Amortization	**7,000**	**6,849**	13,530
Total Expenses	**3,759,803**	**3,449,784**	3,637,715
Deficiency of Revenues Over Expenses	**$ (363,217)**	**(24,867)**	(184,597)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**945,164**	1,129,761
ACCUMULATED SURPLUS, END OF YEAR (Note 6)		**$ 920,297**	$ 945,164

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

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:

	2020	2019
OPERATING		
Deficiency of revenues over expenses	**$ (24,867)**	$ (184,597)
Non-cash charges to operations		
Amortization	**6,849**	13,530
Retirement allowances and compensated absences	**14,000**	12,000
	(4,018)	(159,067)
Net change in non-cash working capital balances related to operations	**52,735**	153,793
Cash (used in) provided by operating activities	**48,717**	(5,274)
FINANCING		
Change in due from The City of Winnipeg - General Revenue Fund	**(49,234)**	14,507
Increase (decrease) in cash	**(517)**	9,233
CASH, BEGINNING OF YEAR	**17,699**	8,466
CASH, END OF YEAR	**$ 17,182**	$ 17,699

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the years ended December 31

	Budget 2020	Actual 2020	Actual 2019
Deficiency of Revenues Over Expenses	**$ (363,217)**	**$ (24,867)**	$ (184,597)
Amortization of tangible capital assets	**7,000**	**6,849**	13,530
DECREASE IN NET FINANCIAL *ASSETS*	**(356,217)**	**(18,018)**	(171,067)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**933,520**	**933,520**	1,104,587
NET FINANCIAL ASSETS, END OF YEAR	**$ 577,303**	**$ 915,502**	$ 933,520

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Agency and as at December 31, 2020, the Agency did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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.

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%

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. *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. Consequently, the Agency 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 charged or credited based on the City's average short-term earnings (cost of funds) on the single bank account. The December 31, 2020 effective interest rate was 0.2% (2019 - 1.60%).

4. *Employee Benefits*

a) Retirement allowances and compensated absences

	2020	2019
Retirement allowances - accrued benefit liability	**$ 91,000**	$ 85,000
Compensated absences	**64,000**	56,000
	$ 155,000	$ 141,000

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 19 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, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2020 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.

4. *Employee Benefits (continued)*

Information about the Agency's retirement allowance benefit plan and compensated absences is as follows:

	2020		2019	
	Retirement allowances	**Compensated absences**	Retirement allowances	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 52,000**	**$ 74,000**	$ 48,000	$ 64,000
Current service cost	**5,000**	**11,000**	5,000	10,000
Interest cost	**1,000**	**2,000**	2,000	2,000
Benefit payments	**-**	**(7,000)**	-	(7,000)
Net actuarial (gain) loss	**(17,000)**	**(19,000)**	(3,000)	5,000
Balance, end of year	**41,000**	**61,000**	52,000	74,000
Unamortized net actuarial (gain) loss	**50,000**	**3,000**	33,000	(18,000)
Accrued benefit liability	**$ 91,000**	**$ 64,000**	$ 85,000	$ 56,000
Benefit expenses:				
Current service cost	**$ 5,000**	**$ 11,000**	$ 5,000	$ 10,000
Interest cost	**1,000**	**2,000**	2,000	2,000
Amortization of net actuarial (gain) loss	**-**	**2,000**	1,000	(1,000)
	$ 6,000	**$ 15,000**	$ 8,000	$ 11,000
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 85,000**	**$ 56,000**	$ 77,000	$ 52,000
Benefit expense	**6,000**	**15,000**	8,000	11,000
Benefit payments	**-**	**(7,000)**	-	(7,000)
Balance, end of year	**$ 91,000**	**$ 64,000**	$ 85,000	$ 56,000

The significant actuarial assumptions adopted in measuring the accrued benefit liability for the year ended December 31 are as follows:

	2020	2019
Valuation interest rate	**1.80%**	2.60%
General increases in pay	**2.50%**	2.50%
Expected average remaining service life	**19 years**	18.6 years

b) Pensions

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 $133,374 (2019 - $136,387) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2019 and has disclosed an actuarial surplus.

5. Tangible Capital Assets

		Net Book Value		
		2020		2019
Computer equipment	**$**	**4,795**	$	11,644

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

6. Accumulated Surplus

		Actual 2020		Actual 2019
Invested in tangible capital assets	**$**	**4,795**	$	11,644
Operating		**915,502**		933,520
	$	**920,297**	$	945,164

7. Commitments

The Agency and the Winnipeg Humane Society entered into a contract effective January 1, 2019 to December 31, 2021. 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 $652,273 per year.

8. Transfer from The City of Winnipeg

The transfers from the City of Winnipeg over the past five years are as follows:

2016	1,378,836
2017	1,319,574
2018	1,295,396
2019	771,219
2020	771,219

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:

Included in the Agency's expenditures is a transfer to The City of Winnipeg Municipal Accommodations Fund for rent of $205,167 (2019 - $205,167) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $146,860 (2019 - $176,860). Also included are lease costs of $87,143 (2019 - $112,083) to The City of Winnipeg Fleet Management - Special Operating Agency and $79,504 (2019 - $79,144) 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

	Computer Equipment	Furniture and Other Equipment	Communication Radios	Computer Software	2020 Total	2019 Total
Cost						
Balance, Beginning of year	**$ 176,850**	**$ 121,375**	**$ 52,911**	**$ 66,818**	**$ 417,954**	$ 417,954
Add:						
Additions during the year	**-**	**-**	**-**	**-**	**-**	-
Less:						
Disposals during the year	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**176,850**	**121,375**	**52,911**	**66,818**	**417,954**	417,954
Accumulated amortization						
Balance, Beginning of year	**165,206**	**121,375**	**52,911**	**66,818**	**406,310**	392,780
Add:						
Amortization	**6,849**	**-**	**-**	**-**	**6,849**	13,530
Less:						
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**172,055**	**121,375**	**52,911**	**66,818**	**413,159**	406,310
Net Book Value of Tangible Capital Assets	**$ 4,795**	**$ -**	**$ -**	**$ -**	**$ 4,795**	$ 11,644

Photo: City of 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)

		2020		2019
FINANCIAL ASSETS				
Accounts receivable (Note 3)	**$**	**129**	$	121
LIABILITIES				
Due to The City of Winnipeg - General Revenue Fund (Notes 4 and 9)		**3,343**		5,096
Accounts payable and accrued liabilities		**66**		133
Deferred revenue		**168**		147
Debt (Note 5)		**2,707**		2,750
Accrued employee benefits (Note 6a)		**155**		128
		6,439		8,254
NET FINANCIAL LIABILITIES		**(6,310)**		(8,133)
NON-FINANCIAL ASSETS				
Tangible capital assets (Note 7)		**22,650**		22,716
Inventories		**32**		43
Prepaid expenses		**-**		10
		22,682		22,769
ACCUMULATED SURPLUS (Note 8)	**$**	**16,372**	$	14,636

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 2020	Actual 2020	Actual 2019
REVENUES			
Green fees	$ 1,727	$ 2,437	$ 1,684
Transfer from The City of Winnipeg - General Revenue Fund (Note 9)	730	730	730
Equipment rentals	382	603	405
Net revenue from leasing operations	174	207	188
Merchandise sales	53	87	59
Concessions	43	58	42
Transfer from Land Dedication Reserve Fund	-	31	-
Transfer from Sewage Disposal System Fund	-	12	-
Transfer from General Capital Fund	-	10	-
Other	74	67	45
Total Revenues	3,183	4,242	3,153
EXPENSES			
Salaries and employee benefits (Note 6)	1,512	1,274	1,302
Services (Note 9)	634	664	581
Amortization	237	237	236
Supplies	209	235	213
Interest (Notes 4 and 5)	83	25	95
Other	43	71	44
Total Expenses	2,718	2,506	2,471
Annual Surplus	$ 465	1,736	682
ACCUMULATED SURPLUS, BEGINNING OF YEAR		14,636	13,954
ACCUMULATED SURPLUS, END OF YEAR		$ 16,372	$ 14,636

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 1,736**	$ 682
Non-cash charges to operations		
Amortization	**237**	236
Retirement allowance and compensated absences	**21**	18
	1,994	936
Net change in non-cash working capital balances related to operations	**(27)**	69
Cash provided by operating activities	**1,967**	1,005
CAPITAL		
Acquisition of tangible capital assets	**(181)**	(119)
Proceeds on disposal of tangible capital assets	**10**	-
Cash used in capital activities	**(171)**	(119)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(1,753)**	(845)
Repayment of debt - The City of Winnipeg	**(43)**	(41)
Cash used in financing activities	**(1,796)**	(886)
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 2020		**Actual 2020**		Actual 2019
ANNUAL SURPLUS	**$**	**465**	**$**	**1,736**	$	682
Amortization of tangible capital assets		**237**		**237**		236
Acquisition of tangible capital assets		**(88)**		**(181)**		(119)
Proceeds on disposal of tangible capital assets		**-**		**10**		-
Change in inventories and prepaid expenses		**(1)**		**21**		(3)
DECREASE IN NET FINANCIAL LIABILITIES		**613**		**1,823**		796
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR		**(8,251)**		**(8,133)**		(8,929)
NET FINANCIAL LIABILITIES, END OF YEAR	**$**	**(7,638)**	**$**	**(6,310)**	$	(8,133)

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, 2020
(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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada’s federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Agency, and as at December 31, 2020, the Agency did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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.

2. *Significant Accounting Policies (continued)*

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.

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 annual surplus, 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 $76 thousand (2019 - $50 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*

	2020	2019
Trade accounts receivable	**$ 129**	$ 540
Allowance for doubtful accounts	**-**	(419)
	$ 129	$ 121

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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

Interest paid to The City of Winnipeg - General Revenue Fund was $25 thousand (2019 - $95 thousand).

5. *Debt*

	2020	2019
The City of Winnipeg - General Revenue Fund		
Start-up loan, non-interest bearing	**$ 2,707**	$ 2,750

a) Principal repayments due within the next five years and thereafter are as follows:

2021	$ 46
2022	48
2023	51
2024	55
2025	58
Thereafter	2,449
	$ 2,707

6. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2020	2019
Retirement allowance - accrued liability	**$ 50**	$ 40
Vacation	**38**	32
Compensated absences	**67**	56
	$ 155	$ 128

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 amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 13.1 years (2019 - 15.3 years), which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

6. Accrued Employee Benefits (continued)

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, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2020 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 are as follows:

	2020		2019	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 94**	**$ 91**	$ 86	$ 83
Current service cost	**6**	**11**	5	11
Interest cost	**2**	**3**	3	3
Benefit payments	**(1)**	**(9)**	-	(9)
Net actuarial loss (gain)	**(57)**	**(2)**	-	3
Balance, end of year	**44**	**94**	94	91
Unamortized net actuarial gain (loss)	**6**	**(27)**	(54)	(35)
Accrued benefit liability	**$ 50**	**$ 67**	$ 40	$ 56
Benefit expense consists of the following:				
Current service cost	**$ 6**	**$ 11**	$ 5	$ 11
Interest cost	**2**	**3**	3	3
Amortization of net actuarial loss	**3**	**6**	1	4
	$ 11	**$ 20**	$ 9	$ 18
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 40**	**$ 56**	$ 31	$ 47
Benefits expense	**11**	**20**	9	18
Benefits payments	**(1)**	**(9)**	-	(9)
Balance, end of year	**$ 50**	**$ 67**	$ 40	$ 56

The significant actuarial assumptions adopted in measuring the retirement allowance and compensated absences obligations for the year ended December 31 are as follows:

	2020	2019
Valuation interest rate	**1.80%**	2.60%
General increases in pay	**2.50%**	2.50%

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

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, $88 thousand (2019 - $88 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, 2019 and it has an actuarial surplus.

7. *Tangible Capital Assets*

	Net Book Value	
	2020	2019
Land	**$ 20,376**	$ 20,376
Building	**1,206**	1,132
Golf course improvements	**856**	974
Equipment	**212**	234
	$ 22,650	$ 22,716

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

8. *Accumulated Surplus*

	Budget 2020	**Actual 2020**	Actual 2019
Invested in tangible capital assets	**$ 2,327**	**$ 2,075**	$ 2,141
Allocated equity	**17**	**257**	240
Contributed surplus	**20,575**	**20,575**	20,575
Operating	**(9,188)**	**(6,535)**	(8,320)
	$ 13,731	**$ 16,372**	$ 14,636

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 nil (2019 - $6 thousand) has been charged to City of Winnipeg Departments for miscellaneous services;

b) An amount of $37 thousand (2019 - $32 thousand) has been charged by City of Winnipeg Departments for miscellaneous services. No amount (2019 - $nil) has been charged for the cost of financial, legal, 311, information technology and human resource support services provided by City of Winnipeg Departments;

c) An amount of $286 thousand (2019 - $90 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 $103 thousand (2019 - $155 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.

e) An amount of $730 thousand (2019 - $730 thousand) has been transferred from the City of Winnipeg - General Revenue Fund to repay a portion of the due to the City of Winnipeg - General Revenue Fund balance.

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
2021	$ 24
2022	24
2023	24
2024	24
2025	24
2026 and thereafter	351
	$ 471

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 2020	Total 2019
Cost						
Balance, beginning of year	$ 20,376	$ 2,834	$ 1,366	$ 1,731	$ 26,307	$ 26,188
Add:						
Additions (reclasses) during the year	-	192	13	(24)	181	119
Less:						
Disposals during the year	-	-	-	(10)	(10)	-
Balance, end of year	20,376	3,026	1,379	1,697	26,478	26,307
Accumulated amortization						
Balance, beginning of year	-	1,702	1,132	757	3,591	3,355
Add:						
Amortization	-	118	35	84	237	236
Balance, end of year	-	1,820	1,167	841	3,828	3,591
Net Book Value of Tangible Capital Assets	$ 20,376	$ 1,206	$ 212	$ 856	$ 22,650	$ 22,716

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2020	2019
FINANCIAL ASSETS		
Cash	**$ 1**	$ 1
Accounts receivable	**304**	279
	305	280
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 3)	**340**	2,028
Accounts payable and accrued liabilities	**3,145**	2,396
Debt (Note 4)	**47,061**	46,956
Accrued employee benefits (Note 5a)	**2,112**	2,037
	52,658	53,417
NET FINANCIAL LIABILITIES	**(52,353)**	(53,137)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**73,609**	73,622
Inventories	**1,598**	1,786
Prepaid expenses	**615**	619
	75,822	76,027
ACCUMULATED SURPLUS (Note 7)	**$ 23,469**	$ 22,890

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 2020	**Actual 2020**	Actual 2019
REVENUES			
Fleet leases	**$ 27,907**	**$ 26,002**	$ 26,657
Services and parts revenue (Schedule 1)	**9,475**	**8,792**	9,970
Fuel sales	**8,160**	**6,290**	8,450
Rental income	**4,621**	**5,119**	3,928
Gain on sale of tangible capital assets	**800**	**1,287**	1,390
Transfer from The City of Winnipeg - Innovative Capital Fund (Note 8e)	**-**	**-**	96
Total Revenues (Note 8a)	**50,963**	**47,490**	50,491
EXPENSES			
Amortization	**15,528**	**15,368**	15,360
Salaries and employee benefits	**10,238**	**9,914**	10,284
Services	**9,924**	**9,827**	9,267
Supplies	**11,237**	**9,266**	11,502
Interest (Notes 3 and 4)	**1,615**	**1,224**	1,304
Other expenses	**1,220**	**1,220**	1,451
Total Expenses	**49,762**	**46,819**	49,168
Annual Surplus Before Other	**1,201**	**671**	1,323
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 8d)	**92**	**92**	242
Annual Surplus	**$ 1,109**	**579**	1,081
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**22,890**	21,809
ACCUMULATED SURPLUS, END OF YEAR		**$ 23,469**	$ 22,890

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 579**	$ 1,081
Non-cash charges to operations		
Amortization	**15,368**	15,360
Gain on sale of tangible capital assets	**(1,287)**	(1,390)
	14,660	15,051
Net change in non-cash working capital balances related to operations	**991**	1,116
Cash provided by operating activities	**15,651**	16,167
CAPITAL		
Acquisition of tangible capital assets	**(15,880)**	(14,882)
Proceeds on disposal of tangible capital assets	**1,812**	1,861
Cash used in capital activities	**(14,068)**	(13,021)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(1,688)**	(12,737)
Proceeds from term loans	**10,000**	19,300
Repayment of term loans	**(9,895)**	(9,759)
Cash used in financing activities	**(1,583)**	(3,196)
Decrease in cash	**-**	(50)
CASH, BEGINNING OF YEAR	**1**	51
CASH, END OF YEAR	**$ 1**	$ 1

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 2020	Actual 2020	Actual 2019
ANNUAL SURPLUS	**$ 1,109**	**$ 579**	$ 1,081
Amortization of tangible capital assets	**15,528**	**15,368**	15,360
Proceeds on disposal of tangible capital assets	**800**	**1,812**	1,861
Change in inventories and prepaid expenses	**153**	**192**	(88)
Gain on sale of tangible capital assets	**(800)**	**(1,287)**	(1,390)
Acquisition of tangible capital assets	**(16,082)**	**(15,880)**	(14,882)
DECREASE (INCREASE) IN NET FINANCIAL LIABILITIES	**708**	**784**	1,942
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(64,740)**	**(53,137)**	(55,079)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (64,032)**	**$ (52,353)**	$ (53,137)

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 (the "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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Agency and as at December 31, 2020, the Agency did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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 surplus (deficit), provides the change in net financial liabilities for the year.

2. *Significant Accounting Policies (continued)*

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.

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.

2. *Significant Accounting Policies (continued)*

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, 2020 effective interest rate was 0.20% (2019 - 1.60%). As well, the Agency has negotiated an operating line of credit up to $20 million 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 $12 thousand (2019 - $170 thousand). Interest received from The City of Winnipeg - General Revenue Fund is $1 thousand (2019 - $2 thousand).

4. *Debt*

Lender	**Maturity Date**	**Interest Rate**	**2020**	2019
The Toronto-Dominion Bank (Note 4b)	2020 - 2035	1.48% - 4.14%	**$ 23,862**	$ 18,348
Bank of Montreal (Note 4b)	2020 - 2034	2.38% - 2.92%	**15,947**	18,474
Royal Bank of Canada (Note 4b)	2020 - 2025	2.66% - 3.19%	**7,074**	9,956
			46,883	46,778
The City of Winnipeg - non-interest bearing, no repayment schedule			**178**	178
			$ 47,061	$ 46,956

4. *Debt (continued)*

a) Principal repayments due within the next five years and thereafter are as follows:

2021	$	10,367
2022		9,445
2023		7,972
2024		6,048
2025		4,533
Thereafter		8,696
	$	47,061

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, 2020, $46,883 thousand (2019 - $46,778 thousand) was outstanding under these facilities. The effective interest rate at December 31, 2020 was 2.59% (2019 - 2.70%).

c) Cash paid for interest during the year is $1,220 thousand (2019 - $1,088 thousand).

5. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

		2020		2019
Retirement allowance - accrued liability	**$**	**960**	$	951
Vacation		**740**		724
Compensated absences		**412**		362
	$	**2,112**	$	2,037

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 11.3 years (2019 - 13.3 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, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2020 using year-end assumptions.

5. Accrued Employee Benefits (continued)

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 are as follows:

	2020		**2019**	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 714**	**$ 556**	$ 673	$ 507
Current service cost	**48**	**64**	43	59
Interest cost	**19**	**15**	22	17
Benefit payments	**(42)**	**(55)**	(15)	(55)
Amortization of net actuarial (gain)/loss	**(5)**	**(48)**	(9)	28
Balance, end of year	**734**	**532**	714	556
Unamortized net actuarial gain/(loss)	**226**	**(120)**	237	(194)
Accrued benefit liability	**$ 960**	**$ 412**	$ 951	$ 362
Benefit expense consists of the following:				
Current service cost	**$ 48**	**$ 64**	$ 43	$ 59
Interest cost	**19**	**15**	22	17
Amortization of net actuarial (gain)/loss	**(16)**	**26**	(14)	23
	$ 51	**$ 105**	$ 51	$ 99
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 951**	**$ 362**	$ 915	$ 318
Benefits expense	**51**	**105**	51	99
Benefits payments	**(42)**	**(55)**	(15)	(55)
Balance, end of year	**$ 960**	**$ 412**	$ 951	$ 362

The significant actuarial assumptions adopted in measuring the retirement allowance and compensated absences obligations for the year ended December 31 are as follows:

	2020	2019
Valuation interest rate	**1.80%**	2.60%
General increases in pay	**2.50%**	2.50%

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

5. 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, $815 thousand (2019 - $835 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, 2019 and it has an actuarial surplus.

6. Tangible Capital Assets

	Net Book Value	
	2020	2019
Fleet assets	**$ 67,204**	$ 66,737
Equipment	**3,501**	3,896
Buildings	**2,514**	2,599
Land	**390**	390
	$ 73,609	$ 73,622

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 $4,677 thousand (2019 - $4,610 thousand) which is included above.

7. Accumulated Surplus

	Budget 2020	**Actual 2020**	Actual 2019
Contributed surplus	**$ 11,425**	**$ 11,425**	$ 11,425
Invested in tangible capital assets	**23,521**	**26,386**	24,816
Operating	**(12,434)**	**(14,342)**	(13,351)
	$ 22,512	**$ 23,469**	$ 22,890

Invested in tangible capital assets represents equity in non-financial assets. The amount is determined based on tangible capital assets less debt. Debt for the calculation includes long-term balances as well as amounts included in the due to City of Winnipeg balance which were used to finance the purchase of tangible capital assets and will be converted to long-term debt in the future.

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 $44,254 thousand and (2019 - $47,616 thousand) to The City of Winnipeg.

b) An amount of $302 thousand (2019 - $507 thousand) has been transferred to the General Revenue Fund for miscellaneous services.

8. Related Party Transactions (continued)

c) An amount of $847 thousand (2019 - $1,019 thousand) has been transferred to the Municipal Accommodations Fund for the rental of office and garage space, building and leasehold improvements, and miscellaneous services.

d) An amount of $92 thousand (2019 - $242 thousand) has been transferred to the General Revenue Fund as a return on investment.

e) An amount of $nil (2019 - $96 thousand) has been transferred to Fleet Management Agency from the Innovative Capital Fund.

9. Contractual Rights

The Agency enters into capital lease agreement with City departments and other SOAs which are rights to economic resources that result in capital lease revenue in the future.

Future capital lease revenue from contractual rights for the next five years and thereafter are as follows:

2021	$ 15,772
2022	13,607
2023	10,516
2024	8,342
2025	6,035
Thereafter	12,099
	$ 66,371

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 2020	**Actual 2020**	Actual 2019
Consumables and corrective maintenance	**$ 5,356**	**$ 4,802**	$ 5,732
Insurance revenue	**2,101**	**1,941**	2,133
Manufacturing sales	**811**	**1,048**	979
Power tools	**688**	**688**	704
Other	**345**	**145**	251
Provincial support grant	**174**	**168**	171
	$ 9,475	**$ 8,792**	$ 9,970

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 2020	Total 2019
Cost						
Balance, beginning of year	$ 390	$ 4,926	$ 168,547	$ 9,962	$ 183,825	$ 182,277
Add:						
Additions during the year	-	189	15,446	245	15,880	14,882
Less:						
Disposals during the year	-	(108)	(9,733)	(302)	(10,143)	(13,334)
Balance, end of year	390	5,007	174,260	9,905	189,562	183,825
Accumulated amortization						
Balance, beginning of year	-	2,327	101,810	6,066	110,203	107,706
Add:						
Amortization	-	198	14,559	611	15,368	15,360
Less:						
Accumulated amortization on disposals	-	(32)	(9,313)	(273)	(9,618)	(12,863)
Balance, end of year	-	2,493	107,056	6,404	115,953	110,203
Net Book Value of Tangible Capital Assets	$ 390	$ 2,514	$ 67,204	$ 3,501	$ 73,609	$ 73,622

Photo: City of Winnipeg

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2020	2019
FINANCIAL ASSETS		
Cash	**$ 111**	$ 52
Due from The City of Winnipeg - General Revenue Fund (Note 3)	**7,879**	10,245
Accounts receivable	**2,599**	3,311
	10,589	13,608
LIABILITIES		
Accounts payable and accrued liabilities	**634**	1,258
Deferred revenue	**981**	735
Debt (Note 5)	**3,918**	3,918
Accrued employee benefits (Note 6)	**609**	586
	6,142	6,497
NET FINANCIAL ASSETS	**4,447**	7,111
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**5,084**	5,764
Inventories	**202**	260
Prepaid expenses	**4**	4
	5,290	6,028
ACCUMULATED SURPLUS (Note 8)	**$ 9,737**	$ 13,139

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 2020	**Actual 2020**	Actual 2019
REVENUES			
Meters	**$ 9,047**	**$ 4,937**	$ 9,475
Enforcement	**8,981**	**4,845**	9,334
Parking fees (Note 9c)			
Surface parking lots	**2,116**	**1,334**	2,225
Millennium Library parkade	**1,478**	**1,118**	1,553
Vehicles for hire permits and fees	**1,496**	**1,247**	1,408
Special events	**335**	**162**	589
Interest received (Note 3)	**25**	**39**	245
Sundry	**380**	**302**	82
Total Revenues	**23,858**	**13,984**	24,911
EXPENSES			
Salaries and employee benefits (Note 6)	**4,975**	**4,221**	4,195
Services (Notes 9b, d, and i)			
Enforcement - contracts	**3,320**	**2,560**	2,994
Meters	**1,802**	**1,407**	1,339
Utilities	**337**	**311**	322
Vehicles for Hire	**501**	**341**	380
Parkade management	**330**	**266**	257
Special events	**100**	**10**	141
Other services (Note 9f)	**1,307**	**623**	986
Provision for bad debts	**1,220**	**1,304**	1,235
Amortization	**855**	**751**	865
Materials, parts and supplies	**1,359**	**562**	788
Debt and finance charges	**205**	**201**	310
Recoveries	**(3)**	**(23)**	(45)
Other (Notes 9a, e, g, j and k)	**1,624**	**1,537**	3,300
Total Expenses	**17,932**	**14,071**	17,067
Excess (Deficiency) of Revenues over Expenses before Other	**5,926**	**(87)**	7,844
OTHER			
Transfer from The City of Winnipeg - Federal Safe Restart Funding (Note 9n)	**-**	**(7,735)**	-
Transfer to The City of Winnipeg - General Revenue Fund (Note 9L)	**11,050**	**11,050**	9,912
Transfer to the Land Operating Reserve (Note 9m)	**-**	**-**	4,405
Annual Deficiency of Revenues over Expenses	**(5,124)**	**(3,402)**	(6,473)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**13,139**	**13,139**	19,613
ACCUMULATED SURPLUS, END OF YEAR	**$ 8,015**	**$ 9,737**	$ 13,139

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)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Deficiency of revenues over expenses	**$ (3,402)**	$ (6,474)
Non-cash items related to operations		
Amortization	**751**	865
	(2,651)	(5,609)
Net change in non-cash working capital balances related to operations	**415**	669
Cash used in operating activities	**(2,236)**	(4,940)
FINANCING		
Change in due from/to The City of Winnipeg - General Revenue Fund	**2,366**	1,187
Change in due from/to The City of Winnipeg - Land Operating Reserve	**-**	4,405
Cash provided by financing activities	**2,366**	5,592
CAPITAL		
Purchase of tangible capital assets	**(71)**	(671)
Cash used in capital activities	**(71)**	(671)
INCREASE (DECREASE) IN CASH	**59**	(19)
CASH, BEGINNING OF YEAR	**52**	71
CASH, END OF YEAR	**$ 111**	$ 52

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 2020	**Actual 2020**	Actual 2019
DEFICIENCY OF REVENUES OVER EXPENSES	**$ (5,124)**	**$ (3,402)**	$ (6,474)
Amortization of tangible capital assets	**855**	**751**	865
Change in inventories and prepaid expenses	**-**	**58**	(82)
Acquisition of tangible capital assets	**(141)**	**(71)**	(671)
DECREASE IN NET FINANCIAL ASSETS	**(4,410)**	**(2,664)**	(6,362)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**7,111**	**7,111**	13,473
NET FINANCIAL ASSETS, END OF YEAR	**$ 2,701**	**$ 4,447**	$ 7,111

See accompanying notes and schedule to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(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.

The Agency provides screening and collection services for City by-law penalty notices issued under the Municipal By-Law Enforcement Act ("MBEA"), effective November 20, 2017.

The Vehicles for Hire ("VFH") division of the Agency came into effect February 28, 2018, under the Vehicles for Hire By-law No. 129/2017. VFH provides licensing, oversight, and enforcement of the vehicles for hire industry in the City.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada’s federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Agency and as at December 31, 2020, the Agency did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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.

2. Significant Accounting Policies (continued)

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.

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.

2. Significant Accounting Policies (continued)

e) Use of estimates

The preparation of financial statements 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 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" 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, 2020 effective interest rate was 0.20% (2019 - 1.60%).

Interest received from The City of Winnipeg - General Revenue Fund on the line of credit was $39 thousand for the year (2019 - $245 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. During 2020, a payment of $nil (2019 - $4.4 million) was received from The City of Winnipeg - Land Operating Reserve. During 2020, the Agency transferred the $nil (2019 - $4.4 million) back to The City of Winnipeg - Land Operating Reserve (note 9m).

5. Debt

	2020	2019
The City of Winnipeg - General Revenue Fund		
Start-up loan with no specific terms of repayment	**$ 3,918**	$ 3,918

Interest paid to The City of Winnipeg General Revenue Fund on the start-up loan was $nil (2019 - $nil).

6. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

	2019	2019
Vacation	**$ 368**	$ 331
Retirement allowance - accrued benefit liability	**147**	173
Compensated absences	**94**	82
	$ 609	$ 586

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 16.0 years (2019 - 14.3 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, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2020 using year-end assumptions.

6. Accrued Employee Benefits (continued)

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 are as follows:

	2020		2019	
	Retirement Allowance	**Compensated Absences**	Retirement Allowance	Compensated Absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 161**	**$ 141**	$ 154	$ 129
Current service cost	**12**	**17**	11	17
Interest cost	**4**	**4**	5	4
Benefit payments	**(40)**	**(15)**	-	(16)
Net actuarial (gain)/loss	**43**	**34**	(9)	7
Balance, end of year	**180**	**181**	161	141
Unamortized net actuarial (loss)/gain	**(33)**	**(87)**	12	(59)
Accrued benefit liability	**$ 147**	**$ 94**	$ 173	$ 82
Benefit expense:				
Current service cost	**$ 12**	**$ 17**	$ 11	$ 17
Interest cost	**4**	**4**	5	4
Amortization of net actuarial loss/(gain)	**(2)**	**6**	1	5
	$ 14	**$ 27**	$ 17	$ 26
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 173**	**$ 82**	$ 156	$ 72
Benefit expense	**14**	**27**	17	26
Benefit payments	**(40)**	**(15)**		(16)
	$ 147	**$ 94**	$ 173	$ 82

The significant actuarial assumptions adopted in measuring the accrued benefit liability for the year ended December 31 are as follows:

	2020	2019
Valuation discount rate	**1.80%**	2.60%
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 City of Winnipeg allocates its pension costs to various departments. During the year, $358 thousand (2019 - $346 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, 2019 and it has an actuarial surplus.

7. *Tangible Capital Assets*

	Net Book Value 2020	Net Book Value 2019
Land	**$ 73**	$ 73
Parkades	**3,868**	4,170
Authority assets		
Leasehold improvements	**215**	260
Parking surfaces	**150**	166
	365	426
Equipment		
Meters and pay stations	**128**	184
Equipment	**488**	670
Computer equipment	**99**	122
Office furniture and equipment	**12**	10
Vehicles	**51**	109
	778	1,095
	$ 5,084	$ 5,764

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

8. *Accumulated Surplus*

	Budget 2020	**Actual 2020**	Actual 2019
Restricted funds for future investment	**$ 184**	**$ 184**	$ 184
Invested in tangible capital assets	**1,621**	**1,091**	1,771
Contributed surplus	**73**	**73**	73
Operating	**6,137**	**8,389**	11,111
	$ 8,015	**$ 9,737**	$ 13,139

9. *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) An amount of $356 thousand (2019 - $353 thousand) has been transferred to The City of Winnipeg General Revenue Fund for the cost of information technology, finance and human resources support services.

b) In Services, an amount of $323 thousand (2019 - $410 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.

c) Revenues include sales of $892 thousand (2019 - $551 thousand) to the City.

9. Related Party Transactions (continued)

d) In Services, an amount of $322 thousand (2019 - $345 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for the rental of office space.

e) An amount of $102 thousand (2019 - $198 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.

f) An amount of $82 thousand (2019 - $144 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for services provided at the various locations.

g) An amount of $184 thousand (2019 - $183 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of 311 services.

h) An amount of $402 thousand (2019 - $555 thousand) has been provided to the various City of Winnipeg departments for their portion of revenue resulted from non-parking penalties issued under the Municipal By-Law Enforcement Act. This amount is excluded from the revenues recorded in the statement of operations.

i) In Services, an amount of $48 thousand (2019 - $48 thousand) has been charged by The City of Winnipeg Transit System Department for coin counting and deposit services.

j) An amount of $42 thousand (2019 - $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 $64 thousand (2019 - $64 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.

l) An amount of $11,050 thousand (2019 - $9,912 thousand) has been transferred to The City of Winnipeg General Revenue Fund as a return on investment.

m) An amount of $nil thousand (2019 - $4,405 thousand) has been transferred to The City of Winnipeg Land Operating Reserve.

n) An amount of $7,735 thousand (2019 - $nil) was transferred from the City of Winnipeg as part of Federal Safe Restart program to allow to continue to deliver services to citizens.

10. Comparative Figures

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

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 2020	Total 2019
Cost						
Balance, beginning of year	$ 73	$ 7,381	$ 1,161	$ 14,008	$ 22,623	$ 21,952
Add:						
Additions during the year	-	3	-	68	71	671
Less:						
Disposal of tangible capital assets	-	(941)	-	(306)	(1,247)	-
Balance, end of year	73	6,443	1,161	13,770	21,447	22,623
Accumulated amortization						
Balance, beginning of year	-	3,211	735	12,913	16,859	15,994
Add:						
Amortization	-	305	61	385	751	865
Less:						
Accumulated amortization on disposals	-	(941)	-	(306)	(1,247)	-
Balance, end of year	-	2,575	796	12,992	16,363	16,859
Net Book Value of Tangible Capital Assets	$ 73	$ 3,868	$ 365	$ 778	$ 5,084	$ 5,764

2020 Wholly Owned Corporations

Detailed Financial Statements

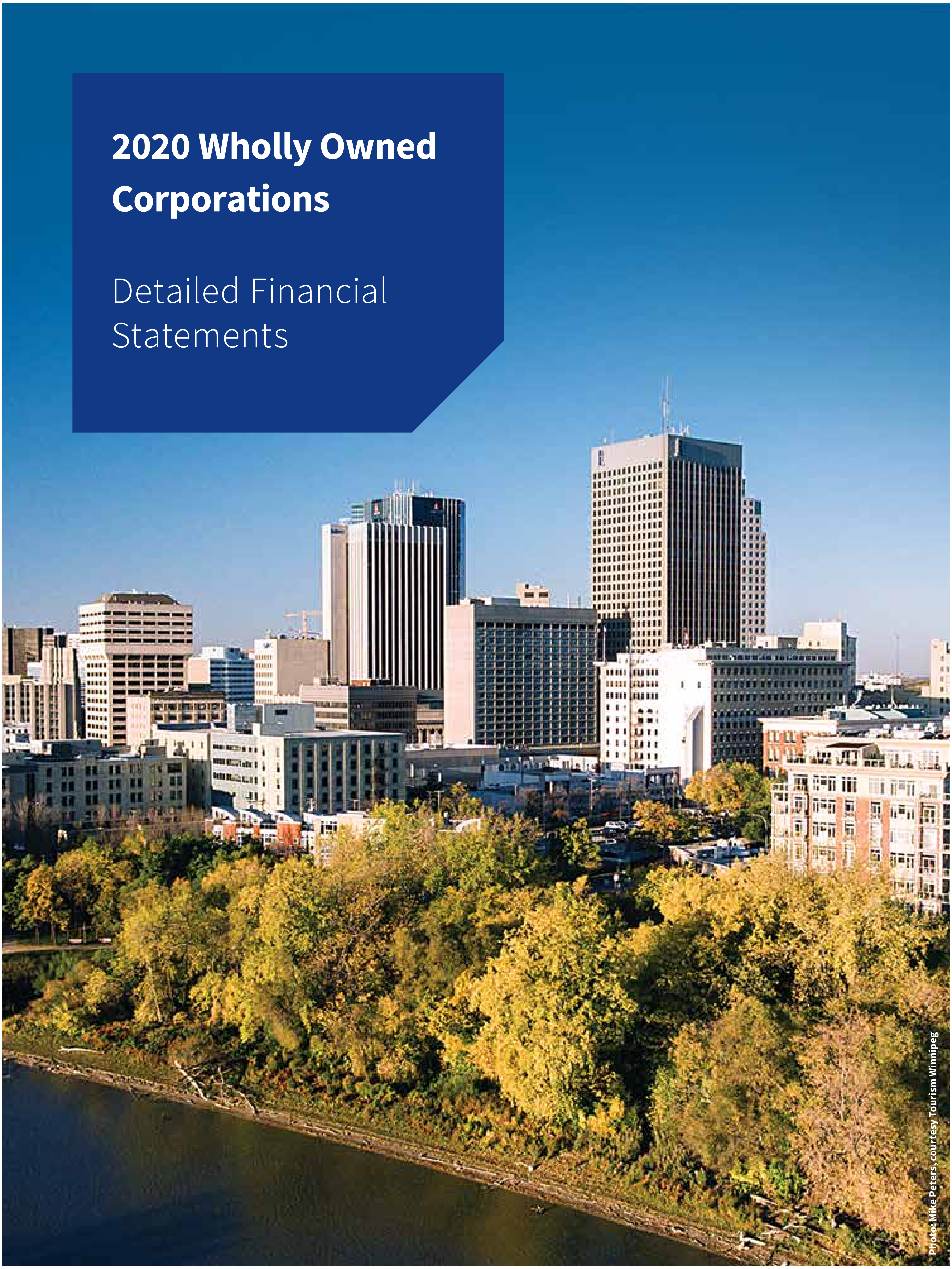


Photo: Mike Peters, courtesy Tourism Winnipeg

THE CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,185,456**	$ 900,100
Accounts receivable	**695,394**	3,284,551
Inventory	**77,382**	246,430
Prepaid expenses	**83,520**	87,181
	2,041,752	4,518,262
Tangible capital assets (Note 3)	**159,988,003**	167,115,602
	$ 162,029,755	$ 171,633,864
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,122,249**	$ 3,303,369
Interest payable	**476,336**	486,610
Customer deposits and unearned revenue	**1,460,205**	1,483,478
Demand loan - expansion (Note 7)	**12,470,000**	10,250,000
Current portion of long-term debt - expansion (Note 9)	**352,777**	339,078
Due to City of Winnipeg (Note 10)	**9,369,313**	8,678,958
	25,250,880	24,541,493
Deferred funding - wall cladding replacement and stabilization (Note 4)	**637,369**	967,328
Deferred funding - roof replacement (Note 5)	**1,957,824**	2,083,459
Deferred funding - expansion (Note 6)	**125,110,944**	130,065,833
Long-term debt - expansion (Note 9)	**15,367,885**	15,720,662
	168,324,902	173,378,775
Commitments (Note 19)		
FUND BALANCES		
Operating fund	**(1,475,383)**	584,500
Restricted fund	**1,140,474**	1,478,071
Invested in capital assets (Note 12)	**(5,960,238)**	(3,807,482)
	(6,295,147)	(1,744,911)
	$ 162,029,755	$ 171,633,864

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended December 31

	Operating Fund	Restricted Fund	Invested in Capital Assets Fund	**2020 Total**	2019 Total
Fund balances, beginning of year	$ 584,500	$ 1,478,071	$ (3,807,482)	**$ (1,744,911)**	$ (955,890)
Deficiency of revenue over expenses	(2,059,883)	-	(2,490,353)	**(4,550,236)**	(789,021)
Capital assets purchased from restricted fund	-	(337,597)	337,597	-	-
Change in fund balance	(2,059,883)	(337,597)	(2,152,756)	**(4,550,236)**	(789,021)
Fund balances, end of year	$ (1,475,383)	$ 1,140,474	$ (5,960,238)	**$ (6,295,147)**	$ (1,744,911)

THE CONVENTION CENTRE CORPORATION
STATEMENT OF OPERATIONS
For the year ended December 31

	2020	2019
Operating revenue	**$ 4,633,422**	$ 20,726,420
Operating costs	**1,649,706**	8,693,930
Net operating revenue	**2,983,716**	12,032,490
General Operating Grant (Note 13)		
City of Winnipeg	**1,500,000**	1,500,000
Province of Manitoba	**763,000**	763,000
	2,263,000	2,263,000
	5,246,716	14,295,490
Expenses		
Accounting and financial services and human resources	**792,129**	1,206,962
Administration	**1,776,261**	2,250,314
Building maintenance	**3,719,112**	5,739,314
Client services	**977,404**	1,943,500
Sales and promotion	**712,490**	1,074,195
Security	**738,568**	927,390
	8,715,964	13,141,675
Other Item		
Government COVID-19 support	**1,409,365**	-
Operating fund excess (deficiency) of revenue over expenses	**(2,059,883)**	1,153,815
Capital fund		
City of Winnipeg debt servicing grant (Note 13)	**1,000,000**	1,000,000
Recognition of deferred funding related to capital assets	**5,410,483**	5,410,483
Amortization of tangible capital assets	**(8,061,785)**	(7,415,674)
Interest on demand loan and long-term debt	**(839,051)**	(937,645)
Capital fund deficiency of revenue over expenses	**(2,490,353)**	(1,942,836)
Deficiency of revenue over expenses	**$ (4,550,236)**	$ (789,021)

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF CASH FLOWS
For the year ended December 31

	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Deficiency of revenue over expenses	**$ (4,550,236)**	$ (789,021)
Adjustments for non-cash items		
Amortization of tangible capital assets	**8,061,785**	7,415,674
Amortization of deferred funding	**(5,410,483)**	(5,410,483)
	(1,898,934)	1,216,170
Changes in non-cash working capital balances		
Accounts receivable	**2,589,157**	(1,249,644)
Inventory	**169,048**	(20,047)
Prepaid expenses	**3,661**	(9,140)
Accounts payable and accrued liabilities	**(2,181,120)**	366,311
Interest payable	**(10,274)**	(9,875)
Customer deposits and unearned revenue	**(23,273)**	415,810
Net cash (used in) provided by operating activities	**(1,351,735)**	709,585
CASH FLOW FROM (USED IN) CAPITAL ACTIVITIES		
Major repair and replacement expenditures	**(934,186)**	(3,862,161)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Due to Province of Manitoba repayment	**-**	(1,400,000)
Due to City of Winnipeg advance	**690,355**	3,861,772
Demand loan - expansion advance repayment	**2,220,000**	1,050,000
Long-term debt repayment	**(339,078)**	(325,912)
Net cash provided by financing activities	**2,571,277**	3,185,860
INCREASE IN CASH AND CASH EQUIVALENTS	**285,356**	33,284
Cash and cash equivalents, beginning of year	**900,100**	866,816
Cash and cash equivalents, end of year	**$ 1,185,456**	$ 900,100

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. *Nature of Operations and Summary of Significant Accounting Policies*

Nature of Operations

The Convention Centre Corporation ("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 under section 149(1)(I). These financial statements are consolidated with the City of Winnipeg financial statements.

Management's Responsibility for the Financial Statements

The financial statements of the Corporation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

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 expenses that are internally restricted by board resolution for future expenditures of major repairs and replacements on capital assets or debt repayments. As capital assets are acquired or debt repayment is made, 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.

1. *Nature of Operations and Summary of Significant Accounting Policies (continued)*

Cash and Cash Equivalents

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.

Tangible Capital Assets

Tangible Capital assets are recorded at cost less accumulated amortization. Amortization is calculated at the following rates and basis:

Art Holdings	not amortized
Expansion - building	30 years straight-line basis
Expansion - equipment	10 years straight-line basis
Expansion - IT equipment	10 years straight-line basis
Major repair and replacement	5 to 10 years straight-line basis
Roof replacement	25 years straight-line basis
Wall cladding replacement and stabilization	20 years straight-line basis

When the Corporation recognizes that a tangible 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 operations.

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 4200, 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.

1. *Nature of Operations and Summary of Significant Accounting Policies (continued)*

Financial Instruments (continued)

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable, due to City of Winnipeg demand loan - expansion and long-term debt - 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 operations.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful life of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. *Going Concern*

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic resulting in economic uncertainties impacting the Corporation. The resulting impact of the virus and the public health orders limiting indoor gatherings in response to the pandemic has negatively impacted the operating results of the Corporation. The currently known impacts of the COVID-19 pandemic on the Corporation are:

· A decline of revenues of $15,191,632 (Note 18) compared to 2020 budgeted revenues.
· An operating fund deficiency of revenue over expenses of $2,059,883.
· An ending operating fund deficit of $1,475,383.
· Deficiency in fund balances of $6,295,147.

As a result of these matters, there is a material uncertainty that may cast significant doubt upon the Corporation’s ability to continue as a going concern and whether the corporation will realize its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

In response to these matters, the Corporation has taken the following steps:

· Obtained an additional Line of Credit in the amount of $7,500,000 guaranteed by the City of Winnipeg (Note 8). The funds are unutilized as at December 31, 2020.
· Reviewed all opportunities for government programs for COVID-19 relief. 2020 resulted in $1,409,365 in additional government COVID-19 support received.
· Enacted immediate cost saving measures resulting in $11,357,730 in expense reductions compared to budget (Operating costs of $6,833,044 and Overhead costs of $4,524,686) (Note 18).

2. *Going Concern (continued)*

The Corporation has forecasted that if the COVID-19 pandemic and public health orders do not improve during 2021, there would be sufficient room in the $7,500,000 Line of Credit to cover all necessary cash flows to December 31, 2021. Although it is not certain that these efforts will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis.

The Corporation is dependent on the City of Winnipeg and the Province of Manitoba for funding and financing which is essential to its continuing its operations.

3. *Tangible Capital Assets*

	Cost	Accumulated Amortization	**2020 Net Book Value**	2019 Net Book Value
Art holdings	$ 32,600	$ -	**$ 32,600**	$ 32,600
Expansion				
Land	7,130,880	-	**7,130,880**	7,130,880
Building	167,032,410	26,422,423	**140,609,987**	146,177,734
Equipment	5,538,426	2,631,063	**2,907,363**	3,461,206
IT equipment	3,148,652	1,475,370	**1,673,282**	1,988,147
Major capital expenditures	2,000,000	2,000,000	**-**	-
Major repair and replacement	20,535,663	15,496,965	**5,038,698**	5,274,248
Revitalization program				
City of Winnipeg	3,000,000	3,000,000	**-**	-
Province of Manitoba	2,000,000	2,000,000	**-**	-
Roof replacement	3,140,880	1,183,056	**1,957,824**	2,083,459
Wall cladding replacement	6,599,175	5,961,806	**637,369**	967,328
	$ 220,158,686	$ 60,170,683	**$ 159,988,003**	$ 167,115,602

Amortization Expenses

	2020	2019
Expansion		
Building	**$ 5,567,747**	$ 5,567,747
Equipment	**553,843**	553,843
IT equipment	**314,865**	314,865
Major repair and replacement	**1,169,736**	523,625
Roof replacement	**125,635**	125,635
Wall cladding replacement	**329,959**	329,959
	$ 8,061,785	$ 7,415,674

3. *Tangible Capital Assets (continued)*

Recognition of Deferred Contributions Related to Capital Assets

	2020	2019
Expansion (Note 6)	**$ 4,954,889**	$ 4,954,889
Roof replacement (Note 5)	**125,635**	125,635
Wall cladding replacement (Note 4)	**329,959**	329,959
	$ 5,410,483	$ 5,410,483

4. *Deferred Funding - Wall Cladding Replacement and Stabilization*

Deferred Funding - Wall Cladding Replacement and Stabilization represents restricted contributions from the City of Winnipeg and the Province of Manitoba 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. This amount is being amortized into income as the related asset is amortized:

	2020	2019
Balance, beginning of year	**$ 967,328**	$ 1,297,287
Amount amortized to revenue	**(329,959)**	(329,959)
Balance, end of year	**$ 637,369**	$ 967,328

5. *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 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. This amount is being amortized into income as the related asset is amortized:

	2020	2019
Balance, beginning of year	**$ 2,083,459**	$ 2,209,094
Amount amortized to revenue	**(125,635)**	(125,635)
Balance, end of year	**$ 1,957,824**	$ 2,083,459

6. Deferred Funding - Expansion

In order to finance the cost of the expansion, the Corporation entered into agreements with the City of Winnipeg for funding of $51,000,000, the Province of Manitoba for funding of $51,000,000, and the Government of Canada for funding of $46,646,667 (total of $148,646,667).

The funding received was deferred until the completion of the project and is amortized on the same basis as the related asset. Deferred funding - expansion at December 31 are as follows:

	2020	2019
Balance, beginning of year	**$ 130,065,833**	$ 135,020,722
Amount amortized to revenue	**(4,954,889)**	(4,954,889)
Balance, end of year	**$ 125,110,944**	$ 130,065,833

7. Demand Loan - Expansion

On January 11, 2013, the Corporation entered into a credit agreement of $33,000,000 in order to fund its portion of the future expansion costs. Effective March 31, 2016, the Corporation revised this credit to $16,000,000. The remaining $17,000,000 was converted to a term loan. 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 $16,000,000, a general security agreement, and a guarantee from the City of Winnipeg. In 2020, the Corporation extended the maturity of the demand loan credit facility bearing interest at the RBC prime rate minus 1% (1.45% as at December 31, 2020), maturing December 31, 2023. The balance drawn against this credit agreement at year-end is $12,470,000 ($10,250,000 in 2019).

8. 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, 2020 and December 31, 2019 is $nil.

Effective July 17, 2020, as a result of COVID-19, the Corporation obtained an additional credit facility of $7,500,000 for operating cash flow purposes. The credit facility matures on July 21, 2022 and is secured by a guarantee from the City of Winnipeg. As at December 31, 2020, the credit facility was unutilized.

9. Long-term Debt -Expansion

	2020	2019
RBC Life Insurance Company -Term loan repayable by consecutive, annual blended payments of principal and interest of $987,892 bearing interest at 4.04%, with a maturity date of March 31, 2046. This loan is secured by the City of Winnipeg with a guarantee of $17,000,000.	**$ 15,720,662**	$ 16,059,740
Less current portion	**(352,777)**	(339,078)
	$ 15,367,885	$ 15,720,662

9. Long-term Debt -Expansion (continued)

Principal repayments for the next five years and thereafter are as follows:

2021	352,777
2022	367,029
2023	381,857
2024	397,284
2025	413,335
Thereafter	13,808,380
	$ 15,720,662

10. Due to the City of Winnipeg

Balances due to the City of Winnipeg are non-interest bearing and due on demand.

11. Inter-fund Loan

The balance in the inter-fund loan from the Operating Fund to Invested in Capital Assets Fund at December 31, 2020 is $205,793 ($2,285,540 in 2019). This loan is non-interest bearing and will be repaid as funds are drawn from the credit facility available for the expansion.

12. Invested in Capital Assets

	2020	2019
Capital assets	**$ 159,988,003**	$ 167,115,602
Amounts financed by:		
Deferred funding - expansion	**(125,110,944)**	(130,065,833)
Deferred funding - roof replacement	**(1,957,824)**	(2,083,459)
Deferred funding - wall cladding	**(637,369)**	(967,328)
Demand loan - expansion	**(12,470,000)**	(10,250,000)
Holdback	**-**	(45,616)
Due to City of Winnipeg	**(9,369,313)**	(8,678,958)
Inter-fund loan from operating fund (Note 11)	**(205,793)**	(2,285,540)
Interest payable	**(476,336)**	(486,610)
Long-term debt - expansion	**(15,720,662)**	(16,059,740)
	$ (5,960,238)	$ (3,807,482)

	2020	2019
Changes in Net Assets Invested in Capital Assets		
Deficiency of revenue over expenses	**$ (2,490,353)**	$ (1,942,836)
Purchase of capital assets - non-expansion	**934,186**	3,862,161
Due to City of Winnipeg - (net)	**(690,355)**	(3,861,772)
Due to Province of Manitoba	**-**	1,400,000
Demand loan - expansion	**(2,220,000)**	(1,050,000)
Capital Funding - City of Winnipeg	**(1,000,000)**	(1,000,000)
Long-term debt - expansion	**1,188,404**	1,273,432
Holdback	**45,616**	(45,616)
Interfund loan from operating fund	**2,079,746**	555,262
	$ (2,152,756)	$ (809,369)

13. General Operating Grants

The Corporation operates with the assistance of grants from the City of Winnipeg and the Province of Manitoba. These grants are allocated to the following:

General operating

		2020		2019
City of Winnipeg	**$**	**1,500,000**	$	1,500,000
Province of Manitoba		**763,000**		763,000
	$	**2,263,000**	$	2,263,000

Debt servicing capital fund

		2020		2019
City of Winnipeg	**$**	**1,000,000**	$	1,000,000

14. Funding from the Province of Manitoba - Partners for Economic Growth (PEG)

During the year, the Corporation entered into a formal funding agreement with the Province of Manitoba under the Partners for Economic Growth (PEG) program, for funding recognized in the amount of $763,000. The agreement includes the payment of three installments. The first installment was received on July 17, 2020 and the second installment was received on November 13, 2020. The $763,000 relates to the Province of Manitoba's 2020/2021 fiscal year, representing the period April 1, 2020 to December 31, 2020. The final payment of $152,600 has been included in the accounts receivable balance and will be received once the Province of Manitoba's reporting requirements are considered to be met.

The use of funds provided by the 2020/2021 PEG funding are as follows:

		Recognized 2020		To be recognized 2021		Total
Utilities						
Gas	**$**	**236,019**	$	-	$	236,019
Electricity		**526,981**		-		526,981
	$	**763,000**	$	-		763,000

15. Utilities Expense

The following utility expenses are included in building maintenance:

		2020		2019
Gas	**$**	**394,099**	$	435,828
Electricity		**784,549**		992,536
Water		**64,166**		169,638
	$	**1,242,814**	$	1,598,002

16. Related Party Transactions

In addition to the grants and contributions received from the City of Winnipeg and the Province of Manitoba (Notes 4, 5, 6, 7, and 14), the payable to the City of Winnipeg (Note 10), the Corporation had the following transactions with these related parties during the year:
Operating revenues of $156,135 ($93,445 in 2019) 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.

17. Financial Instruments Risk Disclosures

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 accounts receivable 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.

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-noted 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, 2020 and December 31, 2019 with the exception of an allowance for doubtful accounts amounting to $nil ($1,100 in 2019).

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 long-term debt - expansion bears interest at a fixed rate and the Corporation is, therefore, subject to fair value risk. The demand loan - expansion bears interest at a floating-rate which subjects the Corporation to a cash flow risk. The Corporation is not exposed to significant currency or other price risk.

17. Financial Instruments Risk Disclosures (continued)

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, 2020, the Corporation's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Due within One Year	Due in One to Five Years
Accounts payable and accrued liabilities	$ 1,122,249	$ -
Demand loan - expansion	12,470,000	-
Interest payable	476,336	-
Long-term debt - expansion	352,777	1,559,505
Due to City of Winnipeg	9,369,313	-
	$ 23,790,675	$ 1,559,505

18. Comparison to Budgeted Results

	Actual	Budget (Unaudited)	Variance
Operating revenue	**$ 4,633,422**	$ 19,825,054	$ (15,191,632)
Operating cost	**1,649,706**	8,482,750	(6,833,044)
Net operating revenue	**2,983,716**	11,342,304	(8,358,588)
General operating grants	**2,263,000**	2,263,000	-
	5,246,716	13,605,304	(8,358,588)
Expenditures	**(8,715,964)**	(13,240,650)	4,524,686
Other item - Government COVID-19 Support	**1,409,365**	-	1,409,365
Operating fund excess (deficiency) of revenue over expenses	**(2,059,883)**	364,654	(2,424,537)
Capital asset additions not included in expenditures above	**-**	-	-
Transfer to restricted fund	**-**	(352,654)	352,654
Excess (deficiency) of revenue over expenses after capital purchases	**$ (2,059,883)**	$ 12,000	$ (2,071,883)

19. Commitments

The Corporation has entered into various contracts and other commitments that expire at different periods between 2022 and 2025. Future minimum payments in aggregate for each of the next five years are as follows:

2021	2,173,857
2022	1,561,553
2023	14,606
2024	14,606
2025	14,606

20. Pension 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 by the Corporation for employee future benefits for fiscal year end 2020 were $366,568 ($654,649 in 2019).

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020, with comparative information for 2019

	2020	2019
ASSETS		
Current Assets		
Cash	**$ 6,480,532**	$ 1,421,542
Accounts receivable (Note 3)	**1,396,059**	4,233,055
Prepaid expenses	**2,223**	2,353
Property held for resale (Note 4)	**-**	2,049,606
Current portion of mortgages receivable (Note 5)	**2,165,077**	785,841
Current portion of loans receivable (Note 6)	**718,314**	749,467
Current portion of SHED project receivable (Note 7)	**523,508**	502,661
	11,285,713	9,744,525
Mortgages receivable (Note 5)	**1,573,483**	3,715,621
SHED project receivable (Note 7)	**3,595,265**	4,116,271
Capital assets (Note 8)	**3,822,269**	4,099,777
	$ 20,276,730	$ 21,676,194
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 190,822**	$ 624,921
Current portion of long-term debt (Note 10)	**717,656**	688,502
	908,478	1,313,423
Long-term debt (Note 10)	**5,895,174**	6,612,830
Forgivable loans (Note 11)	**2,008,304**	2,360,851
Deferred contributions (Note 12)		
Expenses of future periods	**3,636,441**	3,691,940
Capital assets	**1,336,457**	1,220,252
	4,972,898	4,912,192
NET ASSETS		
Invested in capital assets (Note 14)	**477,508**	2,568,280
Unrestricted	**6,014,368**	3,908,618
	6,491,876	6,476,898
Commitments (Note 13)		
	$ 20,276,730	$ 21,676,194

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2020, with comparative information for 2019

	2020 Total	2019 Total
Revenue		
Rental properties (Note 16)	**$ 423,108**	$ 485,207
Interest	**152,276**	111,094
SHED project (Note 16)	**246,225**	264,628
Designated grants (Note 13)	**389,658**	100,000
Commissions	**-**	88,500
Gain on sale of property held for resale (Note 4)	**1,357,246**	4,049,260
Other	**7,192**	3,187
	2,575,705	5,101,876
Expenditures		
General operations	**717,369**	706,183
Rental properties	**218,465**	345,421
SHED project expenditures	**246,225**	264,628
Grants	**389,658**	100,000
Projects	**946,563**	1,096,578
	2,518,280	2,512,810
Excess of revenue over expenditures before the undernoted	**$ 57,425**	$ 2,589,066
Write-down of property held for resale (Note 4)	**-**	(600,000)
Amortization	**(278,789)**	(279,926)
Amortization of deferred contributions (Note 12)	**236,342**	412,722
Excess of revenue over expenditures	**$ 14,978**	$ 2,121,862

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2020, with comparative information for 2019

	Invested in Capital Assets	Unrestricted	Total
Balance, December 31, 2018	$ 5,032,234	$ (677,198)	$ 4,355,036
Excess (deficiency) of revenue over expenditures	3,582,056	(1,460,194)	2,121,862
Transfer for purchase of capital assets (Note 14)	1,405	(1,405)	-
Transfer of contribution for previous years purchase of capital assets (Note 14)	(318,355)	318,355	-
Transfer of proceeds on disposal of property held for resale (Note 4)	(5,729,060)	5,729,060	-
Balance, December 31, 2019	**$ 2,568,280**	$ **3,908,618**	$ **6,476,898**
Excess (deficiency) of revenue over expenditures	**1,314,799**	**(1,299,821)**	**14,978**
Transfer for purchase of capital assets (Note 14)	**1,281**	**(1,281)**	**-**
Transfer of proceeds on disposal of property held for resale (Note 4)	**(3,406,852)**	**3,406,852**	**-**
Balance, December 31, 2020	**$ 477,508**	**$ 6,014,368**	**$ 6,491,876**

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
OPERATING ACTIVITIES:		
Excess of revenue over expenditures for the year	**$ 14,978**	$ 2,121,862
Adjustments for:		
Amortization of capital assets	**278,789**	279,926
Amortization of deferred contributions	**(236,342)**	(412,722)
Write-down of property held for resale	**-**	600,000
Gain on disposal of property held for resale	**(1,357,246)**	(4,049,260)
	(1,299,821)	(1,460,194)
Changes in non-cash working capital balances:		
Accounts receivable	**(247,468)**	(110,279)
Prepaid expenses	**130**	16,218
Accounts payable and accrued liabilities	**(434,099)**	99,601
Increase in deferred contributions related to expenses of future periods	**217,205**	2,999,579
	(1,764,053)	1,544,925
CAPITAL ACTIVITIES:		
Purchase of capital assets	**(1,281)**	(1,405)
Proceed from sale of property held for resale, net of mortgages receivable of $110,000 (2019 - $2,480,500) and accounts receivable of nil (2019 - $2,811,760)	**6,108,612**	436,800
	6,107,331	435,395
INVESTING ACTIVITIES:		
Principal repaid on mortgages receivable	**872,902**	175,206
Principal repaid on loans receivable	**31,153**	82,733
Principal repaid on SHED project receivable	**500,159**	481,756
	1,404,214	739,695
FINANCING ACTIVITIES:		
Change in bank indebtedness	**-**	(636,684)
Repayment of long-term debt	**(688,502)**	(661,789)
	(688,502)	(1,298,473)
Increase in cash	**5,058,990**	1,421,542
Cash, beginning year	**1,421,542**	-
Cash, end of year	**$ 6,480,532**	$ 1,421,542

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2020

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, and its wholly-owned subsidiaries STR Properties Inc., CCC Properties Inc. and Centre Village Housing Inc.

Intra-company and inter-company transactions and balances have been eliminated upon consolidation.

b) 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.

c) 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.

2. *Significant accounting policies (continued)*

d) 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. 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.

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 neighbourhoods, 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-East Waterfront Neighbourhood Development Program (EWND):

The purpose of this program is to undertake initiatives, such as marketing, safety programs, beautification, amenity attraction etc. to enhance the Exchange Waterfront neighbourhood where clusters of residential development are occurring. The public investment is being made to attract private sector investment and protect existing investments that has been made by individuals and business owners who want to live and work in a vibrant complete community.

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.

2. *Significant accounting policies (continued)*

e) 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.

f) 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.

g) 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

Property held for development is recorded at cost and is not amortized until the asset is available for productive use.

h) 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 estimates as additional information becomes available in the future.

3. *Accounts receivable*

	2020	2019
Trade and other receivables	**$ 694,360**	$ 3,745,854
Grants receivable - the City	**701,699**	487,201
	$ 1,396,059	$ 4,233,055

4. *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. As at December 31, 2020, the Corporation has available the option to acquire four City-owned properties. These properties included the Waterfront Drive property with an optioned area of 10,885 square feet (sf), Market Lands property with an optioned area of 73,103sf, Triangle Corner property with an optioned area of 4,665sf. and Paulin Street with an optioned area of 13,700sf.

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.

During fiscal 2018, STR Properties Inc. reacquired the St. Regis Property for $3,585,000 through cash consideration of $584,000 including transaction costs and settlement of the $3,000,000 mortgage held by the Corporation. The St. Regis property was subsequently written down by $1,535,000 to December 31, 2019. During the year ended December 31, 2020, the Corporation sold the St. Regis Property for $3,210,840, resulting in a gain on disposal of $1,161,234.

During the year ended December 31, 2020, the Corporation acquired a property from the City for one dollar and sold the property for $196,013, consisting of cash consideration of $86,012 and a vendor take back mortgage receivable of $110,000 (Note 5), resulting in a gain on disposal of $196,012.

During the year ended December 31, 2019, the Corporation sold a property held for resale as at December 31, 2018 for $1,780,000, consisting of cash consideration of $417,000 and a vendor take back mortgage receivable of $1,363,000 (Note 5), resulting in a gain on disposal of $100,000.

During the year ended December 31, 2019, the Corporation further acquired four properties from the City for one dollar each and sold them for $3,949,260, consisting of cash consideration of $2,831,760 and vendor take back mortgages receivable of $1,117,500 (Note 4), resulting in a gain on disposal of $3,949,260.

5. *Mortgages receivable*

	2020	2019
Mortgages receivable	**$ 3,758,560**	$ 4,521,462
Allowance for doubtful loans	**(20,000)**	(20,000)
	3,738,560	4,501,462
Current portion of mortgages receivable	**2,165,077**	785,841
	$ 1,573,483	$ 3,715,621

5. Mortgages receivable (continued)

Mortgages receivable at December 31, 2020 are on five properties in downtown Winnipeg with maturity from fiscal 2023 to 2025. Monthly instalments are applied to interest first, compounded semi-annually, not in advance. Mortgages receivable are secured by recourse to the related underlying property and other forms of security except for $1,152,423 (2019 - $1,338,264) 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 10). Interest rates charged for the mortgages receivable range from non-interest bearing to 4.47 % (2019 - non-interest bearing to 4.95 %) and are both fixed and variable in reference to the prime interest rate of lending at the time of loan disbursement.

Mortgage principal receipts are expected as follows:

2021	2,165,077
2022	312,827
2023	737,100
2024	221,365
2025	322,191
	$ 3,758,560

6. Loans receivable

Loans receivable at December 31, 2020 are repayable during fiscal 2021. Loans receivable are secured by an assignment of Heritage Tax Credits or other forms of security. The loans receivable outstanding at December 31, 2020 are non-interest bearing (2019 - non-interest bearing) and are payable in monthly instalments.

7. 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 10) 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:

2021	523,508
2022	544,526
2023	566,387
2024	588,695
2025	612,761
Thereafter	1,282,896
	$ 4,118,773

8. Capital assets

			2020	2019
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Buildings	**$ 6,140,734**	**$ 2,438,946**	**$ 3,701,788**	$ 3,939,901
Computer equipment	**141,668**	**140,346**	**1,322**	2,325
Furniture and fixtures	**70,015**	**69,562**	**453**	1,166
Leasehold improvements	**632,045**	**513,339**	**118,706**	156,385
	$ 6,984,462	**$ 3,162,193**	**$ 3,822,269**	$ 4,099,777

9. 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 (2019 - $10,400,000). The line of credit bears interest at Royal Bank prime rate minus 1.0% [1.45% as at December 31, 2020 (2019 - 2.95%)]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. The Corporation had not utilized the line of credit at December 31, 2020 (2019 - nil).

10. Long-term debt

	2020	2019
Term loan, interest at 4.47%, due October 2025, blended annual 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 $2,600,000	**$ 1,061,492**	$ 1,247,333
Term loan, interest at 3.98%, due October 2029, blended annual payments of $349,338, secured by a guarantee signed by the City in the amount of $3,890,000	**2,607,341**	2,842,968
Term loan, interest at 3.91%, due October 2029, blended annual payments of $393,254, secured by a guarantee signed by the City in the amount of $4,400,000	**2,943,997**	3,211,031
	6,612,830	7,301,332
Current portion of long-term debt	**717,656**	688,502
	$ 5,895,174	$ 6,612,830

10. *Long-term debt (continued)*

Principal repayments for the next five years are as follows:

2021	717,656
2022	747,353
2023	778,280
2024	810,060
2025	844,021
Thereafter	2,715,460
	$ 6,612,830

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 5). 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 7).

11. *Forgivable loans*

The details of forgivable loans are as follows:

	2020	2019
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	**$ 990,555**	$ 1,150,555
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	**1,017,749**	1,210,296
	$ 2,008,304	$ 2,360,851

The forgiveness schedule for the forgivable loans until maturity is as follows:

2021	$ 352,547
2022	352,547
2023	352,547
2024	352,547
2025	352,547
2026	245,569
	$ 2,008,304

At December 31, 2020 the Corporation has met all requirements during the year relating to the terms of the forgivable loans.

12. 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 contributions for externally restricted projects during the year is as follows:

		2020		2019
Balance, beginning of year	**$**	**3,691,940**	$	3,523,094
Grants received		**-**		100,000
Grants receivable		**334,159**		487,201
Transfer to deferred contributions - capital assets		**-**		(318,355)
Amounts recognized as revenue in the year		**(389,658)**		(100,000)
Balance, end of year	**$**	**3,636,441**	$	3,691,940

Deferred contributions related to the following projects:

		2020		2019
Gail Parvin Hammerquist	**$**	**3,613,430**	$	3,668,929
North Main Economic Development Program Grant		**2,600**		2,600
Province of Manitoba - Downtown Winnipeg ground floor activation strategy grant		**20,411**		20,411
	$	**3,636,441**	$	3,691,940

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.

		2020		2019
Balance, beginning of year	**$**	**1,220,252**	$	962,072
Contributions transferred from forgivable loans		**352,547**		352,547
Transfer from deferred contributions - expenses of future periods		**-**		318,355
Amount amortized to revenue in the year		**(236,342)**		(412,722)
Balance, end of year	**$**	**1,336,457**	$	1,220,252

13. Commitments

The Corporation has made commitments for leases with minimum annual lease payments as follows:

2021	42,489
2022	42,489
2023	17,704

14. Invested in capital assets

Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	**$ 3,822,269**	$ 4,099,777
Property held for sale	**-**	2,049,606
Forgivable loans	**(2,008,304)**	(2,360,851)
Deferred contributions	**(1,336,457)**	(1,220,252)
	$ 477,508	$ 2,568,280

Change in net assets invested in capital assets is calculated as follows:

	2020	2019
Excess (deficiency) of revenue over expenditures:		
Amortization of deferred contributions	**$ 236,342**	$ 412,722
Amortization of capital assets	**(278,789)**	(279,926)
Gain on sale of disposal of property held for sale	**1,357,246**	4,049,260
Write-down of property held for resale	**-**	(600,000)
	1,314,799	3,582,056
Purchase of capital assets	**1,281**	1,405
Contributions for previous years purchase of capital assets	**-**	(318,355)
Proceeds from disposal of property held for sale	**(3,406,852)**	(5,729,060)
	$ (2,090,772)	$ (2,463,954)

15. Related party transactions and balances

The following table summarized the Corporation's related party transactions and balances with the City of Winnipeg for the year:

	2020	2019
Consolidated statement of operations		
Revenue:		
Downtown Residential Development grant	$ **30,279**	$ 30,279
SHED project grant	**123,113**	132,314
Expenditures:		
Property taxes	**86,047**	43,670
Consolidated statement of financial position		
Accounts receivable	**701,699**	487,201
Mortgages receivable	**1,152,423**	1,338,264
Loan receivable	**391,537**	391,537
SHED project receivable	**2,059,386**	2,309,466
Deferred contributions expenses of future periods - Gail Parvin Hammerquist grants	**214,497**	487,201

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.

16. Financial instruments 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 reporting during the fiscal year 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 instruments 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.

16. Financial instrument risks (continued)

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, and 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.

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 receivable 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.

17. Programs under administration

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.

17. Programs under administration (continued)

DRDG Program (continued)

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 provides funding for the annual loan repayments to the Corporation from the annual incremental taxes.

Exchange Waterfront Neighbourhood Development Program

The Exchange Waterfront Neighbourhood Development Program's (the "EWND Program") objective is to support the development of a complete community in the Exchange Waterfront Neighborhood. The Program is funded by the City and Province through tax increment financing and achieved by borrowing for an additional five years against the incremental taxes that are generated by the condominium projects that receive grants under the DRDG Program. Under the DRDG Program, the developer is entitled to receive a grant equal to the net present value of 10 years of incremental taxes generated by the project and EWND Program is funded receiving the net present value of an additional 5 years of incremental taxes. The City and Province forgo the incremental taxes for 15 years on the condominium projects to provide the funds required to repay the borrowing for the DRDG and EWND Programs.

The funds are used to undertake initiatives relating to increasing safety, providing transportation options, improving the image and awareness of the neighbourhood and infrastructure improvements to beautify the neighborhood and make it more pedestrian friendly. The Corporation administers the EWND Program on behalf of the City and the Province, which entails doing the research and making recommendations for initiatives to undertake and then implementing and monitoring the initiatives to completion.

As the Corporation only administers the DRDG and EWND Programs 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. At December 31, 2020, the Province owes the Corporation $667,995 (2019 - $636,186) for costs incurred by the Corporation under the EWND Program which is included in accounts receivable on the statement of financial position.

The assets and liabilities that are administered by the Corporation under the DRDG Program is as follows:

	2020	2019
Assets:		
DRDG TIF receivable - the City	**$ 10,071,517**	$ 15,134,004
Liabilities:		
Loans payable	**$ 14,071,517**	$ 15,134,004

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.

18. COVID-19 pandemic impact

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Manitoba governments, enacting emergency measures to combat the spread of the virus. These measures, which include implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to businesses globally and in Manitoba resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effects on the Corporation is not known at this time.

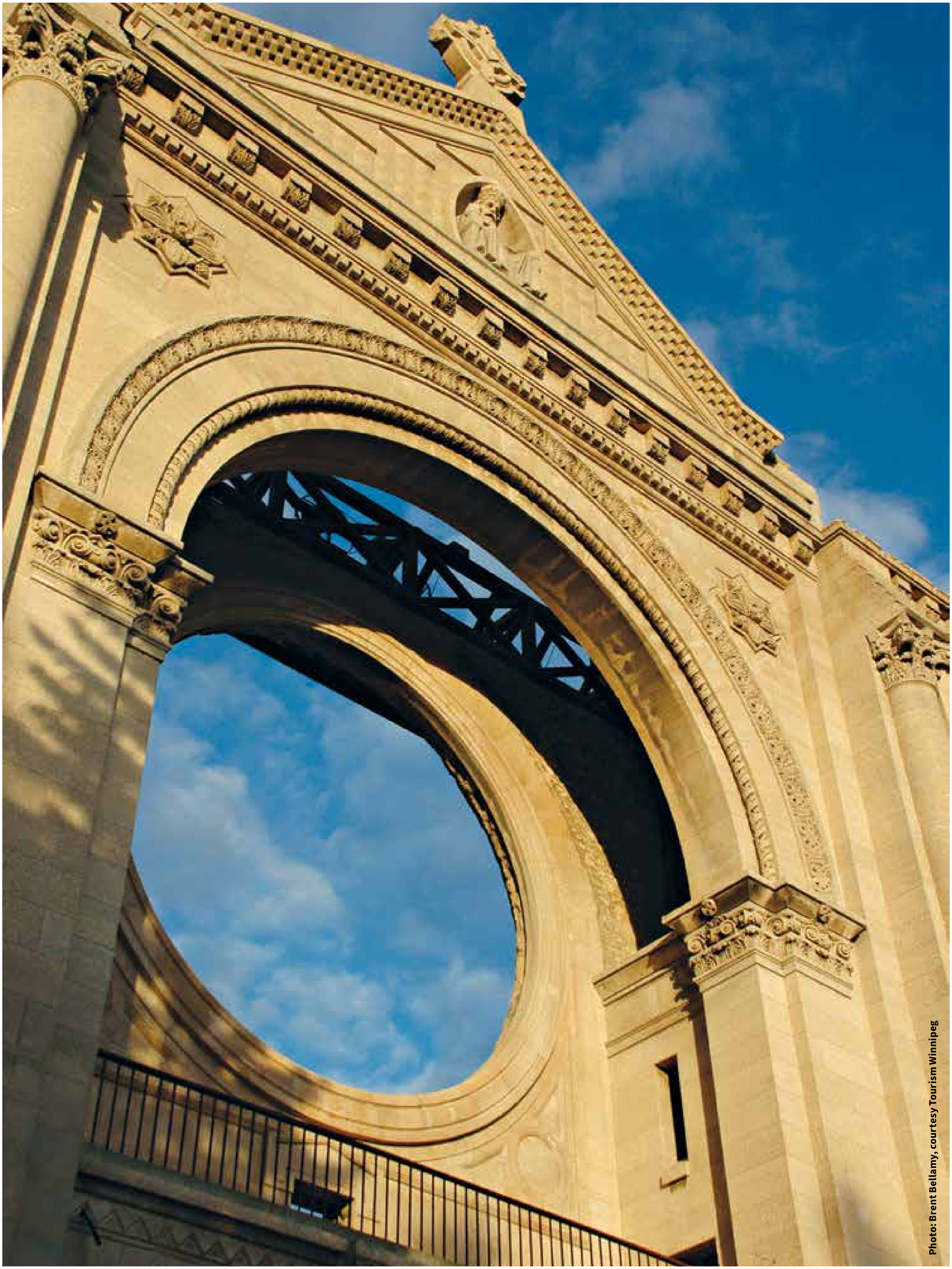


Photo: Brent Bellamy, courtesy Tourism Winnipeg

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF OPERATIONS

Year Ended December 31

	2020	2019
REVENUES		
City of Winnipeg	**$ 4,111,241**	$ 4,645,319
City of Winnipeg - Museum Grant Funds	**258,570**	287,300
Arts Development	**-**	32,522
Interest income	**15,249**	42,097
Other income	**4,398**	1,056
	4,389,458	5,008,294
EXPENSES		
Program expenses (Schedule of expenses)	**3,829,185**	4,420,437
Administrative expenses (Schedule of expenses)	**511,211**	580,832
	4,340,396	5,001,269
OTHER PROJECTS		
Public Art revenues (Note 5)	**617,729**	824,299
Public Art expenses (Schedule of expenses)	**(617,729)**	(824,299)
	-	-
EXCESS OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	**49,062**	7,025
AMORTIZATION	**(453)**	(113)
EXCESS OF REVENUES OVER EXPENSES	**$ 48,609**	$ 6,912

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 2020**	Total 2019
Net assets, beginning of year	$ 63,038	$ 453	$ 382,781	**$ 446,272**	$ 469,360
Excess of revenues over expenses	49,062	(453)	-	**48,609**	6,912
Transfer (Note 7)	19,221	-	(19,221)	**-**	(30,000)
Net assets, end of year	$ 131,321	$ -	$ 363,560	**$ 494,881**	$ 446,272

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

December 31

		2020		2019
ASSETS				
Current				
Cash	**$**	**1,829,101**	$	1,994,591
Receivables		**5,000**		1,231
GST receivable		**10,048**		9,612
Prepaid expenses		**3,154**		2,764
		1,847,303		2,008,198
Equipment and leasehold improvements (Note 3)		**-**		453
	$	**1,847,303**	$	2,008,651
LIABILITIES				
Current				
Payables and accruals	**$**	**16,346**	$	7,500
Holdbacks (Note 4)		**222,084**		248,810
Deferred contributions (Note 5)		**1,029,446**		1,291,069
Deferred revenue (Note 6)		**84,546**		15,000
		1,352,422		1,562,379
NET ASSETS				
Unrestricted (Note 8)		**131,321**		63,038
Invested in capital assets		**-**		453
Internally restricted (Note 8)		**363,560**		382,781
		494,881		446,272
	$	**1,847,303**	$	2,008,651

Commitment (Note 9)

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CASH FLOWS

Year Ended December 31

	2020	2019
Cash derived from (applied to):		
OPERATING		
Excess of revenues over expenses	**$ 48,609**	6,912
Amortization	**453**	113
	49,062	7,025
Change in non-cash working capital		
Receivables	**(3,769)**	60,981
GST receivable	**(436)**	1,639
Prepaid expenses	**(390)**	(381)
Payables and accruals	**8,846**	(8,500)
Holdbacks	**(26,726)**	(35,839)
Deferred contributions	**(261,623)**	(356,517)
Deferred revenue	**69,546**	15,000
	(165,490)	(316,592)
INVESTING		
Transfer to Endowment Fund	**-**	(30,000)
NET DECREASE IN CASH	**(165,490)**	(346,592)
CASH BALANCE		
Beginning of year	**1,994,591**	2,341,183
End of year	**$ 1,829,101**	$ 1,994,591

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

1. Nature of operations

Winnipeg Arts Council Inc. (the Organization) funds, supports, and champions 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:

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

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at fair value with subsequent reporting at amortized cost.

2. *Significant accounting policies (continued)*

d) Financial instruments (continued)

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	**2020 Net Book Value**	2019 Net Book Value
Office equipment	**$ 6,574**	**$ 6,574**	**$ -**	$ -
Furniture and fixtures	**34,243**	**34,243**	**-**	-
Computer equipment	**5,091**	**5,091**	**-**	453
Leasehold improvements	**104,258**	**104,258**	**-**	-
	$ 150,166	**$ 150,166**	**$ -**	$ 453

4. *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 payment 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:

	2020	2019
Youth WITH ART	**$ 114,286**	$ 100,000
Individual Artist grants	**59,435**	53,500
Arts Development	**18,000**	-
Indigenous Arts Leaders Fellowship	**13,875**	56,860
Project grants	**11,703**	22,665
Multi-year grants	**4,785**	14,785
Professional Development grants	**-**	1,000
	$ 222,084	$ 248,810

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 program is supported by a specified allocation from the City of Winnipeg with the occasional addition of grant funds and partnerships. Financial support to individual artists is awarded on the recommendations of selection panels facilitated by the Organization.

5. *Deferred contributions (continued)*

	2020	2019
Public Art		
Contributions		
City of Winnipeg Public Art Allocation	**$ 303,827**	$ 245,098
City of Winnipeg Land Dedication Reserve	**-**	10,200
City of Winnipeg Public Art Maintenance Reimbursement	**-**	6,421
The Winnipeg Foundation	**30,000**	-
Plenary Road Winnipeg	**22,279**	80,676
Government of Canada	**-**	87,873
Manitoba Federation of Labour	**-**	25,000
Red River College	**-**	5,109
Downtown Winnipeg BIZ	**-**	3,000
Other	**-**	4,405
Transferred to revenue	**(617,729)**	(824,299)
Decrease during the year	**(261,623)**	(356,517)
Deferred contributions, beginning of year	**1,291,069**	1,647,586
Deferred contributions, end of year	**$ 1,029,446**	$ 1,291,069

The following provides a breakdown by project of the unexpended balance:

	2020	2019
Public Art Projects		
Broadway Light-based Sculptures	**$ 188,131**	$ 188,561
Waverley Underpass	**161,216**	290,386
WITH ART: Community Arts Projects	**150,322**	149,997
Studio to Site	**132,000**	-
Temporary Installations	**79,997**	4,997
1919 Streetcar	**69,327**	318,427
Maintenance	**63,567**	-
Public Art Contingency	**44,046**	44,046
Poetry in Public	**35,120**	83,500
Public Education and Outreach	**27,157**	18,783
South Sherbrook/Cornish Library	**26,341**	89,794
Southwest Rapid Transit	**22,308**	27,546
Kildonan Park	**21,639**	23,770
Air Canada Park/Indigenous Artists Project	**5,775**	47,512
Indigenous Digital Strategies	**2,500**	3,750
	$ 1,029,446	$ 1,291,069

6. Deferred revenue

Deferred revenue represents operating funds received during the year that are related to the subsequent year expenses. The Indigenous Arts Leaders Fellowhip and Nuit Blanche Programs could not be delivered during the year due to COVID-19 public health restrictions.

	2020	2019
City of Winnipeg - Indigenous Arts Leaders Fellowship	**$ 45,000**	$ -
City of Winnipeg - Nuit Blanche	**24,546**	-
RBC Foundation	**15,000**	15,000
	$ 84,546	$ 15,000

7. Transfers

During the year, $19,221 (2019 - $49,513) was transferred from internally restricted net assets to unrestricted net assets. Specifically, $12,744 was transferred as payment towards a study of the socioeconomic impact of the arts, and $6,477 was transferred as payment towards the digitization of the grant application process.

8. Net assets

Internally restricted net assets

	2020	2019
Cash flow assistance	**$ 100,000**	$ 100,000
Internally restricted net assets	**263,560**	282,781
	$ 363,560	$ 382,781

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.

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 unrestricted 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.

9. Commitment

The Organization entered into a new lease agreement for office space, which expires on June 30, 2022. The Organization's minimum annual lease payments over the next two years are as follows:

2021	31,966
2022	16,219

10. 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.

11. 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, 2020, the Organization's cumulative contributions to the Endowment Fund totaled $140,000 (2019 - $140,000) with a cumulative matching grant contribution of $38,371 (2019 - $37,433) from The Winnipeg Foundation. The market value of the Endowment Fund at December 31, 2020 is $256,397 (2019 - $239,093).

12. COVID - 19

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak which has continued to spread, and the related adverse impact it has had on public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.
Due to the uncertainty as to the outcome of the pandemic, an estimate of impairment of financial assets and credit losses cannot be determined, and consequently, no provision for loss has been provided for in these financial statements. It is management's assessment that the going concern assumption continues to be appropriate for the foreseeable future of the Organization.
As a result of the pandemic, the Organization transitioned to working remotely. In order to adhere to provincial health orders, some programs and projects were prevented from being concluded in the fiscal year.

WINNIPEG ARTS COUNCIL INC.

SCHEDULE OF EXPENSES

Year ended December 31

	2020	2019
PROGRAM EXPENSES		
Multi-year grants	**$ 3,200,908**	$ 3,525,640
Museum grants	**240,900**	266,000
Individual Artist grants	**222,435**	233,370
Project grants	**74,000**	150,650
Arts Development	**30,454**	118,857
Youth WITH ART	**24,957**	50,000
Jury honoraria and expenses	**14,631**	13,651
Carol Shields Winnipeg Book Award	**6,750**	6,750
Professional development grants	**6,250**	37,250
Poet Laureate	**5,650**	7,638
Translation services	**2,250**	631
Emergency fund	**-**	10,000
	$ 3,829,185	$ 4,420,437
ADMINISTRATIVE EXPENSES		
Salaries and benefits	**$ 379,359**	$ 401,274
Rent and utilities	**61,749**	58,034
Supplies and other office expenses	**32,215**	33,821
Professional and consultant fees	**26,421**	63,506
Telecommunications	**4,859**	4,590
Professional development, membership and conferences	**2,762**	4,024
Hospitality and promotion	**2,216**	8,033
Board and committee meetings	**1,630**	7,550
	$ 511,211	$ 580,832
PUBLIC ART EXPENSES		
Artwork commission/production	**$ 397,291**	$ 623,122
Program administration	**75,000**	75,000
Professional services	**68,570**	77,840
Public education	**56,775**	28,318
Maintenance	**11,433**	6,421
Artwork development	**8,556**	7,854
Selection process	**104**	5,744
	$ 617,729	$ 824,299

See accompanying notes to the financial statements

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2020	2019
ASSETS		
Current assets		
Cash	**$ 67,914**	$ 43,797
Guaranteed investment certificate (Note 3)	**5,058**	5,068
GST receivable	**585**	739
Prepaid expenses	**396**	1,866
	$ 73,953	$ 51,470
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,524**	$ 106
Deferred contributions (Note 5)	**20,065**	-
	22,589	106
NET ASSETS		
Unrestricted	**51,364**	51,364
	$ 73,953	$ 51,470

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

Year ended December 31

	2020	2019
REVENUE		
City of Winnipeg operating grant	**$ 51,319**	$ 79,315
Interest and other revenue	**86**	95
	51,405	79,410
EXPENDITURES		
Administrative	**17,606**	20,849
Development and research	**4,713**	9,167
Projects	**13,428**	34,773
Promotion and advertising	**3,658**	1,843
Sponsorship	**12,000**	12,000
	51,405	78,632
DIFFERENCE BETWEEN REVENUE AND EXPENDITURES	**$ -**	$ 778

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2020	2019
Net assets, beginning of year	**$ 51,364**	$ 50,586
Difference between revenue and expenditures	**-**	778
Net assets, end of year	**$ 51,364**	$ 51,364

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

December 31

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ -**	$ 778
Change in non-cash working capital		
GST receivable	**154**	980
Prepaid expenses	**1,470**	(1,791)
Accounts payables and accrued liabilities	**2,418**	46
Deferred contributions	**20,065**	-
	24,107	13
INVESTING ACTIVITIES		
Proceeds/(purchase) of guaranteed in investment certificate	**10**	(37)
Change in cash	**24,117**	(24)
CASH, beginning of year	**43,797**	43,821
CASH, end of year	**$ 67,914**	$ 43,797

WINNIPEG PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2020

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 measured 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 that may

2. *Significant accounting policies (continued):*

b) Financial instruments (continued)-

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, guaranteed investment certificate and accounts payable and accrued liabilities at 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. Interest is recognized on a time proportion basis.

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. Included in administrative expense is $1,723 in office equipment that was expensed in the statement of operations (2019 - $nil).

3. *Guaranteed investment certificate:*

The Organization purchased a guaranteed investment certificate that matures January 12, 2021 (2019 - January 12, 2020) and bears interest at 1.20% (2019 - 1.40%).

4. *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.

5. Deferred contributions:

Deferred contributions consist of the surplus operating grant received in the year. As per the agreement, any unspent operating grant amounts are refundable back to the City of Winnipeg, and may, in the City's sole discretion, be set off against any amounts payable by the City to the Organization.

	2020	2019
Balance beginning of year	**$ -**	$ -
Contributions received	**71,384**	79,315
Contributions recognized	**(51,319)**	(79,315)
Balance, end of year	**$ 20,065**	$ -

6. 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 a 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:

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.

7. Subsequent event:

The outbreak of COVID-19, has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Subsequent to December 31, 2020 government has continued to react with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at the time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Organization in future periods.

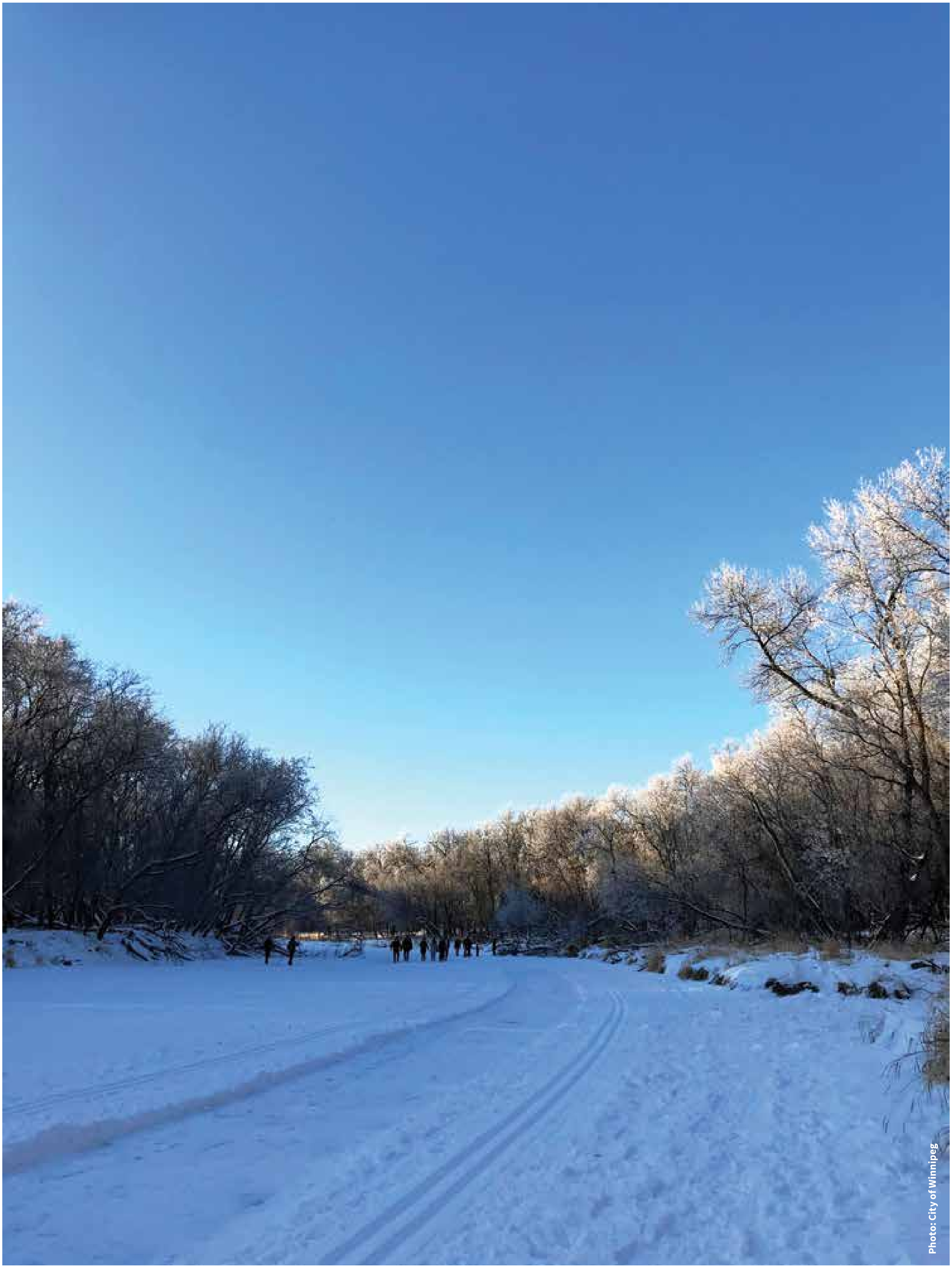


Photo: City of Winnipeg

ASSINIBOINE PARK CONSERVANCY INC.

BALANCE SHEET

December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	**$ 16,765,857**	$ 17,040,608
Accounts receivable	**1,219,347**	1,439,614
Government grants receivable	**-**	4,047,723
Government remittances receivable	**145,228**	168,463
Inventory	**368,539**	385,402
Prepaid expenses	**729,743**	378,727
	19,228,714	23,460,537
ACCOUNTS RECEIVABLES	**110,000**	418,000
CAPITAL ASSETS (Note 4)	**179,320,242**	163,100,225
ART COLLECTIONS (Note 5)	**14,057,344**	14,057,344
EMPLOYEE BENEFITS RECEIVABLE (Note 6)	**156,053**	211,831
	$ 212,872,353	$ 201,247,937
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 8,158,463**	$ 10,249,290
Deferred contributions - operating (Note 7)	**589,177**	1,083,240
Deferred revenue	**271,000**	150,000
Notes payable (Note 8)	**2,624,632**	1,945,303
	11,643,272	13,427,833
DEFERRED REVEUE	**110,000**	170,000
DEFERRED CONTRIBUTIONS - CAPTIAL (Note 9)	**183,400,839**	173,064,190
ACCRUED EMPLOYEE BENEFITS (Note 6)	**100,527**	144,333
	195,254,638	186,806,356
COMMITMENTS (Note 17)		
CONTINGENCY (Note 18)		
NET ASSETS		
Restricted (Notes 2(c) and 5)	**14,057,344**	14,057,344
Internally Restricted (Notes 2(f) and 13)	**3,540,000**	365,000
Unrestricted	**20,371**	19,237
	17,617,715	14,441,581
	$ 212,872,353	$ 201,247,937

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2020

	2020	2019
REVENUE		
City of Winnipeg (Note 10)	**$ 11,327,000**	$ 11,078,000
Other operating grants (Note 12)	**284,000**	301,393
Gifts and sponsorships (Note 11 and 12)	**1,088,411**	1,233,004
Amortization of deferred contributions	**6,812,962**	7,208,566
Interest and other income	**106,830**	227,678
Park revenues	**6,260,835**	13,045,320
	25,880,038	33,093,961
Direct costs of park revenues (Note 10)	**4,256,965**	8,144,175
EXPENSE	**21,623,073**	24,949,786
Administration (Note 10)	**1,200,650**	1,423,929
Amortization of capital assets	**6,574,590**	6,861,306
Insurance	**188,292**	200,798
Interest	**27,778**	90,992
Operations (Note 10)	**2,024,745**	2,378,064
Utilities (Note 10)	**1,313,874**	1,281,792
Wages, benefits and contract services (Note 10)	**12,047,058**	12,556,719
Donation to Winnipeg Foundation - ParkShare (Note 11)	**1,417**	9,051
	23,378,404	24,802,651
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSE	**(1,755,331)**	147,135
OTHER INCOME		
Canada Emergency Wage Subsidy	**4,931,465**	-
EXCESS OF REVENUE OVER EXPENSE	**$ 3,176,134**	$ 147,135

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2020

	2020				2019
	Restricted Net Assets	**Internally Restricted Net Assets**	**Unrestricted Net Assets**	**Total**	Total
Balance, beginning of year	**$ 14,057,344**	**$ 365,000**	**$ 19,237**	**$ 14,441,581**	$ 14,294,446
Excess of revenue over expense	**-**	**-**	**3,176,134**	**3,176,134**	147,135
Interfund transfers (Note 13)	**-**	**3,175,000**	**(3,175,000)**	**-**	-
Balance, end of year	**$ 14,057,344**	**$ 3,540,000**	**$ 20,371**	**$ 17,617,715**	$ 14,441,581

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expense	**$ 3,176,134**	$ 147,135
Items not affecting cash:		
Amortization of capital assets	**6,574,590**	6,861,306
Amortization of deferred contributions	**(6,812,962)**	(7,208,566)
	2,937,762	(200,125)
Changes in non-cash operating working capital items:		
Accounts receivable	**528,267**	(808,186)
Government grants receivable	**4,047,723**	(708,925)
Government remittances receivable	**23,235**	55,982
Inventory	**16,863**	(31,002)
Prepaid expenses	**(351,016)**	31,812
Accounts payable and accrued liabilities	**281,136**	1,205,833
Deferred revenue	**61,000**	320,000
Deferred contributions - operating	**(494,063)**	582,790
	7,050,907	448,179
FINANCING ACTIVITIES		
Deferred contributions - capital	**17,149,611**	31,932,747
Repayment of notes payable	**(735,671)**	(1,554,697)
Repayment of long term debt	**1,415,000**	-
Change in employee benefits receivable	**55,778**	(9,053)
Change in accrued employee benefits	**(43,806)**	9,052
	17,840,912	30,378,049
INVESTING ACTIVITIES		
Acquisition of capital assets	**(25,166,570)**	(30,082,754)
	(25,166,570)	(30,082,754)
NET (DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	**(274,751)**	743,474
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	**17,040,608**	16,297,134
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	**$ 16,765,857**	$ 17,040,608

ASSINIBOINE PARK CONSERVANCY INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. Description of Assiniboine Park Conservancy Inc.

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 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 annual operating and capital grants to support the operation and maintenance of the Park.

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. Non-monetary gifts are recorded at fair value in revenue when received.

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 asset's estimated useful life as follows:

Park facility improvements	5 - 40 years
Grounds improvements	5 - 20 years
Park equipment and systems	5 - 20 years
Moving equipment	5 - 10 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 both the legacy and other 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, except on investments purchased using contributions subject to external restrictions, which are recognized as increases or decreases to the deferred contribution - capital balance.

2. *Significant Accounting Policies (continued)*

d) Financial instruments (continued)

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 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.

f) Internally restricted net assets

The Conservancy has internally restricted certain funds for a fiscal stabilization reserve to support the long-term sustainability of the organization.

3. *Cash and Short-Term Investments*

Cash and short-term investments consist of cash on hand and balances with banks. Included in cash and short-term investments is restricted cash held in a joint bank account with a construction company for the payment of holdbacks in the amount of $4,580,905 (2019 - $3,952,187)

4. *Capital Assets*

	2020			2019
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Park facility improvements	**$ 110,147,846**	**$ 25,666,356**	**$ 84,481,490**	$ 86,334,600
Grounds improvements	**12,034,116**	**8,183,092**	**3,851,024**	4,769,086
Park equipment and systems	**22,404,825**	**18,259,806**	**4,145,019**	4,561,077
Moving equipment	**2,693,782**	**1,532,014**	**1,161,768**	1,134,160
Construction in progress	**85,680,941**	**-**	**85,680,941**	66,301,302
	$ 232,961,510	**$ 53,641,268**	**$ 179,320,242**	$ 163,100,225

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 relate 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 Agreement, 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.

In 2017, the Conservancy began construction on Canada's Diversity Gardens, which will include a new conservatory called the Leaf and three exterior gardens, the Cultural Mosaic Gardens, the Indigenous Peoples Gardens and the Grove. Canada's Diversity Gardens is being funded with grants from the Federal government, the Province of Manitoba and the City of Winnipeg and with gifts from the private sector.

5. *Art Collections*

The art collections include approximately 4,072 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. Shepard's portrait of Winnie the Pooh and A.A. Milne's book, titled "Now We are Six". The Conservancy did not receive or dispose of any works of art during the year ending December 31, 2020.

	2020	2019
Legacy art collections	**$ 13,559,652**	$ 13,559,652
Other art collections	**497,692**	497,692
	$ 14,057,344	$ 14,057,344

6. 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 $55,526 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 $100,527 which represents 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 2021 and therefore the receivable and liability are both recorded as long-term.

	2020	2019
Vacation pay receivable	**$ 55,526**	$ 67,498
Sick pay severance receivable	**100,527**	144,333
	$ 156,053	$ 211,831

7. Deferred Contributions - Operating

The balance in current deferred contributions - operating at December 31, 2020 represents $106,931 (2019 - $462,187) of externally designated funds to be used to offset 2021 operating costs, $59,699 (2019 - $59,595) of externally designated funds to be used to offset repairs and maintenance in Leo Mol Gardens, $187,961 (2019 - $181,722) of funds to be used to offset 2021 costs for education and accessibility and $234,586 (2019 - $379,736) of funds to be used to offset 2020 costs of conservation and research activities.

8. Notes Payable

The Conservancy arranged a loan facility with a financial institution for up to $20 million for the purpose of bridge financing the construction of the Journey to Churchill and Canada's Diversity Gardens. As at December 31, 2020, the amount owing on the loan is $2,624,632 (2019 - $1,945,303). 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, 2023.

The Conservancy also has a $500,000 revolving demand facility which is secured by a guarantee signed by the City. As at December 31, 2020 the Conservancy had not drawn on this credit facility.

Interest on these loans is at prime less 0.75%.

9. Deferred Contributions - Capital

During the year, the Conservancy received contributions totaling $17,149,611 (2019 - $31,932,747) 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.

	2020	2019
Balance, beginning of year	**$ 173,064,190**	$ 148,340,009
Contributions received	**17,149,611**	31,932,747
Amortization of deferred contributions	**(6,812,962)**	(7,208,566)
Balance, end of year	**$ 183,400,839**	$ 173,064,190

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 a significant portion of its operating funding in 2020 through an annual operating grant. The City 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, 2020 are as follows:

City of Winnipeg balances

As described in Note 6, as at December 31, 2020, the Conservancy has a long-term receivable of $156,053 (2019 - $211,831) from the City relating to employee benefits for CUPE 500 employees who were previously employed by the City. The Conservancy also has $114,896 (2019 - $114,896) included in accounts receivable as at December 31, 2020 related to these employee benefits.

Included in accounts payable and accrued liabilities at December 31, 2020, are amounts due to the City of $32,427 (2019 - $148,289).

10. City of Winnipeg (continued)

City of Winnipeg transactions

During the year, the Conservancy recognized funding received from the City of Winnipeg into operating revenue of $11,327,000 (2019 - $11,078,000).

Additionally, during the year, the Conservancy received capital contributions of $4,600,000 (2019 - $9,851,000) 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 administration expense are costs paid to the City of $17,220 (2019 - $2,996). Included in insurance is an insurance deductible paid to the City in the amount of $nil (2019 - $348). Included in operations expense are waste disposal, horticulture, maintenance and fleet costs paid to the City of $75,462 (2019 - $89,477). Included in utilities expense are water costs paid to the City of $425,823 (2019 - $497,289). Included in wages, benefits and contract services are pension plan benefit costs paid to the City of $109,892 (2019 - $160,175).

11. Endowments Held by the Winnipeg Foundation

The Conservancy is the beneficiary of six endowment funds, held and controlled by the Winnipeg Foundation, as of December 31, 2020. 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:

	2020	2019
Lyric Program Fund	**$ 92,213**	$ 88,381
Assiniboine Park Bandshell Inc. Fund	**307,096**	294,333
Assiniboine Park Zoo Endowment Fund	**23,071**	22,112
Leo Mol Sculpture Garden Fund	**335,795**	321,816
Assiniboine Park Conservancy Fund	**65,211**	62,449
ParkShare Endowment Fund	**903,008**	809,131
	$ 1,726,394	$ 1,598,222

The purpose of the Assiniboine Park Bandshell Inc. Fund is to support the ongoing maintenance, operation and programming at the Lyric Theatre. The Lyric program fund supports programs at the Lyric Theatre as well as its general operating and ongoing maintenance, consistent with the purpose of the Assiniboine Park Bandshell Inc. Fund. The Assiniboine Park Zoo Endowment Fund was created by the Zoological Society of Manitoba to enhance the facilities and programs of the Assiniboine Park Zoo. The Leo Mol Sculpture Garden Fund was formed thanks to a generous bequest of Mrs. Margareth Mol, and was created to upkeep, maintain and sustain the Leo Mol Sculpture Garden. The Assiniboine Park Conservancy Fund is to be used at the discretion of the Board of Directors of the Conservancy in accordance with their charitable mandate. Gifts to this fund are pooled and invested to benefit the Conservancy in perpetuity. The ParkShare Endowment Fund is designated to build an endowment that will address the issue of accessibility to Park and Zoo programming, admissions & transportation for children, youth and senior groups facing financial barriers.

11. Endowments Held by the Winnipeg Foundation (continued)

During the year, The Winnipeg Foundation distributed $38,717 (2019 - $38,606) in income to the Conservancy from these Funds. In addition, $32,519 (2019 - $23,243) in income for the ParkShare Endowment Fund was capitalized. During the year, Assiniboine Park Conservancy Inc. transferred $1,417 (2019 - $9,051) to The Winnipeg Foundation in gifts received from donors in support of the ParkShare Endowment Fund.

12. Conservation and Research

During the year, $149,647 (2019 - $210,142) in deferred Conservation and Research grants and restricted gifts were included in revenue to offset current year Conservation and Research expenses of $149,647 (2019 - $210,142). In addition, operating funds were used to support Conservation and Research activities including animal rescue, research, salaries and supplies in the amount of $235,390 (2019 - $283,412).

In the current year, the Conservancy fundraised and paid funds directly to other Conservation organizations as follows:

	2020	2019
Lake Winnipeg Foundation	**$ -**	$ 25
Red Panda Network	**1,361**	3,926
Snow Leopard Trust	**3,643**	5,677
	$ 5,004	$ 9,628

13. Interfund Transfers and Internally Restricted New Assets

In the current year, $3,175,000 (2019 - $140,000) of unrestricted net assets was transferred to the Internally Restricted Fund to support the fiscal stabilization reserve. The internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors.

14. 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 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.

15. Non-Monetary Transactions

During the year, the Conservancy received amounts for operating purposes of $60,616 (2019 - $95,283) without consideration.

The transactions were recorded at the fair value of the goods or services received.

16. Pension

The Conservancy maintains a defined benefit contribution pension plan for its union employees and a group RRSP plan for its non-union employees.

Employees who are part of the CUPE union are members of the Winnipeg Civic Employees Benefits Program. While the plan is a defined benefit pension plan, it is accounted for as a defined contribution plan given that it is a multi-employer plan which makes it difficult to differentiate the Conservancy's portion.

The Conservancy's pension contribution and expense for the year to the Winnipeg Civic Employees Benefits Program plan and the group RRSP plan was $767,854 (2019 - $712,891).

17. Commitments

The Conservancy has entered into a construction management agreement with a construction company to build Canada's Diversity Gardens in the southeast corner of Assiniboine Park. Under the agreement, the construction manager acts as an agent for the Conservancy and tenders, awards, and enters into all legal agreements with the subcontractors. As at December 31, 2020, the construction manager has numerous contractual agreements with subcontractors relating to Canada's Diversity Gardens. The Conservancy has also entered into an agreement with the prime architect for Canada's Diversity Gardens and with other companies for other ongoing capital projects at the Park. Canada's Diversity Gardens is scheduled to be completed in the year 2022.

Contract values committed to under signed agreements as at December 31, 2020, is $19,295,763 (2019 - $26,460,672). These amounts are to be paid over the construction period of the project which is expected to be completed in 2022.

18. Contingency

As at December 31, 2020, the Conservancy is seeking resolution on losses and damages incurred in connection to the construction of Canada's Diversity Gardens project. Management is not able to estimate the possible outcomes nor the possible settlement amounts from these matters, and therefore no adjustment or recoverable amount has been recorded in the financial statements.

19. Financial Instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, the Conservancy's accounts receivable are from a large number of Companies which minimizes credit risk.

Interest rate risk

Interest rate risk is the risk that the Conservancy's earnings from fluctuations in interest rates and the degree of volatility of these rates. The Conservancy does not use derivative instruments to reduce this risk.

20. COVID-19

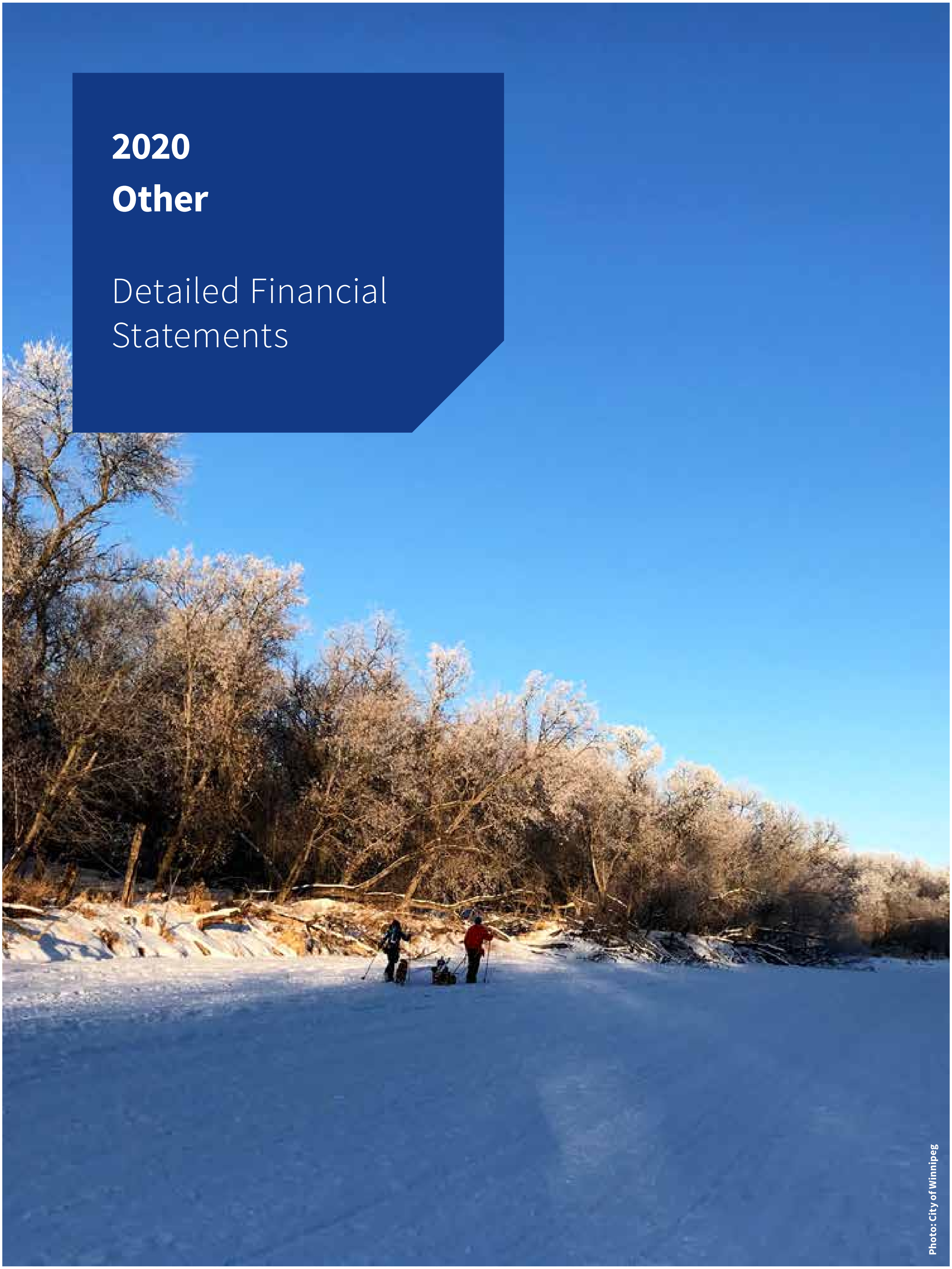
In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impacts of COVID-19 continue to be unknown and it is not possible to reliably estimate the impact that these developments will have on the financial results of the Conservancy in future periods.

21. Subsequent Events

As per the Lease and Funding Agreement, the City of Winnipeg operating and capital grants are due to be re-determined after the 2019 funding year. The redetermination process has been completed with no significant changes in funding levels. An amending agreement dated February 8, 2021 has been executed which reflects the jointly created and agreed upon processes for determining certain funding commitments going forward for the duration of the Agreement.

2020
Other

Detailed Financial Statements



ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020 with comparative information for 2019

	2020	2019
ASSETS		
Current assets:		
Cash	**$ 458,042**	$ 170,177
Investments (Note 3)	**3,698,777**	3,295,398
Accounts receivable	**447,810**	332,465
Prepaid expenses	**52,762**	144,427
	4,657,391	3,942,467
Capital assets (Note 4)	**676,842**	543,672
	$ 5,334,233	$ 4,486,139
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 213,591**	$ 274,995
Other long-term liabilities	**-**	146,012
Deferred rent	**58,132**	53,892
Deferred lease inducement	**219,795**	255,433
Deferred contributions:		
Future expenses (Note 5)	**1,533,913**	649,694
	2,025,431	1,380,026
Net assets:		
Invested in capital assets	**676,842**	543,672
Unrestricted	**1,931,960**	1,862,441
Internally restricted:		
Appropriated for sustainability reserve (Note 6)	**700,000**	700,000
	3,308,802	3,106,113
Commitments (Note 7)		
	$ 5,334,233	$ 4,486,139

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31, 2020 with comparative information for 2019

	2020	2019
REVENUE		
Funding:		
The City of Winnipeg	**$ 3,122,716**	$ 4,336,484
Province of Manitoba (Note 11)	**1,754,000**	1,369,410
Government of Canada	**1,017,346**	208,923
Partnerships and investors contributions	**1,211,968**	1,530,832
Interest	**45,740**	74,136
	7,151,770	7,519,785
EXPENDITURES		
Initiatives and marketing	**2,167,938**	2,405,203
Personnel	**3,954,280**	4,119,619
Administrative	**473,574**	527,496
Occupancy and facilities	**353,289**	308,479
	6,949,081	7,360,797
EXCESS OF REVENUE OVER EXPENDITURES	**$ 202,689**	$ 158,988

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2020 with comparative information for 2019

	Invested in Capital Assets	**Unrestricted**	**Internally restricted**	**2020 Total**	2019 Total
Balances, beginning of year	**$** 543,672	$ 1,862,441	$ 700,000	**$ 3,106,113**	$ 2,947,125
Excess (deficiency) of revenue over expenditures	(139,757)	342,446	-	**202,689**	158,988
Transfer for acquisition of capital assets	272,927	(272,927)	-	**-**	-
Balances, end of year	**$** 676,842	$ 1,931,960	$ 700,000	**$ 3,308,802**	$ 3,106,113

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2020 with comparative information for 2019

	2020	2019
Cash provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 202,689**	$ 158,988
Items not involving cash:		
Amortization of capital assets	**139,757**	131,539
Amortization of deferred rent	**4,240**	4,391
Amortization of deferred lease inducements	**(35,638)**	(35,647)
Change in non-cash operating working capital:		
Accounts receivable	**(115,345)**	(37,458)
Prepaid expenses	**91,665**	(64,438)
Accounts payable and accrued liabilities	**(207,416)**	313,703
Net increase in deferred contributions future expenses	**884,219**	257,807
	964,171	728,885
CAPITAL ACTIVITIES		
Purchase of capital assets	**(272,927)**	(183,638)
INVESTING ACTIVITIES		
Investments, net	**(403,379)**	(609,512)
INCREASE (DECREASE) IN CASH	**287,865**	(64,265)
CASH, beginning of year	**170,177**	234,442
CASH, end of year	**$ 458,042**	$ 170,177

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2020

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 sales team. EDW is also responsible for the City's tourism development activities, which it orchestrates through its Tourism Winnipeg team. Tourism Winnipeg's 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 re-measurement gains and losses until they are realized when they are transferred to the Statement of Revenue and Expenditures.

The Organization did not incur any re-measurement gains and losses during the year ended December 31, 2020 (2019 - nil) and therefore a statement of re-measurement 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 re-measurement gains and losses.

2. *Significant accounting policies (continued):*

b) Financial instruments (continued):

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement 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) Deferred lease inducement:

The Organization leases its office space. Landlord inducements are deferred and amortized as reductions to rent expense on a straight-line basis over the same period.

f) 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.

g) 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 $588,777 (2019 - $585,398) and guaranteed investment certificates aggregating $3,110,000 (2019 - $2,710,000). The fair value of investments has been determined using Level 1 of the fair value hierarchy.

4. Capital assets:

	Cost	Accumulated Amortization	**2020 Net Book Value**	2019 Net Book Value
Computer hardware and software	$ 247,521	$ 193,327	**$ 54,194**	$ 75,720
Office furniture and fixtures	251,779	162,372	**89,407**	84,968
Leasehold improvements	1,038,460	505,219	**533,241**	382,984
	$ 1,537,760	$ 860,918	**$ 676,842**	$ 543,672

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.

	2020	2019
Balance, beginning of year	**$ 649,694**	$ 391,887
Amounts received during the year	**3,534,081**	2,296,612
	4,183,775	2,688,499
Less: amounts recognized as revenue in the year	**(2,649,862)**	(2,038,805)
Balance, end of year	**$ 1,533,913**	$ 649,694

Deferred contributions for future expenses are related to the following initiatives:

	2020	2019
Tourism Winnipeg Partner initiatives	**$ 541,083**	$ 122,443
Western Economic Diversification projects	**424,623**	-
Province of Manitoba PEG Funding	**318,800**	318,800
Open data project	**112,956**	125,000
Winnipeg Branding initiative	**70,000**	-
Our Winnipeg Initiative	**66,451**	66,451
Yes! Winnipeg Investors' contributions	**-**	17,000
	$ 1,533,913	$ 649,694

6. Internally restricted:

Sustainability reserve:

In the year ended December 31, 2017, the Board approved an internally restricted sustainability reserve to be funded through a transfer from unrestricted net assets. The sustainability reserve was established to compensate for the unexpected fluctuations in revenue.

7. Commitments:

The Organization is committed under a lease for office space until February 2027. The minimum lease payments over the next five years are as follows:

2021	178,837
2022	195,740
2023	185,267
2024	186,837
2025	186,837

8. Segregated fund:

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 balance of these funds and the income and expenditures associated therewith are not included in these financial statements.

	2020	2019
Special event marketing fund:		
Balance, beginning of year	**$ 1,388,288**	$ 1,158,117
Funds received during the year	**699,227**	1,126,617
Funds used during the year	**(393,123)**	(820,933)
Interest earned	**8,769**	24,487
Administration fee	**(100,000)**	(100,000)
Balance, end of year, and amount of funds held	**$ 1,603,161**	$ 1,388,288

A portion of the $1,603,161 held on December 31, 2020 have been committed towards meetings and conventions planned during fiscal 2021. The timing for certain scheduled events is uncertain due to the COVID-19 pandemic and many events previously scheduled for 2021 are in the process of being moved to future years.

Other commitments have been entered into from the fund towards several meetings and conventions utilizing funds to be received within the fiscal years or carried over from the previous fiscal year. Again, the timing of these commitments are subject to change due to the COVID-19 pandemic.

The commitments related to future years are:

2021	468,069
2022	1,079,401
2023	2,520,191

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, 2020 is the carrying value of these assets.

At December 31, 2020, the amount of accounts receivable past due, net of the allowance for doubtful accounts, is $28,958 (2019 - $23,503)

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 2019.

(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 2021.

There have been no significant changes to the liquidity risk exposure from 2019.

10. Defined contribution plan:

The employees of the Organization are members of a voluntary group registered retirement savings plan administered by RBC Asset Management Inc.

Employer contributions made to the plan during the year amounted to $124,873 (2019 - $108,424).

11. Funding from the Province of Manitoba - Partners in Economic Growth (PEG):

During fiscal 2020, the Organization received funding under the Province of Manitoba's Partners in Economic Growth ("PEG") program, with total revenue recognized during fiscal 2020 of $1,594,000 (2019 - $1,369,410). The amount is represented by $637,600 recognized relating to the Province's 2019/20 fiscal year (April 1, 2019 to March 31, 2020), and $956,400 of revenue from the Province's 2020/21 current fiscal year (April 1, 2020 to March 31, 2021).

11. Funding from the Province of Manitoba - Partners in Economic Growth (continued):

During the year, the Organization entered into a formal funding agreement with the Province for the funding to be received for the Province's 2020/21 fiscal year. The agreement includes the payment of three installments. The first installment was received on July 22, 2020 and the second installment was received on November 16, 2020. During the year the Organization recognized $956,400 of the Province's 2020/21 funding, representing the period April 1, 2020 to December 31, 2020. The remainder of the 2020/21 funding of $637,600 will be recognized January 1, 2021 to March 31, 2021 including the final payment of $318,800 once the Province's reporting requirements are considered to be met.

During the year, the Organization also received $160,000 from the Province of Manitoba for a Data Warehouse project which is separate from the PEG funding. This combined with the PEG funding provides for total revenue from the Province of Manitoba of $1,754,000 for the year ending December 31, 2020.

The use of the funds provided by the 2020/21 PEG funding are as follows:

	Recognized in 2020	To be recognized in 2021 (Unaudited)	Total (Unaudited)
Personnel	$ 509,100	$ 339,400	$ 848,500
Occupancy and facilities	54,000	36,000	90,000
Administrative	45,000	30,000	75,000
Initiatives and marketing	348,300	232,200	580,500
Total	$ 956,400	$ 637,600	$ 1,594,000

12. COVID-19 pandemic impact

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus.

These measures, which include implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effects on the Organization is not known at this time.

Photo: City of 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 2020 audited financial statements of the Sinking Fund Trustees of The City of Winnipeg (the "Fund").

You will note in the financial statements that the Sinking Fund reported no net income or accumulated surplus for the year ended and as at December 31, 2020.

The total reserve for retirement of debenture debt is $60,000,000 as at December 31, 2020 (2019 - $60,000,000) which 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 debentures held by the Fund.

As a result of the February 2029 debt being assumed by Manitoba Hydro, the role of the Sinking Fund Trustees is greatly reduced, as there are no investments to actively manage. Effective January 1, 2018, and thereafter, City Council will appoint four City of Winnipeg employees as Sinking Fund Trustees.

Respectfully submitted,

C. KLOEPFER, FCPA, CGA, FCA, ICD.D.
Chair

R. PROVENCHER, CPA, CMA
Secretary

T. YANCHISHYN, CPA, CA
Trustee

P. OLAFSON, CPA, CA
Trustee

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2020	2019
ASSETS		
Cash (note 3)	**$ 7**	$ -
Due from City of Winnipeg (note 8)	**-**	7
Accrued interest receivable	**1,474**	1,474
Investment in debentures (note 4)	**60,000**	60,000
	$ 61,481	$ 61,481
LIABILITIES AND RESERVE		
Accrued interest payable (note 5)	**$ 1,474**	$ 1,474
Accrued liabilities	**7**	7
	1,481	1,481
Reserve for retirement of debenture debt (note 6)	**60,000**	60,000
	$ 61,481	$ 61,481

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

STATEMENT OF INCOME

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

	2020	2019
Interest income on debentures	**$ 3,540**	$ 3,540
Interest requirements - Manitoba Hydro debentures (note 8)	**(3,540)**	(3,540)
Contributions from City of Winnipeg:		
Contribution towards administration expenses (note 8)	**8**	8
	8	8
Administration expenses	**8**	8
Net income for the year	**$ -**	$ -

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)

	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Change in non-cash operating accounts	**$ 7**	$ (1)
Increase (decrease) in cash and short-term investments	**7**	(1)
Cash and short-term investments, beginning of period	**-**	1
Cash, end of period	**$ 7**	$ -

See accompanying notes and schedule to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2020
(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 debentures

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.

For these 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*

Cash is held on deposit with a major Canadian Chartered Bank.

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 term to maturity and related book and par values of investments in debentures held by the fund at December 31 are as follows:

	2020		2019	
Term To Maturity	**Par Value**	**Book Value**	Par Value	Book Value
Greater than five years	**$ 60,000**	**$ 60,000**	$ 60,000	$ 60,000

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, 2020 the Fund's maximum credit risk exposure at fair market value was $60 million (2019 - $60 million).

c) Other risk

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by the Trustees in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, performance and valuation of investments of the Fund in future periods.

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, the Sinking Fund is required to:

a) Hold the Manitoba Hydro Electric Board debentures issued by Manitoba Hydro to the City of Winnipeg in connection with the Winnipeg Hydro portion of the City of Winnipeg's debt. The debentures were issued for the purpose of enabling the City of Winnipeg to repay the Winnipeg Hydro portion of the City of Winnipeg'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 of Winnipeg's debt. The debentures are guaranteed by the Province and are non-transferable and non-redeemable prior to maturity. The debentures pay interest twice annually, in February and August, at a rate of 5.9%.

The book value of the Manitoba Hydro Electric Board debentures as at December 31, 2020 amounted to $60 million (2019 - $60 million).

b) Pay all principal and interest received on the Manitoba Hydro debentures to the City of Winnipeg fo the payment of principal and interest on the Winnipeg Hydro portion of the City of Winnipeg's debt.

Accrued interest receivable and identical offsetting accrued interest payable on the Manitoba Hydro debentures amounted to $1.5 million at December 31, 2020 (2019 - $1.5 million).

5. Purchase of Winnipeg Hydro by Manitoba Hydro (continued)

As the receipt of the Manitoba Hydro debentures represents full funding of all future Sinking Fund installments and interest related to the Winnipeg Hydro portion of the City of Winnipeg'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

As at December 31, 2020 the reserve for retirement of debenture debt is allocated towards Sinking Fund debentures as follows:

Maturity Year	Amortized Cost: Hydro Portion	Amortized Cost: Total	Maturity Value
2029	$ 60,000	$ 60,000	$ 60,000

As at December 31, 2020, the reserve for retirement of debenture debt includes $60 million (2019 - $60 million), representing full funding of all future Sinking Fund installments and interest on the Winnipeg Hydro portion of the City of Winnipeg's Sinking Fund debt as provided for by the Manitoba Hydro Electric Board debentures held by the Sinking Fund.

7. Capital

The Fund's objective when managing capital is to pay The City of Winnipeg at or before the maturity of each respective sinking fund debenture all amounts collected from interest earned thereon.

The Fund invests in securities with maturities that 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 at no charge. The Fund is the managed party under the Investment Management Agreement.

For the year ended December 31, 2020, the Fund and the City of Winnipeg entered into the following transactions:

The Fund paid $3.5 million (2019 - $3.5 million) 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 City of Winnipeg contributed $8 thousand (2019 - $8 thousand) towards administration expenses.

The City of Winnipeg's Council, on September 27, 2017, approved the foregoing of investment management fees that were charged by the City of Winnipeg to the Fund, in the amount of $100 thousand per year. Furthermore, the City of Winnipeg will absorb the administrative costs associated with the Fund.

As at December 31, 2020, the amount due from the City of Winnipeg is $nil (2019 - $7 thousand).

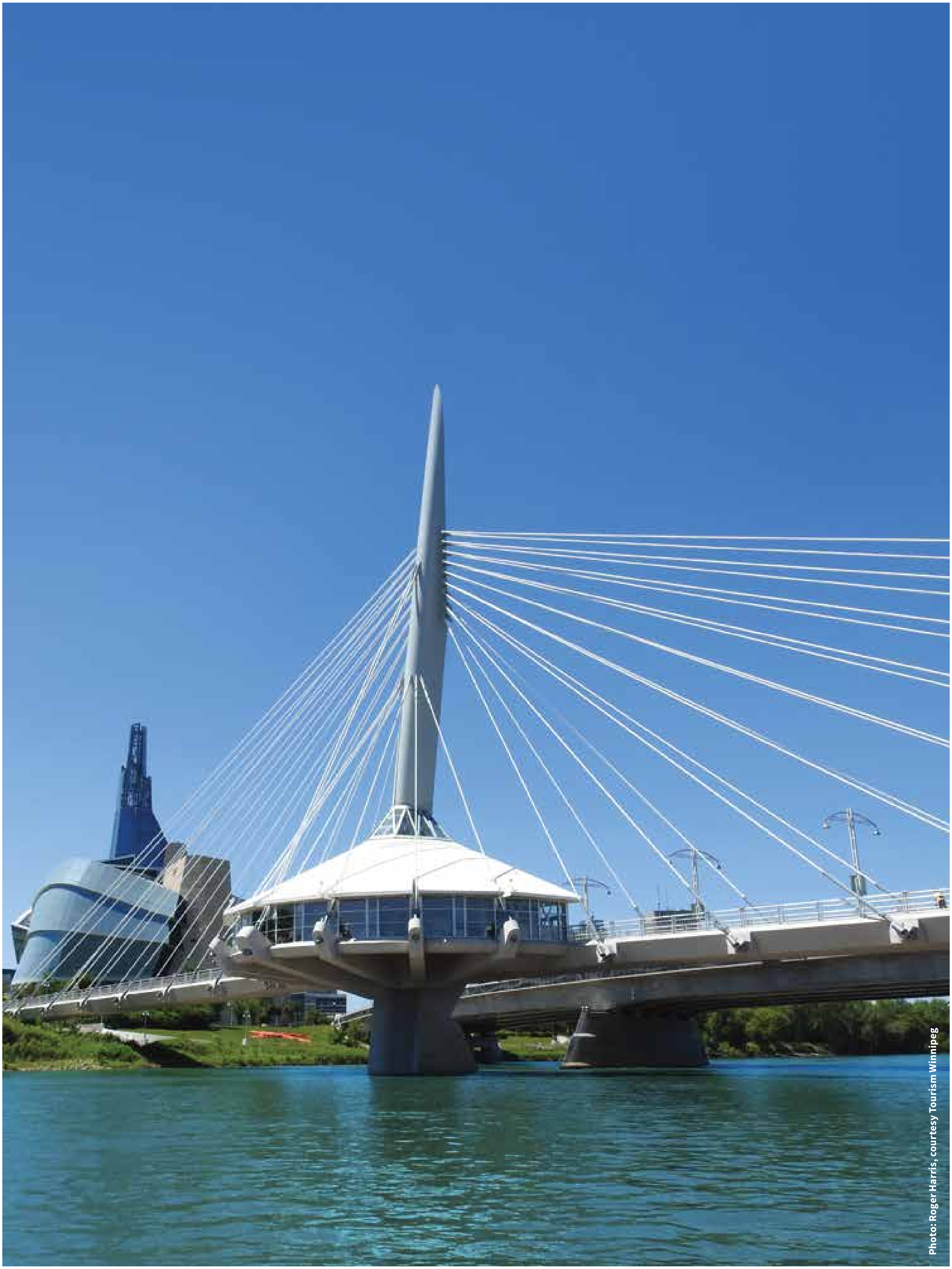


Photo: Roger Harris, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
SINKING FUND

STATEMENT OF FINANCIAL POSITION

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

		2020		2019
ASSETS				
Investment in bonds and debentures (Schedule 1)	**$**	**223,980**	$	182,599
Call loans - General Revenue Fund (Note 3)		**5,561**		1,945
Accrued interest receivable		**1,543**		1,303
		231,084		185,847
LIABILITIES				
Premium on Long Term Debt (Note 5)	**$**	**113,265**	$	87,061
RESERVE				
Reserve for retirement of debenture debt		**117,819**		98,786
	$	**231,084**	$	185,847

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)

	2020	2019
Balance, beginning of year	**$ 98,786**	$ 82,004
Add:		
Installments - General Revenue Fund	**6,189**	4,186
Interest income (Schedule 2)	**4,387**	5,440
Installments - Waterworks System	**2,836**	2,836
Installments - Sewage Disposal System	**1,848**	453
Installments - Reserves	**1,484**	1,484
Installments - Transit System	**1,438**	1,264
Installments - Municipal Accommodations	**666**	624
Installments - Solid Waste Disposal System	**237**	163
Gain on sale of assets	**185**	683
	118,056	99,137
Deduct:		
Transfer to General Revenue Fund - investment management fees	**237**	351
Balance, end of year	**$ 117,819**	$ 98,786

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SINKING FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada’s federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services.

Management assessed the financial impact on the Fund and as at December 31, 2020, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

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, 2020 was 2.24% (2019 - 2.78%).

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2020 are as follows:

Term To Maturity	**Par Value**	**Book Value**
Greater than five years	$ 203,341	$ 223,980

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, 2020 the Fund's maximum credit risk exposure at fair market value was $263,750 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 2020 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)

	2020					**2019**	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	Book Value	%
Investment in bonds and debentures							
Other Municipalities	**$ 94,434**	**$ 116,784**	**46**	**$ 100,643**	**45**	$ 86,410	47
City of Winnipeg	**59,807**	**85,942**	**33**	**74,293**	**33**	69,627	38
Provincial and Provincial guaranteed	**49,100**	**53,920**	**21**	**49,044**	**22**	26,562	15
	$ 203,341	**$ 256,646**	**100**	**$ 223,980**	**100**	$ 182,599	100

THE CITY OF WINNIPEG
SINKING FUND

Schedule 2

SCHEDULE OF INTEREST INCOME

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

	2020	2019
Interest on bonds and debentures	**$ 4,382**	$ 5,425
Call fund interest	**5**	15
	$ 4,387	$ 5,440

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

	2020	2019
ASSETS		
Current		
Cash	**$ 2,484,440**	$ 1,891,780
Short term investments	**2,105,667**	2,818,796
Accounts receivables (Note 5)	**858,019**	577,500
Inventory	**4,616**	43,611
Current portion of receivable from developers (Note 6)	**153,316**	145,929
Prepaids and other	**274,896**	415,577
	5,880,954	5,893,193
Non-current		
Property and equipment (Note 7)	**15,607,629**	15,026,376
Investments in properties and infrastructure enhancements (Note 8)	**60,888,835**	60,778,104
Receivable from developers (Note 6)	**612,982**	766,298
	$ 82,990,400	$ 82,463,971
LIABILITIES		
Current		
Trade and other payables (Note 9)	**$ 2,965,498**	$ 3,264,051
Funds held in trust	**121,316**	163,989
Deferred revenue	**339,229**	363,037
Current portion of long-term debt (Note 10)	**501,545**	471,757
Current portion of lease liabilities (Note 14)	**145,643**	-
	4,073,231	4,262,834
Non-current		
Long-term debt (Note 10)	**8,361,769**	8,863,314
Lease liabilities (Note 14)	**589,410**	-
Prepaid land rents	**602,526**	610,613
Deferred contributions	**9,680,622**	10,191,158
	23,307,558	23,927,919
EQUITY		
Share capital (Note 11)	**3**	3
Contributed surplus	**39,310,266**	39,310,266
Donated land (Note 13)	**8,000,000**	8,000,000
Retained earnings	**12,372,573**	11,225,783
	59,682,842	58,536,052
	$ 82,990,400	$ 82,463,971

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2020

	2020	2019
REVENUE		
The Forks Market	**$ 6,278,745**	$ 4,961,242
Parking	**8,100,223**	7,987,385
Lease	**1,332,012**	1,326,722
Events, sponsorship, grants and recoveries	**1,081,458**	990,486
Rental	**515,915**	515,971
Investment income	**122,097**	135,486
	17,430,450	15,917,292
EXPENSES		
The Forks Market	**3,907,330**	3,396,478
Parking	**3,317,322**	3,176,800
General and administrative	**2,398,870**	2,066,544
The Forks site and events	**1,936,712**	2,184,519
Security services	**495,275**	595,989
Marketing and communications	**469,000**	509,975
Planning and development	**252,623**	340,271
Rental	**161,881**	223,099
Investment costs	**3,788**	3,788
Prior year expense	**235,551**	88,991
	13,178,352	12,586,454
OPERATING INCOME BEFORE THE FOLLOWING	**4,252,098**	3,330,838
OTHER EXPENSES (INCOME)		
Interest on long-term debt	**515,365**	541,637
(Gain) loss on short-term investments	**135,582**	(187,528)
(Gain) loss on disposal of property and equipment	**659**	(5,689)
Depreciation and amortization	**3,315,704**	2,904,930
Amortization of deferred contributions	**(1,210,536)**	(1,159,849)
Donations	**348,534**	318,128
	3,105,308	2,411,629
Excess of revenues over expenses	**$ 1,146,790**	$ 919,209

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2020

	Share Capital	Donated Land	Contributed Surplus	Retained Earnings	2020 Total	2019 Total
Balance, beginning of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 11,225,783**	**$ 58,536,052**	$ 57,616,843
Net income	**-**	**-**	**-**	**1,146,790**	**1,146,790**	919,209
Balance, end of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 12,372,573**	**$ 59,682,842**	$ 58,536,052

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 1,146,790**	$ 919,209
Depreciation and amortization	**3,315,704**	2,904,930
Amortization of prepaid finance costs	**3,788**	3,788
Amortization of deferred contributions	**(1,210,536)**	(1,159,849)
(Gain) loss on disposal of property and equipment	**659**	(5,689)
(Gain) loss on disposition of short-term investments	**135,582**	(187,528)
	3,391,987	2,474,861
Changes in working capital accounts		
Accounts receivable	**(280,519)**	(233,078)
Inventory	**38,995**	20,744
Prepaids and other	**140,681**	(138,492)
Trade and other payables	**(298,553)**	376,627
Funds held in trust	**(42,673)**	(10,155)
	2,949,918	2,490,507
FINANCING ACTIVITIES		
Repayment of long term debt	**(475,545)**	(453,643)
Prepaid land rents	**(8,087)**	(8,086)
Deferred revenue	**(23,808)**	221,556
Deferred contributions received	**700,000**	982,012
Repayments to lease liabilities	**(146,312)**	-
	46,248	741,839
INVESTING ACTIVITIES		
Purchase of property and equipment and Infrastructure enhancements	**(3,131,254)**	(3,924,799)
Proceeds from disposition of short term investments (net)	**577,547**	1,084,622
Proceeds from repayment of developer receivables	**145,929**	135,721
Funds received for property and equipment	**-**	2,316
Proceeds from disposal of property and equipment	**4,272**	5,689
	(2,403,506)	(2,696,451)
Increase in cash	**592,660**	535,895
Cash, beginning of year	**1,891,780**	1,355,885
Cash, end of year	**$ 2,484,440**	$ 1,891,780

See accompanying notes to the consolidated financial statements.

1. *Nature of operations*

Mission

The mission of the organization is to act as a catalyst, encouraging activities for people in the downtown area through public and private partnerships and revitalization strategies, and to work to ensure financial self-sufficiency.

North Portage Development Corporation 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.

Company background

North Portage Development Corporation (the "Company" 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 operates 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 123 Main Street, Winnipeg, Canada.

The financial statements for the year ended March 31, 2020 were approved by the Board of the Company on June 18, 2020.

2. *Basis of preparation*

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, under the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out in the notes.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated 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 reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful debts is provided where considered necessary. Inventory is valued at the lower of cost and net realizable value. Management has estimated the net realizable value of inventory based on an estimate of future sales prices less selling costs. Depreciation and amortization are based on the estimated useful lives of property and equipment and investment in properties and infrastructure enhancements.

3. *Change in accounting policies*

The Company adopted the following new and /or revised standards, effective April 1, 2019. As indicated, adoption of the following new and/or revised standards, had a material impact on the Company's financial statements.

Leases

Effective April 1, 2019 (hereafter referred to as the “date of initial application”), the Company adopted IFRS 16 Leases as issued by the IASB in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 Insurance contracts, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases - Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

3. Change in accounting policies (continued from previous page)

Transition

The Company applied the changes in the accounting policies resulting from IFRS 16 retrospectively with cumulative effect of initially applying IFRS 16 recognized as an adjustment to the opening balance of retained earnings at April 1, 2019. The comparative information contained within these financial statements has not been restated and continues to be reported under previous lease standards. In addition, the following practical expedients were applied:

- The Company did not reassess whether a contract is, or contains, a lease at the date of initial application of IFRS 16 Leases. Instead, the Company applied IFRS 16 to all contracts that were previously identified as leases under IAS 17 Insurance contracts and IFRIC 4 Determining Whether an Arrangement Contains a Lease. Contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. As a result, the definition of a lease under IFRS 16 has only been applied to contracts entered into (or changed) on or after the date of initial application.

- When applying IFRS 16 to leases previously classified as operating leases under IAS 17, the Company has:

  - Adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognized in the statement of financial position in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application.

  - Used hindsight in determining the lease term when contract contains options to extend or terminate the lease.

The application of the standard has resulted in a change in the Company’s accounting policy for recognition of leases.

Initial application of IFRS 16

The Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of remaining lease payments, discounted using its incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied is 4%.

The application of the standard on April 1, 2019, has resulted in an increase in property and equipment of $881,365 and an increase in lease liabilities of $881,365.

4. *Summary of significant accounting policies*

Except as noted above, the following principle accounting policies have been adopted in the preparation of these consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries. Subsidiaries include: The Forks Renewal Corporation, FNP Parking Inc., 3898211 Manitoba Ltd. and Manitou Theatre Management Ltd.

Subsidiaries are entities controlled by the Company. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Company the current ability to direct the relevant activities and that the Company has the practical ability to exercise, is considered.

The Company determines whether it is a parent by assessing whether it controls an investee. The Company 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.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies have been applied consistently in all material respects.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Company at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in profit or loss for the current period.

Non-monetary items that are measured at historical cost are translated using the exchange rates at the date the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the item's fair value was determined. Translation gains and losses are included in profit or loss.

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.

4. *Summary of significant accounting policies (continued from previous page)*

Revenue recognition (continued from previous page)

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.

Deferred revenue

Deferred revenue consists of advance payments received and is recognized as revenue in the period in which the related event occurs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks, net of any outstanding cheques. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

All assets having limited useful lives are depreciated over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use.

The methods of depreciation and useful life applicable for each class of asset during the current and comparative period are as follows:

	Method	**Rate**
Plant and equipment	straight line	3-40 years
Equipment previously under finance lease	straight line	5 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

Property under construction

Items of property under construction are recorded at cost and are not amortized until they are complete and transferred to the appropriate category of asset.

4. Summary of significant accounting policies (continued from previous page)

Impairment of tangible assets

At the end of each reporting period, the Company 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 value 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 income.

Investment in properties and infrastructure enhancements

Investment in properties and infrastructure enhancements are stated at cost less accumulated depreciation and impairment losses. Cost includes transaction costs of acquisition.

The methods of depreciation and useful life applicable for each class of asset during the current and comparative period are as follows:

	Method	**Rate**
Buildings	straight line	20-40 years
Infrastructure enhancements	straight line	40 years

Borrowing costs

Borrowing costs are expensed as incurred except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale.

Borrowing costs are capitalized into the cost of qualifying assets until they are ready for their intended use or sale. All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

4. *Summary of significant accounting policies (continued from previous page)*

Leases

The Company assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

This policy is applied to contracts entered into, or changed, on or after April 1, 2019.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability comprise of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

The Company remeasures the lease liability when there is a change in the lease term, a change in the Company's assessment of an option to purchase the underlying asset, a change in the Company's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4. *Summary of significant accounting policies (continued from previous page)*

Leases (continued from previous page)

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term leases and low value leases. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5,000 or less. The Company recognizes the lease payments associated with these leases as an expense on either a straight-line basis over the lease term.

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, accounts receivable, and receivables from developers.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from 'impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

4. *Summary of significant accounting policies (continued from previous page)*

Financial assets (continued from previous page)

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of short-term investments.

- Designated at fair value through profit or loss - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Refer to Note 18 for more information about financial instruments held by the Company, their measurement basis, and their carrying amount.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, how performance of the portfolio is evaluated, risks affecting the performance of the business model, how managers of the business are compensated and the significance and frequency of sales in prior periods.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

4. *Summary of significant accounting policies (continued from previous page)*

Financial assets (continued from previous page)

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable and receivables from developers. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, or requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial asset(s).

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 18 for additional information about the Company's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

4. *Summary of significant accounting policies (continued from previous page)*

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and its is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlements is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses as related costs for which funded expenditures are incurred. Government grants are recognized when there is reasonable assurance that the Company will comply with the terms and conditions associated with the grants and the grants will be received.

4. *Summary of significant accounting policies (continued from previous page)*

Government grants (continued from previous page)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss 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.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost comprises all costs of purchases, costs of conversion and other costs are incurred in bringing inventories to their present location and condition.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2020 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS standards and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS standards and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

5. Accounts receivable

		2020		2019
Trade receivables	$	**676,515**	$	290,354
Allowance for doubtful accounts		**(34,169)**		(35,082)
Goods and services tax recoverable		**38,765**		-
Other receivables		**176,908**		322,228
	$	**858,019**	$	577,500

The credit period on sale of goods and services is 30 days. The Company 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 trade receivables that are past due but not impaired:

		2020		2019
31-60 days	$	**392,965**	$	90,464
61-90 days		**47,483**		7,850
91+ days		**77,583**		124,274
	$	**518,031**	$	222,588

In determining the recoverability of a trade receivable, the Company 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.

In respect of other receivables, the Company is not exposed to any significant credit risk to any single counterparty.

6. Receivable from developers

Amounts consist of the repayment of the rehabilitation costs from the developers adjacent to the streets located on the North Portage site. The below balances are unsecured.

		2020		2019
Receivable from developers bearing interest at 5%, repayable at $15,791 per month (2019 - $11,310), maturing December 2024.	$	**766,298**	$	912,227
Current portion of receivable from developers		**(153,316)**		(145,929)
	$	**612,982**	$	766,298

7. *Property and equipment*

		2020		2019
Land	**$**	**9,058,281**	$	9,058,281
Property under construction		**534,136**		309,908
Plant and equipment		**5,382,209**		5,657,012
Equipment previously under finance lease		**-**		1,175
Right-of-use Asset		**633,003**		-
Net book value	**$**	**15,607,629**	$	15,026,376

For additional information, see the Consolidated Schedule of Property and Equipment (Schedule 1).

8. *Investment in properties and infrastructure enhancements*

		2020		2019
Land	**$**	**27,671,572**	$	27,671,572
Building		**19,610,848**		18,868,415
Property under construction		**2,883,904**		2,706,809
Infrastructure enhancements		**10,614,296**		11,531,308
Right-of-use Asset		**108,215**		-
Net book value	**$**	**60,888,835**	$	60,778,104

For additional information, see the Consolidated Schedule of Investment in Properties and Infrastructure Enhancements (Schedule 2).

9. *Trade and other payables*

		2020		2019
Trade accounts payables	**$**	**714,652**	$	1,137,228
Accrued liabilities		**2,207,118**		2,107,884
Government remittances payable		**43,728**		18,939
	$	**2,965,498**	$	3,264,051

The average credit period on purchases is 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit terms.

10. *Long-term debt*

		2020		2019
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $82,940. The loan matures on September 1, 2032 and is secured by a general security agreement together with a first charge on the following lease agreements: Cityscape Residence Corp., The Kiwanis Club of Winnipeg Seniors Building Inc., Fred Douglas Place Ltd. and Portage Place Centre Inc.	**$**	**8,907,488**	$	9,383,033
Less: current portion		**501,545**		471,757
Less: financing fees		**44,174**		47,962
	$	**8,361,769**	$	8,863,314

Principal repayment on long-term debt in each of the next five years are estimated as follows:

2021	501,545
2022	534,600
2023	565,563
2024	598,316
2025	632,967
Thereafter	6,074,497
	8,907,488

11. *Share capital*

		2020		2019
Common shares 3 (2019-3)	**$**	**3**	$	3

12. *Government contributions*

		2020		2019
Amounts included in deferred contributions	**$**	**8,342,567**	$	9,677,416
Contributions received in the year		**84,500**		92,550
Amounts recognized in income in prior years		**74,638,095**		73,478,246
Annual amortization of deferred contributions		**1,120,536**		1,159,849
Amounts recognized in income in the current year		**(84,500)**		(92,550)
Donated land		**8,000,000**		8,000,000
Contributed surplus		**39,310,266**		39,310,266
	$	**131,411,464**	$	131,625,777

13. 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	49.0	3.9	3.0	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 FRC's ownership are 49.95 acres.

14. Lease liabilities

Leases as lessee

The Company leases buildings. The lease terms span up to 5 years and include options to renew for an additional 5 years after the end of the committed contract terms.

Right-of-use assets

Right-of-use assets of the Company have been presented within property and equipment and Investment in properties and infrastructure enhancements in the statement of financial position. Refer to notes 7 and 8 for information pertaining to right-of-use assets arising from lease arrangements in which the entity is a lessee.

The following table sets out a maturity analysis of lease liabilities:

Maturity analysis - contractual undiscounted cash flows	**2020**
Less than one year	**$ 154,730**
One to five years	**421,693**
More than five years	**309,940**
Total undiscounted lease liabilities at March 31, 2020	**$ 886,363**
Lease liabilities included in the statement of financial position at March 31, 2020	**$ 735,053**
Current	**$ 145,643**
Non-current	**$ 589,410**

14. Lease liabilities (continued from previous page)

Amounts recognized in income

The Company has recognized the following amounts in the consolidated income statement and other comprehensive income:

		2020
Interest expense on lease liabilities	**$**	**3,155**

Amounts recognized in the consolidated statement of cash flows

The Company has recognized the following amounts in the consolidated statement of cash flows.

		2020
Total cash outflow for leases	**$**	**149,467**

15. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Those responsible for governance were asked to disclose the organizations for which they, their immediate family members, and their dependents have control or influence. No such related parties were declared, as such there are no related party transactions to disclose.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

		2020		2019
Wages and other short-term benefits	**$**	**612,085**	$	681,608

16. Management Capital

The Company'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 Company is comprised of the following:

		2020		2019
Total debt and deferred shareholder contributions	**$**	**18,543,936**	$	19,526,229
Shareholders' equity		**59,682,838**		58,536,024
	$	**78,226,774**	$	78,062,253

16. Management Capital (continued from previous page)

The Company'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 Company prepares a budget each year, allocating expenses to revenue they expect to earn and funding it expects to receive.

The Company 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 Company to reduce the cost of capital. An investment policy is in place to guide the Company in the management of surplus funds. These guidelines ensure that capital is preserved, rates of return are maximized and funds are available as needed.

17. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instruments fails to discharge its contractual obligations.

The maximum exposure of the Company to credit risk as of March 31, 2020 is $1,385,486 (2019 - $1,524,809).

The Company 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 Company 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.

Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce itsexposure 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 the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through normal operating and financing activities.

17. *Financial instruments (continued from previous page)*

The Company is exposed to interest rate risk with respect to cash, investments, receivables from developers, and long-term debt.

Fair value measurement of financial instruments

Financial assets and 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 operability 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 Company 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 are classified as Level 1. The carrying value of the 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 Company's Level 2 financial instruments consist of accounts receivable, trade and other payables, receivable from developers, long-term debt and funds held in trust. The carrying values of accounts receivable, trade and other payables, receivable from developers and funds held in trust approximate their fair value due to the immediate or short-term nature of these instruments.

Financial instruments measured at amortized cost for which the fair value is disclosed

The fair value of the long term receivables and long term debt are impacted by changes in market yields which can result in differences between the carrying value and the fair value of the instruments. The fair value of the long term receivables and long term debt have been estimated based on the current market rates for mortgages and loans of similar terms and conditions.

The estimated fair value at March 31, 2020 of the receivable from developers is $766,298 (2019 - $912,227) and long-term debt is $8,863,314 (2019 - $9,335,071).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

17. *Financial instruments (continued from previous page)*

Contractual maturities of long-term debt are disclosed in Note 10.

	< 1 year	**1-2 years**	**> 3 years**	**Total**
Trade and other payables	2,985,020	-	-	**2,985,020**
Funds held in trust	101,794	-	-	**101,794**
Lease liabilities	145,643	130,462	458,948	**735,053**
Total	3,232,457	130,462	458,948	**3,821,867**

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company enters into transactions for short-term investments, for which the market price fluctuates.

18. *Subsequent event*

At and subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company’s business and financial condition.

NORTH PORTAGE DEVELOPMENT CORPORATION

Schedule 1

CONSOLIDATED SCHEDULE OF PROPERTY AND EQUIPMENT

	Land	Property under Construction	Plant and Equipment	Equipment Previously Under Finance Lease	Right -of-use Asset	Total
Cost						
Balance March 31, 2019	$ 9,058,281	$ 309,908	$ 20,964,842	$ 643,037	$ -	$ 30,976,068
Additions	-	1,702,861	64,463	-	711,313	2,478,637
Disposals	-	-	(10,288)	-	-	(10,288)
Grants received for assets	-	38,985	(38,985)	-	-	-
Transfer to plant and equipment	-	(395,590)	395,590	-	-	-
Transfer to investment in properties						-
and infrastructure enhancements	-	(1,122,028)	-	-	-	(1,122,028)
Balance March 31, 2020	**9,058,281**	**534,136**	**21,375,622**	**643,037**	**711,313**	**32,322,389**
Depreciation and impairment losses						
Balance March 31, 2019	-	-	15,307,830	641,862	-	15,949,692
Depreciation charge for the year	-	-	690,940	1,175	78,310	770,425
Disposals	-	-	(5,357)	-	-	(5,357)
Balance March 31, 2020	**-**	**-**	**15,993,413**	**643,037**	**78,310**	**16,714,760**
Net book value						
Balance March 31, 2020	**$ 9,058,281**	**$ 534,136**	**$ 5,382,209**	**$ -**	**$ 633,003**	**$ 15,607,629**

NORTH PORTAGE DEVELOPMENT CORPORATION

Schedule 2

CONSOLIDATED SCHEDULE OF INVESTMENT IN PROPERTIES AND INFRASTRUCTURE ENHANCEMENTS

	Land	Building	Property under Construction	Infrastructure Enhancements	Right-of use Asset	Total
Cost						
Balance March 31, 2019	$ 28,203,066	$ 30,006,256	$ 2,706,809	$ 59,149,905	$ -	$ 120,066,036
Additions	-	1,117,703	177,095	69,132	170,052	1,533,982
Transfer from property and equipment	-	1,122,028	-	-	-	1,122,028
Balance March 31, 2020	**28,203,066**	**32,245,987**	**2,883,904**	**59,219,037**	**170,052**	**122,722,046**
Accumulated amortization						
Balance March 31, 2019	531,494	11,137,841	-	47,618,597	-	59,287,932
Amortization	-	1,497,298	-	986,144	61,837	2,545,279
Balance March 31, 2020	**531,494**	**12,635,139**	**-**	**48,604,741**	**61,837**	**61,833,211**
Net book value						
Balance March 31, 2020	**$ 27,671,572**	**$ 19,610,848**	**$ 2,883,904**	**$ 10,614,296**	**$ 108,215**	**$ 60,888,835**

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2020	2019
ASSETS		
Investments		
Cash and short-term deposits (Note 3)	**$ 617,185**	$ 476,484
Canadian securities (Note 3)	**6,866,448**	5,603,755
	7,483,633	6,080,239
Accrued interest	**39,504**	48,833
Due from the City of Winnipeg	**27,430**	20,824
Total Assets	**7,550,567**	6,149,896
LIABILITIES		
Accounts payable and accrued liabilities	**108,848**	55,450
Total Liabilities	**108,848**	55,450
NET ASSETS AVAILABLE FOR BENEFITS	**7,441,719**	6,094,446
OBLIGATION FOR PENSION BENEFITS (Note 4)	**7,742,174**	6,728,820
NET ASSETS AVAILABLE FOR BENEFITS LESS OBLIGATION FOR PENSION BENEFITS	**$ (300,455)**	$ (634,374)

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

	2020	2019
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg (Note 5)	**$ 812,391**	$ 457,661
Program members	**124,907**	121,154
	937,298	578,815
Investment income from		
Canadian securities	**109,196**	117,900
Cash and short-term deposits	**3,370**	4,696
	112,566	122,596
Current period change in fair value of investments	**553,941**	515,612
Total increase in assets	**1,603,805**	1,217,023
DECREASE IN ASSETS		
Administrative expenses		
Actuarial fees	**58,381**	49,858
Legal fees	**27,450**	-
Investment management, audit and administrative fees	**19,009**	18,420
	104,840	68,278
Pension payments	**151,692**	150,180
Total decrease in assets	**256,532**	218,458
Increase in net assets	**1,347,273**	998,565
Net assets available for benefits at beginning of year	**6,094,446**	5,095,881
Net assets available for benefits at end of year	**$ 7,441,719**	$ 6,094,446

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

	2020	2019
OBLIGATION FOR PENSION BENEFITS AT BEGINNING OF YEAR	**$ 6,728,820**	$ 5,679,383
Benefits accrued	**587,865**	556,810
Changes in the actuarial assumptions	**474,329**	368,156
Interest accrued on benefits	**294,411**	274,651
Experience gains and losses	**(191,559)**	-
Benefits paid	**(151,692)**	(150,180)
OBLIGATION FOR PENSION BENEFITS AT END OF YEAR	**$ 7,742,174**	$ 6,728,820

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, 2020

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.

1. Description of Plan (continued)

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.

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, 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 4).

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, 2020, 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 $686,645 (2019 - $560,376).

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, 2020, the Plan's maximum credit risk exposure relates to accrued interest and investments in Canadian and Canadian denominated global securities totaling $6,905,952 (2019 - $5,652,588).

3. *Risk Management (continued)*

b) Credit risk (continued)

The Plan limits credit risk through diversification of investments and by utilizing highly liquid Exchange Traded Funds ("EFT") which represent the securities composition of benchmark securities indices. These indices are documented in an internal investment policy guideline which includes permitted asset classes of investments and a target asset mix.

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, 2020 and 2019 in valuing the Plan's financial assets recorded at fair value:

	Level 1	**Level 2**	**Level 3**	**2020 Total**
Cash and short-term deposits	**$ 617,185**	**$ -**	**$ -**	**$ 617,185**
Canadian securities	**6,866,448**	**-**	**-**	**6,866,448**
	$ 7,483,633	**$ -**	**$ -**	**$ 7,483,633**

	Level 1	Level 2	Level 3	2019 Total
Cash and short-term deposits	$ 476,484	$ -	$ -	$ 476,484
Canadian securities	5,603,755	-	-	5,603,755
	$ 6,080,239	$ -	$ -	$ 6,080,239

Canadian securities consist of the following:

	2020	2019
iShares Canadian Real Return Bond Index ETF	**$ 3,954,857**	$ 3,253,813
iShares MSCI World Index ETF	**1,661,443**	1,231,322
iShares Core S-P/TSX Capped Composite Index ETF	**673,488**	584,380
iShares Canadian Long Term Bond Index ETF	**576,660**	534,240
	$ 6,866,448	$ 5,603,755

3. *Risk Management (continued)*

e) Other risk

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by the Board in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, performance and valuation of investments of the Program in future periods.

4. *Obligation for Pension Benefits*

An actuarial valuation of the Program was prepared as at December 31, 2019 and extrapolated to December 31, 2020 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 3.95% (2019 - 4.30%) per annum, a rate of return on assets of 3.95% (2019 - 4.30%) per annum, and a general rate of salary increase of 2.50% (2019 - 2.50%) per annum.

The obligation for pension benefits is comprised of the following:

	2020	2019
Part A	**$ 7,539,135**	$ 6,455,157
Part B	**203,039**	273,663
	$ 7,742,174	$ 6,728,820

5. *Contributions*

	2020	2019
Current service	**$ 505,026**	$ 457,661
Special contributions (Note 6)	**307,365**	-
	$ 812,391	$ 457,661

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.

6. *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.

In December 2020, the Board approved changes to the target asset allocation where the target equity allocation was increased to 50% from 30% and target fixed income allocation was decreased to 50% from 70%. The changes will be implemented in 2021.

6. Capital Management (continued)

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 at least once every three years. The most recent actuarial funding valuation filed for Part A was prepared by Mercer for the period ended December 31, 2019 and reported a $295,000 shortfall which, along with interest accruing to date of payment of $12,365 was fully funded by the City of Winnipeg during 2020. The next required actuarial funding valuation for Part A is as at December 31, 2022 and will be completed in 2023.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

7. Related Party Transactions

The Program receives administrative support from the City at no cost to the Program.

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

STATEMENT OF FINANCIAL POSITION

As at December 31
(in $ thousands)
(unaudited)

	2020	2019
ASSETS		
Investments, at fair value		
Bonds, debentures and mortgages	**$ 294,750**	$ 282,469
Canadian equities	**327,344**	321,202
Foreign equities	**600,424**	521,475
Cash and short-term deposits	**65,156**	28,786
Private equities	**5,669**	11,198
Real estate	**180,771**	199,669
Infrastructure	**177,462**	173,233
Private debt	**215,672**	188,715
	1,867,248	1,726,747
Participants' contributions receivable	**2**	13
Employers' contributions receivable	**6**	19
Accounts receivable	**100**	1,125
Due from The Winnipeg Civic Employees' Pension Plan	**355**	10
Total Assets	**1,867,711**	1,727,914
LIABILITIES		
Accounts payable	**1,350**	2,948
Total Liabilities	**1,350**	2,948
NET ASSETS AVAILABLE FOR BENEFITS	**1,866,361**	1,724,966
PENSION OBLIGATIONS	**1,695,705**	1,577,120
SURPLUS	**$ 170,656**	$ 147,846
SURPLUS COMPRISED OF:		
Main Account - General Component	**$ 111,577**	$ 71,169
Main Account - Contributions Stabilization Reserve	**42,126**	60,797
Plan Members' Account	**16,953**	15,532
City Account	**-**	348
	$ 170,656	$ 147,846

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)
(unaudited)

	2020	2019
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg	**$ 30,575**	$ 29,863
Employees	**13,515**	13,200
Reciprocal transfers from other plans	**2,262**	677
	46,352	43,740
Investment income (Note 5)	**49,365**	51,883
Current period change in fair value of investments	**116,009**	165,776
Total increase in assets	**211,726**	261,399
DECREASE IN ASSETS		
Pension payments	**57,651**	54,214
Lump sum benefits (Note 7)	**3,060**	987
Administrative expenses (Note 8)	**1,340**	1,335
Investment management and custodial fees	**8,280**	7,386
Total decrease in assets	**70,331**	63,922
Increase in net assets	**141,395**	197,477
Net assets available for benefits at beginning of year	**1,724,966**	1,527,489
Net assets available for benefits at end of year	**$ 1,866,361**	$ 1,724,966

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)
(unaudited)

	2020	2019
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	**$ 1,577,120**	$ 1,440,411
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued pension benefits	**77,325**	75,847
Benefits accrued	**52,798**	46,813
Changes in actuarial assumptions	**44,729**	83,330
Experience gains and losses and other factors	**5,851**	-
Total increase in accrued pension benefits	**180,703**	205,990
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	**60,711**	55,201
Experience gains and losses and other factors	**-**	12,779
Administration expenses	**1,407**	1,301
Total decrease in accrued pension benefits	**62,118**	69,281
NET INCREASE IN ACCRUED PENSION BENEFITS FOR THE YEAR	**118,585**	136,709
ACCRUED PENSION BENEFITS, END OF YEAR	**$ 1,695,705**	$ 1,577,120

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

STATEMENT OF CHANGES IN SURPLUS

For the year ended December 31
(in $ thousands)
(unaudited)

	2020	2019
SURPLUS, BEGINNING OF YEAR	**$ 147,846**	$ 87,078
Increase in net assets available for benefits for the year	**141,395**	197,477
Increase in accrued pension benefits for the year	**(118,585)**	(136,709)
SURPLUS, END OF YEAR	**$ 170,656**	$ 147,846

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, 2020
(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 52.7% (2019 - 55.4%) 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, debentures, and mortgages are valued either using published market prices or by applying valuation techniques that utilize observable market inputs.

For private equity, private 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) Financial instruments other than investments

Financial instruments other than investments include accrued contributions receivable, accrued pension benefits payable and lump sum benefits payable. Financial assets other than investments and financial liabilities are recognized in the Plan's statement of financial position when the Plan becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at fair value.

The Plan's contributions receivable are measured at amortized cost, where amortized cost equals the amount at which the receivable is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The settlement periods for the majority of items are normally in the seven to fourteen days range.

The Plan's financial liabilities are measured subsequently at amortized cost.

d) 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.

e) 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 obligations and the fair value of investments.

3. *Obligations for Pension Benefits*

An actuarial valuation of the Plan was performed as of December 31, 2020 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, 2020. For the comparative 2019 figures, the actuarial present value of accrued benefits at December 31, 2019 is based on the December 31, 2019 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 included a valuation interest rate of 4.75% (2019 – 4.95%) per year, inflation of 2.0% (2019 – 2.0%) per year and general increases in pay of 3.25% (2019 - 3.25%) per year.

The change in the valuation interest rate from 4.95% to 4.75% increased the obligations for pension benefits by $55,064.

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.

3. Obligations for Pension Benefits (continued)

The actuarial valuation as at December 31, 2020 disclosed a $23,514 funding deficiency which is to be resolved in accordance with the Plan, by transferring $11,757 from the Main Account - Contribution Stabilization Reserve to the Main Account - General Component and by decreasing future cost-of-living adjustments form 52.7% to 50.0% of inflation (with a corresponding decrease in obligations for pension benefits of $11,757), effective January 1, 2021.

The actuarial valuation as at December 31, 2019 disclosed a $32,885 funding deficiency which was resolved in accordance with the Plan, by transferring $348 to the City account the Main Account - General Component, by transferring $22,202 from the Main Account - Contribution Stabilization Reserve to the Main Account - General Component and by decreasing future cost-of-living adjustments from 55.4% to 52.7% of inflation (with a corresponding decrease in obligations for pension benefits of $10,335), effective January 1, 2020.

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:

	2020	2019
Surplus for financial statement reporting purposes		
Main Account - General Component	**$ 111,577**	$ 71,169
Fair value changes not reflected in actuarial value of assets	**(135,091)**	(104,054)
Deficiency for actuarial valuation purposes		
Main Account - General Component	**(23,514)**	(32,885)
Add: special purpose reserves and accounts		
Main Account - Contribution Stabilization Reserve	**42,126**	60,797
Plan Members' Account	**16,953**	15,532
City Account	**-**	348
Surplus for actuarial valuation purposes - including special purpose reserves and accounts	**$ 35,565**	$ 43,792

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 will be as at December 31, 2020.

The actuarial valuation as at December 31, 2020 disclosed solvency liabilities measured on a Plan termination basis of $1,858,570 and a solvency deficiency of $11,562 as at December 31, 2020.

3. *Obligations for Pension Benefits (continued)*

The Pension Benefits Regulation provides that 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. The City of Winnipeg has informed the Winnipeg Police Pension Board that it will be arranging for an irrevocable letter of credit to be held by the Winnipeg Police Pension Board in lieu of making special payments of $204,917 per month together with any applicable interest as required under the Regulation, commencing in 2021. The letter of credit expected to be effective October 2021 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.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As of the date of the financial statements, the measures taken to contain the spread of COVID-19 remains dynamic with responses varying form cities and countries around the world. As a result of COVID-19, the global and Canadian financial markets have experienced significant volatility, changes in interest rate and fluctuations in foreign currency exchange rates. Given the extent of the pandemic, the uncertainty surrounding the economic impact of COVID-19 will remain elevated. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Plan in the future periods.

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, debentures, mortgages and short-term deposits. At December 31, 2020 the Plan's credit risk exposure related to bonds, debentures, mortgages and short-term deposits totaled $359,906 (2019 - $311,255).

The Plan's concentration of credit risk as at December 31, 2020, related to bonds, debentures, and mortgages is categorized amongst the following types of issuers:

4. *Management of Financial Risk (continued)*

a) Credit risk (continued)

Type of Issuer	**2020 Fair Value**	2019 Fair Value
Government of Canada and Government of Canada guaranteed	**$ 47,127**	$ 67,277
Provincial and Provincial guaranteed	**71,725**	108,653
Canadian cities and municipalities	**3,594**	2,600
Corporations and other institutions	**64,945**	103,939
Commercial mortgages	**107,359**	-
	$ 294,750	$ 282,469

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $3,908 at December 31, 2020 (2019 - $14,358).

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, 2020 bonds and debentures analyzed by credit rating are as follows:

	2020		2019	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**31.2**	**3.2**	26.5	4.4
AA	**38.6**	**3.9**	35.4	5.8
A	**17.6**	**1.8**	23.3	3.8
BBB	**12.6**	**1.2**	14.8	2.4
	100.0	**10.1**	100.0	16.4

At December 31, 2020, the Plan's credit risk exposure related to mortgages totaled $107,359 (2019 - $nil) and the interest rates of the loans within the mortgage portfolios range form 2.9% to 9.5%. At December 31, 2020, the Plan's credit risk exposure related to private debt totaled $215,672 (2019 - $188,715). The Plan's external managers for the mortgage and private debt portfolios limit credit risk through diversification, performing internal credit analysis and enforcing loan covenants.

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.

4. *Management of Financial Risk (continued)*

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, which is not traded in an organized market and may be illiquid, but only up to a maximum of 2.5% of the Plan's assets, as stipulated in the Plan's Statement of Investment Policies and Procedures. The Plan may also invest in private debt, real estate and infrastructure, which are not traded in organized markets and may be illiquid, but only up to a maximum of 12.5% of the Plan's assets for each asset class, 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, debentures, mortgages, 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 19.3% (2019 - 18.0%) of its assets invested in bonds, debentures, mortgages and short-term investments as at December 31, 2020. The returns on bonds, debentures, and mortgages are particularly sensitive to changes in nominal interest rates.

The term to maturity and related fair values of investments in bonds, debentures, and mortgages held by the Plan at December 31, 2020 are as follows:

Term to Maturity	**2020 Fair Value**	2019 Fair Value
Less than one year	**$ 24,721**	$ 3,786
One to five years	**114,671**	113,686
Greater than five years	**155,358**	164,997
	$ 294,750	$ 282,469

As at December 31, 2020, had prevailing interest rates raised or lowered by 0.5% (2019 - 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 $10,822 (2019 - $10,912), approximately 0.6% of total net assets (2019 - 0.6%). 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.

4. *Management of Financial Risk (continued)*

c) Interest rate risk (continued)

The Plan also has exposure to interest rate risk from its private 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, private equity, private debt and infrastructure investments. The Plan's investment managers may, from time to time, hedge some of this exposure using forward contracts. The following table indicates the Plan's net foreign currency exposure after giving effect to the net related economic hedge as at December 31, 2020. 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.

	2020				2019	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 682,579**	**$ 18,674**	**$ 663,905**	**$ 66,391**	$ 596,295	$ 59,629
Euro countries	**132,940**	**14,469**	**118,471**	**11,847**	103,617	10,362
United Kingdom	**49,047**	**11,912**	**37,135**	**3,714**	40,729	4,073
Japan	**34,843**	**-**	**34,843**	**3,484**	29,135	2,914
Hong Kong	**29,665**	**-**	**29,665**	**2,966**	21,101	2,110
Australia	**15,619**	**8,148**	**7,471**	**747**	10,824	1,082
Switzerland	**14,191**	**-**	**14,191**	**1,419**	13,282	1,328
Sweden	**12,950**	**-**	**12,950**	**1,295**	9,265	927
Other	**26,827**	**-**	**26,827**	**2,683**	19,664	1,966
	$ 998,661	**$ 53,203**	**$ 945,458**	**$ 94,546**	$ 843,912	$ 84,391

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.

4. *Management of Financial Risk (continued)*

e) Other price risk (continued)

For this Plan, the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2020, 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 $139,165 (2019 - $126,402), approximately 7.5% of total net assets (2019 - 7.3%). 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, and real estate investments, for which quoted market prices are not available. As at December 31, 2020, the estimated fair value of private equity investments is $5,669 (2019 - $11,198), approximately 0.3% of total net assets (2019 - 0.7%), and the related change in fair value of investments recognized for the year ended December 31, 2020 is $203 (2019 - $1,686). As at December 31, 2020, the estimated fair value of private debt investments is $215,672 (2019 - $188,715), approximately 11.6% of total net assets (2019 - 10.9%), and the related change in fair value of investments recognized for the year ended December 31, 2020 is ($5,313) (2019 - ($6,745)). As at December 31, 2020, the estimated fair value of real estate investments is $180,771 (2019 - $199,699), approximately 9.7% of total net assets (2019 - 11.6%), and the related change in fair value of investments recognized for the year ended December 31, 2020 is ($2,275) (2019 - $9,753).

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 to 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.

As at December 31, 2020, the estimated fair value of the infrastructure investments is $177,462 (2019 - $173,233), approximately 9.5% of total net assets (2019 - 10.0%), and the related change in fair value of investments recognized for the year ended December 31, 2020 is $3,652 (2019 - $5,903).

4. *Management of Financial Risk (continued)*

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, 2020 and December 31, 2019, classified using the fair value hierarchy described above:

	Level 1	**Level 2**	**Level 3**	**2020 Total Investment Assets at Fair Value**
Bonds, debentures and mortgages	**$ -**	**$ 294,750**	**$ -**	**$ 294,750**
Canadian equities	**327,344**	**-**	**-**	**327,344**
Foreign equities	**600,424**	**-**	**-**	**600,424**
Cash and short-term deposits	**65,156**	**-**	**-**	**65,156**
Private equities	**-**	**-**	**5,669**	**5,669**
Real estate	**-**	**-**	**180,771**	**180,771**
Infrastructure	**-**	**-**	**177,462**	**177,462**
Private debt	**-**	**-**	**215,672**	**215,672**
	$ 992,924	**$ 294,750**	**$ 579,574**	**$ 1,867,248**

	Level 1	Level 2	Level 3	2019 Total Investment Assets at Fair Value
Bonds and debentures	$ -	$ 282,469	$ -	$ 282,469
Canadian equities	321,202	-	-	321,202
Foreign equities	521,475	-	-	521,475
Cash and short-term deposits	26,485	2,301	-	28,786
Private equities	-	-	11,198	11,198
Real estate	-	-	199,669	199,669
Infrastructure	-	-	173,233	173,233
Private debt	-	-	188,715	188,715
	$ 869,162	$ 284,770	$ 572,815	$ 1,726,747

During the year, there have been no significant transfer of amounts between Level 1 and Level 2.

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy (continued)

The following table reconciles the fair value of financial instruments classified in Level 3 from the beginning balance to the ending balance:

Private Equities	**2020**	2019
Fair value, beginning of year	**$ 11,198**	$ 11,599
Gains recognized in increase in net assets	**203**	1,686
Purchases	**52**	46
Sales/distribution	**(784)**	(2,133)
Return of Capital from subsidiary, accounted for on equity basis	**(5,000)**	-
	$ 5,669	$ 11,198

Real Estate	**2020**	2019
Fair value, beginning of year	**$ 199,669**	$ 120,978
(Losses) gains recognized in increase in net assets	**(2,275)**	9,753
Purchases	**-**	68,938
Sales	**(16,623)**	-
	$ 180,771	$ 199,669

Infrastructure	**2020**	2019
Fair value, beginning of year	**$ 173,233**	$ 159,347
Gains recognized in increase in net assets	**3,652**	5,903
Purchases	**2,217**	8,506
Sales	**(1,640)**	(523)
	$ 177,462	$ 173,233

Private debt	**2020**	2019
Fair value, beginning of year	**$ 188,715**	$ 143,854
(Losses) recognized in increase in net assets	**(5,313)**	(6,745)
Purchases	**45,882**	68,808
Sales	**(13,612)**	(17,202)
	$ 215,672	$ 188,715

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy (continued)

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, 2020, the Fund held the following investments that met this classification:

		2020
Bonds, debentures and mortgages		
TD Emerald Canadian Bond Pooled Fund Trust	$	108,799
ACM Commercial Mortgage Fund		79,452
TD Emerald Canadian Long Government Bond Pooled Fund Trust		45,315
TD Lancaster Fixed Income Fund II		33,276
TD Greystone Mortgage Fund		27,908
Foreign equities		
State Street S&P 500 Index Common Trust Fund		129,617
Hillsdale Global Performance Equity Fund		40,864
Schiehallion Fund		22,375
Real estate		
Greystone Real Estate Fund Inc.		67,934
Bentall Kennedy Prime Canadian Property Fund Ltd.		46,143
Carlyle Property Investors, L.P.		42,962
Lion Industrial Trust		23,732
Infrastructure		
OIM B4 2013 L.P.		62,934
IFM Global Infrastructure (Canada), L.P.		46,143
Axium Infrastructure NA Limited Partnership		42,962
JPMorgan Infrastructure Investments Fund		23,732
Private debt		
Northleaf Senior Private Credit-L		31,950
IFM USIDF (Offshore) B, L.P.		28,344
Northleaf Star Investor Corporation		21,366

5. *Investment Income*

		2020		2019
Bonds, debentures and mortgages	**$**	**7,540**	$	9,796
Canadian equities		**9,162**		10,708
Foreign equities		**6,202**		8,925
Cash and short-term deposits and other		**178**		770
Private equities		**19**		20
Real estate		**4,266**		3,130
Infrastructure		**9,018**		7,945
Private debt		**12,980**		10,589
	$	**49,365**	$	51,883

5. *Investment Income (continued)*

	2020	2019
Allocated to:		
Main Account - General Component	**$ 47,809**	$ 49,585
Main Account - Contribution Stabilization Reserve	**1,109**	1,822
Plan Members' Account	**447**	466
City Account	**-**	10
	$ 49,365	$ 51,883

6. *Investment Transaction Costs*

During 2020, the Plan incurred investment transaction costs in the form of brokerage commissions, in the amount of $528 (2019 - $497). Investment transaction costs are included in the current period change in fair value of investments.

7. **Lump Sum Benefits**

	2020	2019
Death benefits	**$ 503**	$ 691
Payments on relationship breakdown	**1,891**	308
Termination benefits	**599**	(12)
Other	**67**	-
	$ 3,060	$ 987

8. **Administrative Expenses**

	2020	2019
The Winnipeg Civic Employees' Benefits Program	**$ 1,057**	$ 1,087
Actuarial fees	**165**	181
Audit fees	**35**	34
Legal fees	**40**	19
Consulting fees	**2**	1
Salaries and benefits - directly incurred	**28**	-
General and administrative expenses	**13**	13
	$ 1,340	$ 1,335

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, 2020, $19,646 had been funded.

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE 1

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

For the year ended December 31
(in $ thousands)
(unaudited)

	2020				
	Main Account- General Component	Main Account- Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 30,575	$ -	$ -	$ -	**$ 30,575**
Employees	13,515	-	-	-	**13,515**
Reciprocal transfers from other plans	2,262	-	-	-	**2,262**
	46,352	-	-	-	**46,352**
Investment income (Note 5)	47,809	1,109	447	-	**49,365**
Current period change in fair value of investments	112,352	2,608	1,049	-	**116,009**
Transfer to Contribution Stabilization Reserve - Resolution of funding deficiency (Note 3)	22,202	(22,202)	-	-	**-**
Transfer to City Account - Resolution of funding deficiency (Note 3)	348	-	-	(348)	**-**
Total increase in assets	229,063	(18,485)	1,496	(348)	**211,726**
DECREASE IN ASSETS					
Pension payments	57,651	-	-	-	**57,651**
Lump sum benefits (Note 7)	3,060	-	-	-	**3,060**
Administrative expenses (Note 8)	1,340	-	-	-	**1,340**
Investment management and custodial fees	8,019	186	75	-	**8,280**
Total decrease in assets	70,070	186	75	-	**70,331**
Increase (decrease) in net assets	158,993	(18,671)	1,421	(348)	**141,395**
Net assets available for benefits at beginning of year	1,648,289	60,797	15,532	348	**1,724,966**
Net assets available for benefits at end of year	$ 1,807,282	$ 42,126	$ 16,953	$ -	**$ 1,866,361**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE 2

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

For the year ended December 31
(in $ thousands)
(unaudited)

	2019				
	Main Account- General Component	Main Account- Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 29,863	$ -	$ -	$ -	$ 29,863
Employees	13,200	-	-	-	13,200
Reciprocal transfers from other plans	677	-	-	-	677
	43,740	-	-	-	43,740
Investment income (Note 5)	49,585	1,822	466	10	51,883
Current period change in fair value of investments	158,434	5,821	1,487	34	165,776
Transfer from Contribution Stabilization Reserve - Resolution of funding surplus (Note 3)	(9,136)	9,136	-	-	-
Transfer from City Account - Resolution of funding surplus (Note 3)	(31)	-	-	31	-
Total increase in assets	242,592	16,779	1,953	75	261,399
DECREASE IN ASSETS					
Pension payments	54,214	-	-	-	54,214
Lump sum benefits (Note 7)	987	-	-	-	987
Administrative expenses (Note 8)	1,335	-	-	-	1,335
Investment management and custodial fees	7,059	259	67	1	7,386
Total decrease in assets	63,595	259	67	1	63,922
Increase in net assets	178,997	16,520	1,886	74	197,477
Net assets available for benefits at beginning of year	1,469,292	44,277	13,646	274	1,527,489
Net assets available for benefits at end of year	$ 1,648,289	$ 60,797	$ 15,532	$ 348	$ 1,724,966

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE 3

SCHEDULE OF CHANGES IN SURPLUS BY ACCOUNT

For the year ended December 31
(in $ thousands)
(unaudited)

	2020				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
SURPLUS, BEGINNING OF YEAR	$ 71,169	$ 60,797	$ 15,532	$ 348	**$ 147,846**
Increase (decrease) in net assets available for benefits for the year	158,993	(18,671)	1,421	(348)	**141,395**
Net increase in accrued pension benefits for the year	(118,585)	-	-	-	**(118,585)**
SURPLUS, END OF YEAR	$ 111,577	$ 42,126	$ 16,953	$ -	**$ 170,656**

For the year ended December 31
(in $ thousands)

	2019				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
SURPLUS, BEGINNING OF YEAR	$ 28,881	$ 44,277	$ 13,646	$ 274	$ 87,078
Increase in net assets available for benefits for the year	178,997	16,520	1,886	74	197,477
Net increase in accrued pension benefits for the year	(136,709)	-	-	-	(136,709)
SURPLUS, END OF YEAR	$ 71,169	$ 60,797	$ 15,532	$ 348	$ 147,846

See accompanying notes to the financial statements

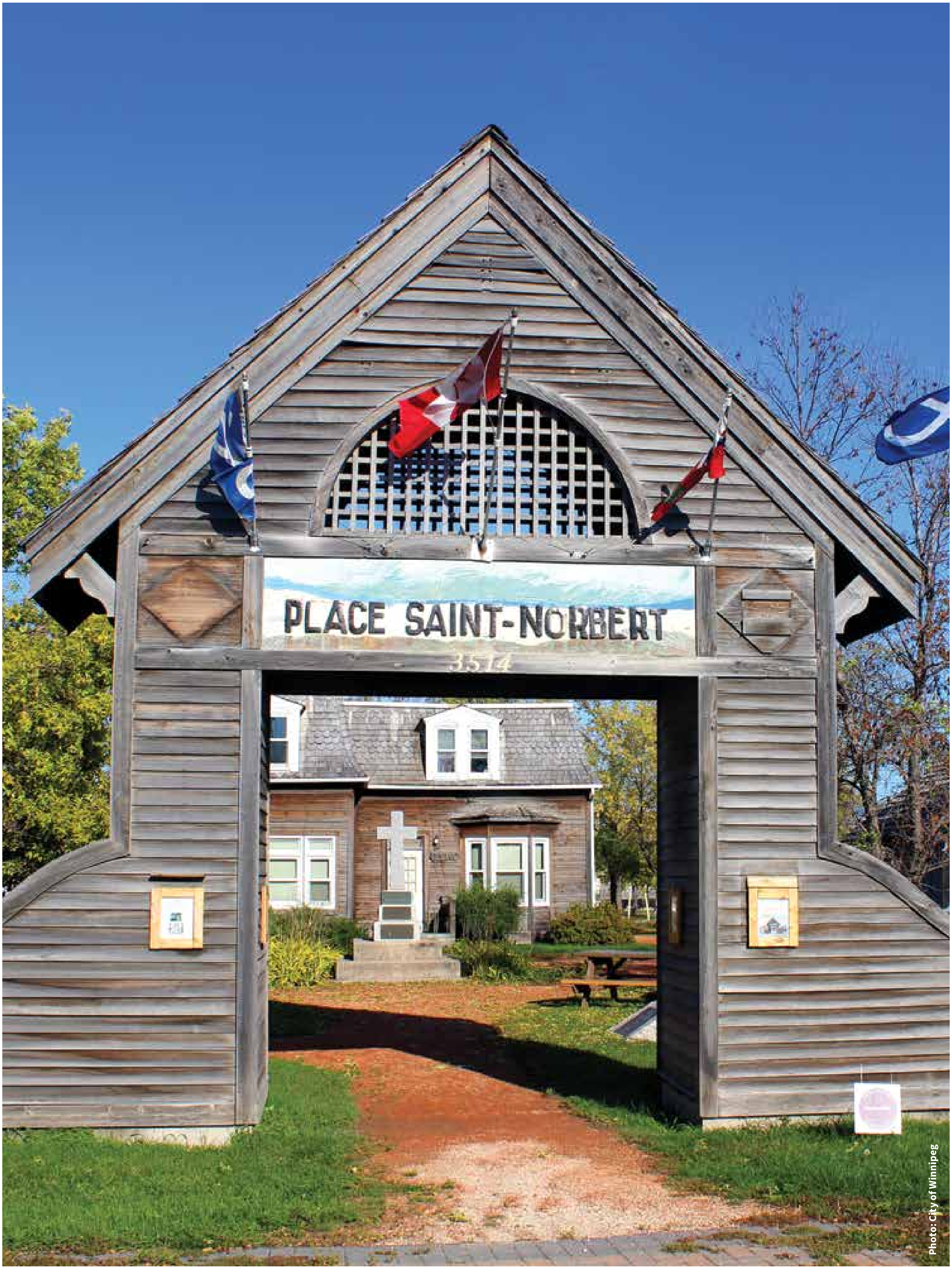


Photo: City of Winnipeg

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020, with comparative information for 2019
(in $ thousands)

	2020	2019
ASSETS		
Investments, at fair value		
Bonds and debentures	**$ 69,281**	$ 65,048
Foreign equities	**65,676**	60,057
Canadian equities	**55,373**	53,734
Cash and short-term deposits	**3,923**	5,431
	194,253	184,270
Accounts receivable - dividends	**520**	527
Accounts receivable	**16**	39
Participant's contributions receivable	**1**	-
Total Assets	**194,790**	184,836
LIABILITIES		
Accounts payable	**596**	578
Due to The Winnipeg Civic Employees' Pension Plan	**-**	8
Total Liabilities	**596**	586
NET ASSETS (Note 4)	**194,194**	184,250
BENEFIT OBLIGATIONS		
Civic Employees' Group Life Insurance Plan (Note 5)	**79,682**	76,915
Police Employees' Group Life Insurance Plan (Note 6)	**21,289**	20,222
	100,971	97,137
SURPLUS	**$ 93,223**	$ 87,113
SURPLUS COMPRISED OF:		
Civic Employees' Group Life Insurance Plan (Note 5)	**$ 74,540**	$ 70,317
Police Employees' Group Life Insurance Plan (Note 6)	**18,683**	16,796
	$ 93,223	$ 87,113

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 2020, with comparative information for 2019
(in $ thousands)

	2020	2019
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 825**	$ 801
Employees - optional	**318**	302
	1,143	1,103
City of Winnipeg and participating employers	**826**	799
Pensioners	**160**	151
	2,129	2,053
Current period change in fair value of investments	**7,934**	14,378
Investment income (Note 8)	**3,557**	5,749
Total increase in assets	**13,620**	22,180
DECREASE IN ASSETS		
Benefit payments	**6,062**	3,307
Claims administration and taxes	**247**	191
Administration	**234**	283
Actuarial fees	**81**	11
Investment management fees	**6**	4
Legal fees	**-**	2
Total decrease in assets	**6,630**	3,798
NET INCREASE IN NET ASSETS FOR THE YEAR	**6,990**	18,382
NET ASSETS, BEGINNING OF YEAR	**147,232**	128,850
NET ASSETS, END OF YEAR (NOTE 4)	**$ 154,222**	$ 147,232

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS

For the year ended December 31, 2020, with comparative information for 2019
(in $ thousands)

	2020	2019
INCREASE IN BENEFIT OBLIGATIONS		
Interest accrued on benefits	**$ 3,819**	$ 3,526
Benefits accrued	**2,345**	2,501
Total increase in benefit obligations	**6,164**	6,027
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**3,397**	2,804
Experience gains and losses and other factors	**-**	1,172
Changes in actuarial assumptions	**-**	3,637
Total decrease in benefit obligations	**3,397**	7,613
NET INCREASE (DECREASE) IN BENEFIT OBLIGATIONS FOR THE YEAR	**2,767**	(1,586)
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**76,915**	78,501
BENEFIT OBLIGATIONS, END OF YEAR	**$ 79,682**	$ 76,915

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN SURPLUS

For the year ended December 31, 2020, with comparative information for 2019
(in $ thousands)

	2020	2019
Net increase in net assets for the year	**$ 6,990**	$ 18,382
Net (increase) decrease in benefit obligations for the year	**(2,767)**	1,586
NET INCREASE IN SURPLUS FOR THE YEAR	**4,223**	19,968
SURPLUS, BEGINNING OF YEAR	**70,317**	50,349
SURPLUS, END OF YEAR	**$ 74,540**	$ 70,317

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2020, with comparative information for 2019
(in $ thousands)

	2020	2019
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 275**	$ 258
Employees - optional	**100**	87
	375	345
City of Winnipeg	**274**	257
Pensioners	**58**	52
	707	654
Current period change in fair value of investments	**2,557**	3,566
Investment income (Note 8)	**897**	1,429
Total increase in assets	**4,161**	5,649
DECREASE IN ASSETS		
Benefit payments	**1,063**	477
Administration	**75**	70
Claims administration and taxes	**48**	34
Actuarial fees	**19**	9
Investment management fees	**2**	1
Total decrease in assets	**1,207**	591
NET INCREASE IN NET ASSETS FOR THE YEAR	**2,954**	5,058
NET ASSETS, BEGINNING OF YEAR	**37,018**	31,960
NET ASSETS, END OF YEAR (NOTE 4)	**$ 39,972**	$ 37,018

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS

For the year ended December 31, 2020, with comparative information for 2019
(in $ thousands)

	2020	2019
INCREASE IN BENEFIT OBLIGATIONS		
Interest accrued on benefits	**$ 1,013**	$ 937
Benefits accrued	**597**	639
Total increase in benefit obligations	**1,610**	1,576
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**543**	283
Experience gains and losses and other factors	**-**	343
Changes in actuarial assumptions	**-**	1,381
Total decrease in benefit obligations	**543**	2,007
NET INCREASE (DECREASE) IN BENEFIT OBLIGATIONS FOR THE YEAR	**1,067**	(431)
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**20,222**	20,653
BENEFIT OBLIGATIONS, END OF YEAR	**$ 21,289**	$ 20,222

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN SURPLUS

For the year ended December 31, 2020, with comparative information for 2019
(in $ thousands)

	2020	2019
Net increase in net assets for the year	**$ 2,954**	$ 5,058
Net (increase) decrease in benefit obligations for the year	**(1,067)**	431
NET INCREASE IN SURPLUS FOR THE YEAR	**1,887**	5,489
SURPLUS, BEGINNING OF YEAR	**16,796**	11,307
SURPLUS, END OF YEAR	**$ 18,683**	$ 16,796

See accompanying notes to the financial statements

1. 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 (separately, the “Plan; together, the “Plans”).

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.

a) 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 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.

b) 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.

2. Summary of Significant Accounting Policies

a) Basis of presentation

These combined financial statements are prepared on a going concern basis and in accordance with Canadian accounting standards for pension plans, which also apply to these benefit plans. In selecting accounting policies not otherwise addressed by Canadian accounting standards for pension plans, Canadian accounting standards for private enterprises ("ASPE") have been applied. The combined financial statements present the aggregate financial position of the Plans as separate financial reporting entities, independent of the sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plans for the fiscal period.

The combined financial statements include the accounts of The Civic and Police Employees' Group Insurance Plans Corporation (the "Corporation"), which as part of its mandate maintains, invests, manages and administers the New Civic Insurance Fund and the New Police Insurance Fund. The combined financial statements also include the accounts of the Old Civic Insurance Fund and the Old Police Insurance Fund, which are administered and held in trust by the Corporation in its capacity as trustee (the "Trustee") within the Plans' financial structure.

The combined financial statements also include contributions and related insurance premiums which are directly applied at source by the Corporation, acting in a trust capacity. Inter-fund transactions and balances are eliminated for Plan reporting purposes.

Under the insurance contract, the Plans bear the full claims experience, together with related claims administration expenses. Insurance premiums in amounts equal to insurance claims and related claims administration expenses are reclassified for Plan reporting purposes as benefits and claims administration expenses, respectively. Any excess premiums arising in the year are ultimately refunded and are recognized as an amount due from the insurance company. Similarly, any premium shortfalls must ultimately be settled and are recognized as amounts due to the Canada Life Assurance Company.

The benefit obligations presented in the combined financial statements of the Plan relate to the obligations of the City of Winnipeg under By-law 80/2015.

These combined financial statements include the operating results for the year ended December 31, 2020, with comparatives for the period ended December 31, 2019.

A supplementary schedule is attached to these financial statements, which provides financial information about the New Insurance Funds and Old Insurance Funds which comprise the Plans.

2. *Summary of Significant Accounting Policies (continued)*

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 in the principal (or most advantageous) market at the measurement date under current market conditions. The fixed income investments are valued either using published market prices or by applying valuation techniques that utilize observable market inputs. The equity investments are valued using published market prices. Short-term deposits 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.

c) Financial instruments other than investments

Financial instruments other than investments included accrued contributions receivable, premiums payable and accounts payable. Financial assets other than investments and financial liabilities are recognized in the Plans' Combined Statement of Financial Position when the Plans become a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at fair value.

The Plans' contributions receivable are measured at amortized cost, where the amortized cost equals the amount at which the receivable is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Plans' financial liabilities are measured subsequently at amortized cost.

d) 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.

e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans, which also apply to these benefit 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.

3. *Financial Structure*

The Plans' financial structure is in accordance with the requirements of City of Winnipeg By-law 80/2015.

As of August 1, 2015, the Plans are the responsibility of the Corporation, incorporated pursuant to The Corporations Act (Manitoba) as a corporation with share capital. All of the issued and outstanding shares in the capital of the Corporation are owned by the City of Winnipeg.

The Corporation was established to maintain, manage and administer the Plans (including their related funds) sponsored by the City of Winnipeg, in both its own capacity and in its capacity as Trustee. 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.

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 and accounted for within the Old Civic Insurance Fund and Old Police Insurance Fund. The conveyed assets acquired by the Corporation, as referenced above, are held and 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. These assets 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 assets of the New Civic Insurance Fund and New Police Insurance Fund are available to fund a portion of the premiums for retirees under the respective Plans.

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.

3. *Financial Structure (continued)*

The Corporation has arranged for the Program Administration staff of The Winnipeg Civic Employees' Benefits Program to perform the day-to-day administration, excluding investments. The Plans' investments are managed by the City of Winnipeg, with RBC Investor and Treasury Services acting as the Plans' custodian. The Canada Life Assurance Company is responsible for claims adjudication and processing of payments.

4. *Net Assets*

The Plans' net assets represent reserves that are available to finance the portion of the post-retirement insurance expected to be provided in the future to the members of the Plans that are not financed by retiree contributions. The reserves are also available to finance the related future insurer charges and Plans' administration costs.

The Plan's net assets are allocated as follows:

	2020 Fair Value	2019 Fair Value
Net Assets - Civic Employees' Group Life Insurance Plan	**$ 154,222**	$ 147,232
Net Assets - Police Employees' Group Life Insurance Plan	**39,972**	37,018
	$ 194,194	$ 184,250

5. *Obligation for Post-Retirement Basic Life Insurance Benefits - Civic Employees' Group Life Insurance Plan*

An actuarial valuation of the Plan was performed as of December 31, 2019 by Eckler Ltd. The results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2020, to determine the actuarial Present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2020. For the comparative 2019 figures, the actuarial present value of accrued post-retirement basic life insurance benefits at December 31, 2019 is based on the results of the December 31, 2019 actuarial valuation performed by Eckler Ltd.

The assumptions used were approved by the Corporation. The economic assumptions used in determining the actuarial value of accrued post-retirement basic life insurance benefits were developed by reference to expected long term economic and investment market conditions. Significant long term actuarial assumptions used in preparing the financial statements included a discount rate of 5.00% (2019 - 5.00%) per year and general increase in pay of 3.25% (2019 – 3.25%) per year. The demographic assumptions, including rates of termination of employment, disability, 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.

5. *Obligation for Post-Retirement Basic Life Insurance Benefits - Civic Employees' Group Life Insurance Plan (continued)*

The triennial actuarial valuation as at December 31, 2019 disclosed an actuarial surplus of $46,146 (2016 – $39,610) and a contingency reserve in the amount of $11,537 (2016 – $10,989).

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 was determined from fair values. The actuarial value placed on the assets smooths 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 of the Plan in determining the estimated actuarial surplus or deficiency is as follows:

	2020	2019
Surplus for financial statement reporting purposes	**$ 74,540**	$ 70,317
Fair value changes not reflected in actuarial value of assets	**(10,999)**	(9,634)
Surplus for actuarial valuation purposes, as estimated	**$ 63,541**	$ 60,683

6. *Obligation for Post-Retirement Basic Life Insurance Benefits - Police Employees' Group Life Insurance Plan*

An actuarial valuation of the Plan was performed as of December 31, 2019 by Eckler Ltd. The results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2020, to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2020. For the comparative 2019 figures, the actuarial present value of accrued post-retirement basic life insurance benefits at December 31, 2019 is based on the results of the December 31, 2019 actuarial valuation performed by Eckler Ltd.

The assumptions used were approved by the Corporation. The economic assumptions used in determining the actuarial value of accrued post-retirement basic life insurance benefits were developed by reference to expected long term economic and investment market conditions. Significant long term actuarial assumption used in preparing the financial statements included a discount rate of 5.00% (2019 - 5.00%) per year and general increases in pay of 3.25% (2019 - 3.25%) per year. The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The actuarial present value of accrued benefits was determined using the projected benefits method pro-rated on services.

6. *Obligation for Post-Retirement Basic Life Insurance Benefits - Police Employees' Group Life Insurance Plan (continued)*

The triennial actuarial valuation as at December 31, 2019 disclosed an actuarial surplus of $11,429 (2016 - $7,478) and a contingency reserve in the amount of $3,033 (2016 - $2,841).

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 was determined from fair values. The actuarial value placed on the assets smooths 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 of the Plan in determining the estimated actuarial surplus or deficiency is as follows:

	2020	2019
Surplus for financial statement reporting purposes	**$ 18,683**	$ 16,796
Fair value changes not reflected in actuarial value of assets	**(3,134)**	(2,333)
Surplus for actuarial valuation purposes, as estimated	**$ 15,549**	$ 14,463

7. *Management of Financial Risk*

In the normal course of business, the Plans' investment activities expose it to a variety of financial risks. The Plans seek to minimize potential adverse effects of these risks on the Plans' performance by hiring professional, experienced portfolio managers, by regular monitoring of the Plans' position and market events and by diversifying the investment portfolio within the constraints of the investment policy and objectives. Significant risks that are relevant to the Plans are discussed below.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As of the date of the financial statements, the measures taken to contain the spread of the COVID-19 remains dynamic with responses varying from cities and countries around the world. As a result of COVID-19, the global and Canadian financial markets have experienced significant volatility, changes in interest rate and fluctuations in foreign currency exchange rates. Given the extent of the pandemic, the uncertainty surrounding the economic impact of COVID-19 will remain elevated. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Plans in future periods.

7. Management of Financial Risk (continued)

a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Plans, and is concentrated in the Plans' investment in bonds and debentures and short-term deposits. At December 31, 2020, the Plans' credit risk exposure related to bonds and debentures and short-term deposits totaled $73,204 (2019 - $70,479).

The Plans' concentration of credit risk as at December 31, 2020, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	2020 Fair Value	2019 Fair Value
Government of Canada and Government of Canada guaranteed	**$ 19,721**	$ 19,365
Provincial and Provincial guaranteed	**21,234**	18,838
Canadian cities and municipalities	**617**	631
Corporations and other institutions	**27,709**	26,214
	$ 69,281	$ 65,048

The Plans limit 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:

	2020		2019	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**31.7**	**11.3**	33.2	11.7
AA	**41.7**	**14.8**	45.5	16.0
A	**26.6**	**9.6**	21.2	7.6
Other	**-**	**-**	0.1	-
	100.0	**35.7**	100.0	35.3

7. *Management of Financial Risk (continued)*

b) Liquidity risk

Liquidity risk is the risk that the Plans will encounter difficulty in meeting obligations associated with financial liabilities. The Plans ensure they retain sufficient cash and short-term investment positions to meet their cash flow commitments, including the ability to fund benefit payments and to fund investment commitments. The Plans invest solely in securities that are traded in active markets and can be readily disposed.

c) Interest rate risk

Interest rate risk is the risk that the fair value of the Plans' interest-bearing investments will fluctuate due to changes in market interest rates. The Plans' exposure to interest rate risk is concentrated in its investment in bonds and debentures and short-term investments.

The Plans' actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of salary escalation. The Plans' primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet the Plans' obligations.

The Plans have approximately 36% (2019 - 38%) of their assets invested in fixed income securities as at December 31, 2020. The returns on fixed income securities 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 Plans at December 31, 2020 are as follows:

Term to Maturity	**2020 Fair Value**	2019 Fair Value
One to five years	**$ 34,994**	$ 34,462
Greater than five years	**34,287**	30,586
	$ 69,281	$ 65,048

As at December 31, 2020, had prevailing interest rates raised or lowered by 0.5% (2019 – 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 $2,601 (2019 - $2,322), approximately 1.3% of total net assets (2019 – 1.3%). The Plans' 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.

7. Management of Financial Risk (continued)

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 Plans' holdings of foreign equity investments and short-term deposits. The Plans' investment managers may, from time to time, hedge some of this exposure using forward contracts. The table below indicates the Plans' net foreign currency exposure after giving effect to the net related economic hedge as at December 31, 2020.

The table also illustrates the potential impact to the Plans' 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.

	2020				2019	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 37,423**	**$ -**	**$ 37,423**	**$ 3,742**	$ 32,124	$ 3,212
Japan	**7,608**	**-**	**7,608**	**761**	7,184	718
Euro Countries	**7,315**	**-**	**7,315**	**732**	7,099	710
United Kingdom	**4,294**	**-**	**4,294**	**429**	4,749	475
Switzerland	**2,657**	**-**	**2,657**	**266**	2,470	247
Australia	**2,171**	**-**	**2,171**	**217**	1,946	195
Hong Kong	**894**	**-**	**894**	**89**	919	92
Sweden	**1,170**	**-**	**1,170**	**117**	899	90
Other	**3,507**	**-**	**3,507**	**351**	3,187	319
	$ 67,039	**$ -**	**$ 67,039**	**$ 6,704**	$ 60,577	$ 6,058

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 Plans' policy is to invest in a diversified portfolio of investments. As well, the Plans' investment manager moderates 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 these Plans, the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2020, 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 $18,157 (2019 - $17,069), approximately 9.3% of total net assets (2019 - 9.3%). In practice, the actual results may differ and the difference could be material.

7. *Management of Financial Risk (continued)*

f) Fair value hierarchy

Financial instruments recorded at fair value on the Combined 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 Combined Statement of Financial Position as at December 31, 2020 and December 31, 2019, classified using the fair value hierarchy described above:

	Level 1	**Level 2**	**Level 3**	**2020 Total Investment Assets at Fair Value**
Bonds and debentures	**$ 69,281**	**$ -**	**$ -**	**$ 69,281**
Foreign equities	**65,676**	**-**	**-**	**65,676**
Canadian equities	**55,373**	**-**	**-**	**55,373**
Cash and short term deposits	**3,923**	**-**	**-**	**3,923**
	$ 194,253	**$ -**	**$ -**	**$ 194,253**

	Level 1	Level 2	Level 3	2019 Total Investment Assets at Fair Value
Bonds and debentures	$ 65,048	$ -	$ -	$ 65,048
Foreign equities	60,057	-	-	60,057
Canadian equities	53,734	-	-	53,734
Cash and short term deposits	5,431	-	-	5,431
	$ 184,270	$ -	$ -	$ 184,270

8. *Investment Income*

		2020		2019
Bonds and debentures	**$**	**1,636**	$	1,558
Foreign equities		**1,183**		3,613
Canadian equities		**1,671**		1,990
Cash, short-term deposits and other		**(36)**		17
	$	**4,454**	$	7,178
Allocated to:				
Civic Employees' Group Life Insurance Plan	**$**	**3,557**	$	5,749
Police Employees' Group Life Insurance Plan		**897**		1,429
	$	**4,454**	$	7,178

9. *Investment Transaction Costs*

During the period, the Plans incurred investment transaction costs in the form of brokerage commissions, in the amount of $1 (2019 - $4). Investment transaction costs are included in the current period change in market value of investments.

10. *Income Tax Status*

On February 28, 2013, the Canada Revenue Agency (“CRA”) verbally informed the City of Winnipeg that, in its view, the assets held in the Plans constituted assets that were being held in trust funds and should be reported for income tax purposes as such. CRA further informed that it was prepared to accept the trusts commencing their income tax reporting on a prospective basis starting with the 2013 year, such that years prior to 2013 would not need to be reported. On November 26, 2013, CRA informed the City of Winnipeg in writing that it has extended this administrative relief to December 31, 2013 and on April 27, 2015, CRA again extended relief to December 31, 2015.

Effective August 1, 2015, the Plans' assets which earn investment income are held in the New Civic Insurance Fund and New Police Insurance Fund within the Corporation. The Corporation is wholly owned by the City of Winnipeg. The Corporation is considered to be non-taxable as part of municipal government.

Also effective August 1, 2015, the Plans' non-interest bearing assets are held within the Old Civic Insurance Fund and Old Police Insurance Fund, for each of which the Corporation is the trustee. The Old Civic Insurance Fund and Old Police Insurance Fund were continued from the predecessor Plans. As noted above, CRA has previously informed the City of Winnipeg that it was prepared to accept these trusts commencing their income tax reporting on a prospective basis starting in 2016, such that years prior to 2016 would not need to be reported. As currently structured, these trusts will not have any taxable income to report.

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Schedule 1

SCHEDULE OF STATEMENT OF FINANCIAL POSITION BY PLANS AND FUNDS

As at December 31
(in $ thousands)

	2020	Allocated as:					
		Civic Employees' Plan			Police Employees' Plan		
	Civic and Police Employees' Group Life Insurance Plans	Old Civic Insurance Fund	New Civic Insurance Fund	Total	Old Police Insurance Fund	New Police Insurance Fund	Total
ASSETS							
Investments, at fair value							
Bonds and debentures	$ 69,281						
Foreign equities	65,676						
Canadian equities	55,373						
Cash and short-term deposits	4,300						
	194,630	$ -	$ 154,727	$ 154,727	$ -	$ 39,903	$ 39,903
Funds on deposit - Canada Life Assurance Company	(377)	-	(449)	(449)	-	72	72
	194,253	-	154,278	154,278	-	39,975	39,975
Accounts receivable - dividends	520	-	415	415	-	105	105
Accounts receivable	16	125	(109)	16	25	(25)	-
Participants' contributions receivable	1	-	1	1	-	-	-
Total Assets	194,790	125	154,585	154,710	25	40,055	40,080
LIABILITIES							
Accounts payable	353	-	289	289	-	64	64
Premium Payable	243	125	74	199	25	19	44
Total Liabilities	596	125	363	488	25	83	108
LOAN BETWEEN INSURANCE FUNDS	-	154,222	(154,222)	-	39,972	(39,972)	-
NET ASSETS	$ 194,194	$ 154,222	$ -	154,222	$ 39,972	$ -	39,972
BENEFIT OBLIGATIONS				79,682			21,289
SURPLUS				$ 74,540			$ 18,683

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Schedule 1

SCHEDULE OF STATEMENT OF FINANCIAL POSITION BY PLANS AND FUNDS

As at December 31
(in $ thousands)

		2019 Allocated as:					
		Civic Employees' Plan			**Police Employees' Plan**		
	Civic and Police Employees' Group Life Insurance Plans	**Old Civic Insurance Fund**	**New Civic Insurance Fund**	**Total**	**Old Police Insurance Fund**	**New Police Insurance Fund**	**Total**
ASSETS							
Investments, at fair value							
Bonds and debentures	$ 65,048						
Foreign equities	60,057						
Canadian equities	53,734						
Cash and short-term deposits	2,826						
	181,665	$ -	$ 145,216	$ 145,216	$ -	$ 36,449	$ 36,449
Funds on deposit - Canada Life Assurance Company	2,605	-	2,037	2,037	-	568	568
	184,270	-	147,253	147,253	-	37,017	37,017
Accounts receivable - dividends	527	-	422	422	-	105	105
Accounts receivable	39	120	(86)	34	23	(18)	5
Total Assets	184,836	120	147,589	147,709	23	37,104	37,127
LIABILITIES							
Accounts payable	331	-	268	268	-	63	63
Premium Payable	247	120	83	203	23	21	44
Due to The Winnipeg Civic Employees' Pension Plan	8	-	6	6	-	2	2
Total Liabilities	586	120	357	477	23	86	109
LOAN BETWEEN INSURANCE FUNDS	-	147,232	(147,232)	-	37,018	(37,018)	-
NET ASSETS	$ 184,250	$ 147,232	$ -	147,232	$ 37,018	$ -	37,018
BENEFIT OBLIGATIONS				76,915			20,222
SURPLUS				$ 70,317			$ 16,796

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Schedule 2

SCHEDULE OF STATEMENT OF CHANGES IN NET ASSETS BY PLANS AND FUNDS

For the year ended December 31
(in $ thousands)

		2020 Allocated as:					
		Civic Employees' Plan			Police Employees' Plan		
	Civic and Police Employees' Group Life Insurance Plans	Old Civic Insurance Fund	New Civic Fund	Total	Old Police Insurance Fund	New Police Insurance Fund	Total
INCREASE IN ASSETS							
Contributions							
Employees - basic	$ 1,100	$ -	$ 825	$ 825	$ -	$ 275	$ 275
Employees - optional	418	-	318	318	-	100	100
	1,518	-	1,143	1,143	-	375	375
The City of Winnipeg and participating employers	1,100	-	826	826	-	274	274
Pensioners	218	-	160	160	-	58	58
	2,836	-	2,129	2,129	-	707	707
Current period change in fair value of investments	10,491		7,934	7,934		2,557	2,557
Investment income	4,454	-	3,557	3,557	-	897	897
Total increase in assets	17,781	-	13,620	13,620	-	4,161	4,161
DECREASE IN ASSETS							
Benefit payments	7,125	3,327	2,735	6,062	655	408	1,063
Administration	309	-	234	234	-	75	75
Claims administration and taxes	295	-	247	247	-	48	48
Actuarial fees	100	-	81	81	-	19	19
Investment management fees	8	-	6	6	-	2	2
Total decrease in assets	7,837	3,327	3,303	6,630	655	552	1,207
NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	9,944	(3,327)	10,317	6,990	(655)	3,609	2,954
NET ASSETS, BEGINNING OF YEAR	184,250	147,232	-	147,232	37,018	-	37,018
TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR	-	10,317	(10,317)	-	3,609	(3,609)	-
NET ASSETS, END OF YEAR	$ 194,194	$ 154,222	$ -	$ 154,222	$ 39,972	$ -	$ 39,972

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Schedule 2

SCHEDULE OF STATEMENT OF CHANGES IN NET ASSETS BY PLANS AND FUNDS

For the year ended December 31
(in $ thousands)

		2019 Allocated as:					
		Civic Employees' Plan			Police Employees' Plan		
	Civic and Police Employees' Group Life Insurance Plans	Old Civic Insurance Fund	New Civic Fund	Total	Old Police Insurance Fund	New Police Insurance Fund	Total
INCREASE IN ASSETS							
Contributions							
Employees - basic	$ 1,059	$ -	$ 801	$ 801	$ -	$ 258	$ 258
Employees - optional	389	-	302	302	-	87	87
	1,448	-	1,103	1,103	-	345	345
The City of Winnipeg and participating employers	1,056	-	799	799	-	257	257
Pensioners	203	-	151	151	-	52	52
	2,707	-	2,053	2,053	-	654	654
Current period change in fair value of investments	17,944		14,378	14,378		3,566	3,566
Investment income	7,178	-	5,749	5,749	-	1,429	1,429
Total increase in assets	27,829	-	22,180	22,180	-	5,649	5,649
DECREASE IN ASSETS							
Benefit payments	3,784	3,077	230	3,307	587	(110)	477
Administration	353	-	283	283	-	70	70
Claims administration and taxes	225	-	191	191	-	34	34
Actuarial fees	20	-	11	11	-	9	9
Investment management fees	5	-	4	4	-	1	1
Legal fees	2	-	2	2	-	-	-
Total decrease in assets	4,389	3,077	721	3,798	587	4	591
NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	23,440	(3,077)	21,459	18,382	(587)	5,645	5,058
NET ASSETS, BEGINNING OF YEAR	160,810	128,850	-	128,850	31,960	-	31,960
TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR	-	21,459	(21,459)	-	5,645	(5,645)	-
NET ASSETS, END OF YEAR	$ 184,250	$ 147,232	$ -	$ 147,232	$ 37,018	$ -	$ 37,018

THE CITY OF WINNIPEG — Schedule 3
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

SCHEDULE OF STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS BY PLANS

For the year ended December 31
(in $ thousands)

	2020	Allocated as:	
	Civic and Police Employees' Group Life Insurance Plans	**Civic Employees' Plan**	**Police Employees' Plan**
INCREASE IN BENEFIT OBLIGATIONS			
Interest on benefit obligations	$ 4,832	$ 3,819	$ 1,013
Benefits accrued	2,942	2,345	597
Total increase in benefit obligations	7,774	6,164	1,610
DECREASE IN BENEFIT OBLIGATIONS			
Benefits paid	3,940	3,397	543
Experience gains and losses and other factors	-	-	-
Changes in actuarial assumptions	-	-	-
Total decrease in benefit obligations	3,940	3,397	543
NET INCREASE IN BENEFIT OBLIGATIONS	3,834	2,767	1,067
ACCRUED BENEFIT OBLIGATIONS, BEGINNING OF YEAR	97,137	76,915	20,222
ACCRUED BENEFIT OBLIGATIONS, END OF YEAR	$ 100,971	$ 79,682	$ 21,289

THE CITY OF WINNIPEG — Schedule 3
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

SCHEDULE OF STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS BY PLANS

For the year ended December 31
(in $ thousands)

	2019	Allocated as:	
	Civic and Police Employees' Group Life Insurance Plans	**Civic Employees' Plan**	**Police Employees' Plan**
INCREASE IN BENEFIT OBLIGATIONS			
Interest on benefit obligations	$ 4,463	$ 3,526	$ 937
Benefits accrued	3,140	2,501	639
Total increase in benefit obligations	7,603	6,027	1,576
DECREASE IN BENEFIT OBLIGATIONS			
Changes in actuarial assumptions	5,018	3,637	1,381
Experience gains and losses and other factors	1,515	1,172	343
Benefits paid	3,087	2,804	283
Total decrease in benefit obligations	9,620	7,613	2,007
NET DECREASE IN BENEFIT OBLIGATIONS	(2,017)	(1,586)	(431)
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	99,154	78,501	20,653
BENEFIT OBLIGATIONS, END OF YEAR	$ 97,137	$ 76,915	$ 20,222

THE CITY OF WINNIPEG **Schedule 4**

CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and

POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

SCHEDULE OF ADMISTRATIVE EXPENSES

For the year ended December 31

(in $ thousands)

	2020 Budget	**2020 Actual**	2019 Budget	2019 Actual
PROFESSIONAL SERVICES				
Incurred Directly				
Actuarial	**$ 136**	**$ 100**	$ 35	$ 20
Audit	**17**	**20**	17	21
Investment Performance Measurement Fees	**10**	**9**	10	11
Investment Management Fees	**8**	**8**	7	5
Legal	**5**	**-**	5	2
Subtotal - Professional Services Incurred Directly	**176**	**137**	74	59
Cost Shared with Other Plans				
Consulting	**21**	**(12)**	21	14
Subtotal - Professional Services	**197**	**125**	95	73
OFFICE AND ADMINISTRATION				
Rent	**29**	**26**	28	29
Equipment Maintenance - Information Technology	**6**	**6**	3	6
Postage	**4**	**2**	4	2
Stationary & Printing	**3**	**2**	3	2
Conferences, Seminars & Training - Staff	**3**	**1**	2	2
Records Management	**3**	-	1	1
Other	**2**	**1**	2	3
Telephone	**1**	**1**	1	1
Bank Charges	**1**	**1**	1	1
Subtotal - Office and Administration Cost Shared with Other Plans	**52**	**40**	45	47
SALARIES AND BENEFITS - Cost Shared with Other Plans	**317**	**248**	295	240
FURNITURE AND COMPUTER HARDWARE & SOFTWARE - Cost Shared with Other Plans	**18**	**4**	9	20
TOTAL BUDGETED & ACTUAL ADMINISTRATIVE EXPENSES	**$ 584**	**$ 417**	$ 444	$ 380

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS

As at December 31, 2020
(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**
144/2011	January 25/12	$ 18,967,000	$ -	$ -	$ -	$ -	$ -	$ 18,967,000
100/2012	December 12/12	10,000,000	-	-	-	-	-	10,000,000
5/2015	June 17/15	-	31,000,000	-	148,321,000	-	-	179,321,000
20/2016	May 18/16	-	112,000,000	-	-	-	-	112,000,000
40/2016	April 27/16	12,704,569	3,500,000	-	579,286,000	-	-	595,490,569
136/2016	January 25/16	13,679,000	23,550,000	-	-	-	-	37,229,000
133/2017	January 25/18	64,566,000	-	-	-	-	-	64,566,000
89/2018	January 31/19	9,316,700	-	-	-	-	-	9,316,700
	April 25/19	-	-	-	-	-	9,500,000	9,500,000
30/2019	April 25/19	68,198,000	-	-	-	-	-	68,198,000
	March 20/20	-	-	-	-	-	9,300,000	9,300,000
38/2020	July 23/20	46,218,000	11,549,000	-	-	-	-	57,767,000
63/2020	July 23/20	15,607,000	2,805,000	-	-	-	-	18,412,000
107/2020	December 17/20	2,296,000		-	-	-	-	2,296,000
		$ 261,552,269	$ 184,404,000	$ -	$ 727,607,000	$ -	$ 18,800,000	$ 1,192,363,269

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, 2020

Outstanding Capital Borrowing Authorization at December 31, 2019	$ 1,260,477,703
Add:	
By-law 38/2020	57,767,000
By-law 63/2020	18,412,000
By-law 107/2020	2,296,000
Fleet Borrowing - 2020 Business Plan	9,300,000
Deduct:	
Debt Issued	(85,000,000)
Unused Borrowing Authority Rescinded per By-law 38/2020	(50,000,000)
Unused Borrowing Authority Rescinded per By-law 38/2020	(801,434)
Toronto Dominion Bank Fleet Loan	(9,200,000)
Toronto Dominion Bank Fleet Loan	(800,000)
Toronto Dominion Bank Transit Loan	(10,088,000)
Outstanding Capital Borrowing Authorization at December 31, 2020	$ 1,192,363,269

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT ISSUES
As at December 31, 2020
(unaudited)

Term	Month	Interest Rate	By-Law Number	Amount of Debt
The City of Winnipeg				
Sinking Fund Debt				
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
2016-2045	June 1	3.303	72/06, 23/13, 149/13, 5/15, 96/15, 40/16	80,000,000
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
2019-2051	Nov. 15	3.499	6520/94, 6774/96, 6973/97, 6976/97, 7751/01, 72/06, 32/07, 219/07, 184/08, 136/16	100,000,000
2019-2051	Nov. 15	2.667	6976/97, 7751/01, 219/07, 184/08, 150/09, 40/16, 133/17	120,000,000
2020-2051	Nov. 15	2.663	183/04, 150/09, 149/13, 5/15, 40/16, 136/16, 133/17	85,000,000
Total Debt				$ 1,072,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE

As at December 31, 2020
(unaudited)

Description	Debenture Debt Gross	Debenture Debt Sinking Fund	Debenture Debt Net
Tax-Supported			
General	$ 459,830,389	$ 31,661,840	$ 428,168,549
Other Funds			
Transit System	107,325,000	15,210,345	92,114,655
Municipal Accommodations	66,477,000	5,510,908	60,966,092
Total Tax-Supported and Other Funds	633,632,389	52,383,093	581,249,293
City-Owned Utilities			
Sewage Disposal System	163,034,000	3,370,541	159,663,459
Waterworks System	160,000,000	48,241,797	111,758,203
Solid Waste Disposal	13,085,611	782,904	12,302,710
Total City-Owned Utilities	336,119,611	52,395,242	283,724,372
Reserves			
Destination Marketing	41,000,000	4,182,444	36,817,556
Local Street Renewal	36,816,000	2,763,333	34,052,667
Regional Street Renewal	25,000,000	2,395,064	22,604,936
Total Reserves	102,816,000	9,340,841	93,475,159
	$ 1,072,568,000	$ 114,119,176	$ 958,448,824

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE (continued)

As at December 31, 2020
(unaudited)

	2021 Fixed Annual Charges		
Description	**Interest**	**Principal**	**Total**
Tax-Supported	$ 17,116,842	$ 6,359,441	$ 23,476,283
Other Funds			
Transit System	4,879,834	1,517,417	6,397,251
Municipal Accommodations	2,521,277	738,855	3,260,132
Total Tax-Supported and Other Funds	24,517,953	8,615,713	33,133,666
City-Owned Utilities			
Waterworks System	8,320,000	2,836,000	11,156,000
Sewage Disposal System	4,498,394	3,029,056	7,527,450
Solid Waste Disposal	424,310	236,999	661,309
Total City-Owned Utilities	13,242,704	6,102,055	19,344,759
Reserves			
Destination Marketing	1,536,857	645,158	2,182,015
Local Street Renewal	1,305,409	622,406	1,927,815
Regional Street Renewal	919,250	412,750	1,332,000
Total Reserves	3,761,516	1,680,314	5,441,830
	$ 41,522,173	$ 16,398,082	$ 57,920,255

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT CHANGES DURING 2020
(unaudited)

Gross Debt as at January 1, 2020			$ 987,568,000
Debt Issued During 2020			
Tax-Supported Debt:			
Community Services- Assiniboine Park	$ 2,250,000		
Libraries	2,050,000		
Local Improvements	252,000		
Parks and Recreation	1,150,000		
Streets and Bridges System	2,817,000	$ 8,519,000	
Utilities Debt:			
Municipal Accomodations- Building Services	3,675,000		
Sewage Disposal System	59,034,000		
Transit System	3,956,000	66,665,000	
Reserve Funds Debt:			
Local Street Renewal Reserve		9,816,000	85,000,000
Sub-total			1,072,568,000
Debt Retired During 2020			-
Gross Debt as at December 31, 2020			$ 1,072,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT - MATURITY BY YEARS
As at December 31, 2020

Maturity Year	Sinking Fund Debt	Serial and Installment Debt	Total	%
2036	$ 160,000,000	-	$ 160,000,000	14.92
2041	60,000,000	-	60,000,000	5.59
2045	260,000,000	-	260,000,000	24.24
2051	592,568,000	-	592,568,000	55.25
Gross Debt	$ 1,072,568,000	$ -	1,072,568,000	100.00
Less: Sinking Fund Reserve			114,119,176	
Net Debt			$ 958,448,824	

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT SUMMARY OF MATURITIES BY PURPOSES
As at December 31, 2020
(unaudited)

Maturity Year	General Tax-Supported	Transit System	Waterworks System	Sewage Disposal	Sold Waste Disposal	Municipal Accommodations	Reserves	Total
2036	$ -	$ -	$ 160,000,000	$ -	$ -	$ -	$ -	$ 160,000,000
2041	-	60,000,000	-	-	-	-	-	60,000,000
2045	127,743,955	3,619,000	-	24,000,000	8,637,045	3,000,000	93,000,000	260,000,000
2051	332,086,434	43,706,000	-	139,034,000	4,448,566	63,477,000	9,816,000	592,568,000
	$ 459,830,389	$ 107,325,000	$ 160,000,000	$ 163,034,000	$ 13,085,611	$ 66,477,000	$ 102,816,000	$ 1,072,568,000

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 and Municipal Accommodations)			Reserve Funds			
Year	Principal	Interest	Sub-total	Principal	Interest	Sub-total	Principal	Interest	Sub-total	Total
2021	$ 6,359,441	$ 17,116,842	$ 23,476,283	$ 8,358,327	$ 20,643,815	$ 29,002,142	$ 1,680,314	$ 3,761,516	$ 5,441,830	$ 57,920,255
2022-2036	95,391,600	256,752,630	352,144,230	125,374,905	309,657,210	435,032,115	25,204,725	56,422,740	81,627,465	868,803,810
2037-2041	31,797,200	85,584,210	117,381,410	27,611,635	61,619,070	89,230,705	8,401,575	18,807,580	27,209,155	233,821,270
2042-2045	25,437,760	68,467,368	93,905,128	18,382,880	36,935,256	55,318,136	6,721,260	15,046,064	21,767,324	170,990,588
2046-2051	25,326,156	73,928,016	99,254,172	23,226,234	47,414,622	70,640,856	1,177,854	1,568,400	2,746,254	172,641,282
	$ 184,312,157	$ 501,849,066	$ 686,161,223	$ 202,953,981	$ 476,269,973	$ 679,223,954	$ 43,185,728	$ 95,606,300	$ 138,792,028	$ 1,504,177,205

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE

As at December 31, 2020
(unaudited)

By-law Number		Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt		Annual Charges 2021 Interest		Annual Charges 2021 Principal		Sinking Fund Reserve at Dec. 31, 2020
STREETS AND BRIDGE SYSTEM												
(street improvements, street lighting, bridges and underpasses)												
144/11 & 149/13	$	37,855,000	June 1, 2014-2045	CAN	4.500	4.100	$	1,552,055	$	584,611	$	4,029,891
23/13 & 149/13		10,871,000	June 1, 2014-2045	CAN	4.500	3.713		403,640		167,886		1,157,283
144/11 & 5/15		8,150,000	June 1, 2015-2045	CAN	4.500	3.828		311,982		133,591		750,030
5/2015 & 40/2016		19,891,000	June 1, 2016-2045	CAN	4.000	3.303		657,000		375,541		1,631,945
150/2009		18,700,000	Nov. 15, 2011-2051	CAN	4.500	4.300		804,100		174,717		1,898,015
120/2009		25,000,000	Nov. 15, 2012-2051	CAN	4.500	3.759		939,750		246,392		2,324,265
219/07, 184/08		10,259,000	Nov. 15, 2019-2051	CAN	4.000	3.499		358,962		163,617		164,441
40/2016		13,500,000	Nov. 15, 2019-2051	CAN	3.500	2.667		360,045		235,460		236,499
136/2016		2,817,000	Nov. 15, 2020-2051	CAN	3.000	2.663		75,017		56,337		-
		147,043,000						5,462,551		2,138,152		12,192,369
PARKS AND RECREATION												
72/2006, 219/07		2,775,000	Nov. 15, 2019 - 2051	CAN	4.000	3.499		97,097		44,257		44,480
40/2016		990,000	Nov. 15, 2019 - 2051	CAN	3.500	2.667		26,403		17,267		17,343
136/2016		1,150,000	Nov. 15, 2020 - 2051	CAN	3.000	2.663		30,625		22,999		-
		4,915,000						154,125		84,523		61,823
LIBRARIES												
23&149/13, 5/15, 40/16		13,759,000	June 1, 2016-2045	CAN	4.000	3.303		454,460		259,769		1,128,849
40/2016		1,940,000	Nov. 15, 2019-2051	CAN	3.500	2.667		51,740		33,837		33,986
136/2016		2,050,000	Nov. 15, 2020-2051	CAN	3.000	2.663		54,592		40,998		-
		17,749,000						560,792		334,604		1,162,835

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2020

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2021 Interest	Annual Charges 2021 Principal	Sinking Fund Reserve at Dec. 31, 2020
FIRE								
5/2015	808,000	June 1, 2015-2045	CAN	4.500	3.828	30,930	13,244	74,359
5/2015 & 40/2016	1,109,000	June 1, 2016-2045	CAN	4.000	3.303	36,630	20,938	90,987
7751/01, 32/2007	3,144,000	Nov. 15, 2019-2051	CAN	4.000	3.499	110,009	50,142	50,395
	5,061,000					177,569	84,324	215,741
POLICE								
93/2011	50,000,000	Nov. 15, 2012-2051	CAN	4.500	3.853	1,926,500	492,783	4,648,531
93/2011	8,586,000	Nov. 15, 2012-2051	CAN	4.500	3.759	322,748	84,621	798,246
93/2011	43,992,000	Nov. 15, 2013-2051	CAN	4.500	4.391	1,891,656	457,591	3,690,304
93/11 & 145/13	52,568,000	Nov. 15, 2014-2051	CAN	4.500	3.893	2,046,472	577,408	3,900,382
	155,146,000					6,187,376	1,612,403	13,037,463
ASSINIBOINE PARK - COMMUNITY SERVICES								
23/13 & 149/13	11,626,000	June 1, 2014-2045	CAN	4.500	4.100	476,666	179,546	1,237,657
96/2015	2,000,000	June 1, 2016-2045	CAN	4.000	3.303	66,060	37,760	164,089
6976/97, 7751/01	20,246,000	Nov. 15, 2019-2051	CAN	4.000	3.499	708,408	322,895	324,523
40/2016	8,514,000	Nov. 15, 2019-2051	CAN	3.500	2.667	227,068	148,497	149,152
136/2016	2,250,000	Nov. 15, 2020-2051	CAN	3.000	2.663	59,918	44,998	-
	44,636,000					1,538,120	733,696	1,875,421

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2020

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2021 Interest	Annual Charges 2021 Principal	Sinking Fund Reserve at Dec. 31, 2020
LOCAL IMPROVEMENTS								
149/2013	519,000	June 1, 2014-2045	CAN	4.500	4.100	21,279	8,015	55,251
149/2013	761,000	June 1, 2014-2045	CAN	4.500	3.713	28,256	11,752	81,013
149/13 & 5/15	1,791,000	June 1, 2015-2045	CAN	4.500	3.828	68,559	29,357	164,823
72/06, 5/15, 40/16	4,603,955	June 1, 2016-2045	CAN	4.000	3.303	152,069	86,922	377,728
72/2006	1,550,000	Nov. 15, 2011-2051	CAN	4.500	4.300	66,650	14,482	157,322
6976/97, 7751/01, 40/16	677,434	Nov. 15, 2019-2051	CAN	3.500	2.667	18,067	11,815	11,868
136/2016	252,000	Nov. 15, 2020-2051	CAN	3.000	2.663	6,710	5,040	-
	10,154,389					361,590	167,383	848,005
DEVELOPER PAYBACK								
7751/01	6,816,000	Nov. 15, 2019-2051	CAN	4.000	3.499	238,492	108,706	109,254
SPECIAL PROJECTS - COMMUNITY SERVICES								
61/2015	14,000,000	June 1, 2015-2045	CAN	4.500	3.828	535,920	229,482	1,288,395
SPECIAL PROJECTS- CORPORATE FINANCE								
6520/94, 6774/96, 6973/97, 6976/97	51,610,000	Nov. 15, 2019-2051	CAN	4.000	3.499	1,805,834	823,107	827,256
PEDESTRIAN AND CYCLING PROGRAM								
7751/01, 72/2006	2,700,000	Nov. 15, 2019-2051	CAN	4.000	3.499	94,473	43,061	43,278
Tax-Supported Total	**459,830,389**					**17,116,842**	**6,359,441**	**31,661,840**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2020

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2021 Interest	Annual Charges 2021 Principal	Sinking Fund Reserve at Dec. 31, 2020
TRANSIT SYSTEM								
183/2008	60,000,000	June 3, 2010-2041	CAN	4.500	5.150	3,090,000	926,607	11,682,542
23/2013	3,619,000	June 1, 2015-2045	CAN	4.500	3.828	138,535	59,321	333,050
183/2008	29,750,000	Nov. 15, 2011-2051	CAN	4.500	4.300	1,279,250	277,959	3,019,569
40/2016	10,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	266,700	174,415	175,184
40/16 & 133/17	3,956,000	Nov. 15, 2020-2051	CAN	3.000	2.663	105,349	79,115	-
	107,325,000					4,879,834	1,517,417	15,210,345
MUNICIPAL ACCOMMODATIONS								
23/2013	3,000,000	June 1, 2015-2045	CAN	4.500	3.828	114,840	49,175	276,085
138/2011	41,414,000	Nov. 15, 2012-2051	CAN	4.500	3.759	1,556,752	408,163	3,850,285
84/2013	16,008,000	Nov. 15, 2013-2051	CAN	4.500	4.300	688,344	166,510	1,342,844
40/2016	2,380,000	Nov. 15, 2019-2051	CAN	3.500	2.667	63,475	41,511	41,694
136/2016	3,675,000	Nov. 15, 2020-2051	CAN	3.000	2.663	97,866	73,496	-
	66,477,000					2,521,277	738,855	5,510,908
Total Tax Supported and Other Funds	**633,632,389**					**24,517,953**	**8,615,713**	**52,383,093**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE
As at December 31, 2020

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2021 Interest	Annual Charges 2021 Principal	Sinking Fund Reserve at Dec. 31, 2020
SEWAGE DISPOSAL SYSTEM								
5/2015	24,000,000	June 1, 2016-2045	CAN	4.000	3.303	792,720	453,118	1,969,065
219/07,184/08,150/09	80,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	2,133,600	1,395,320	1,401,476
5/15, 183/04, 150/09	59,034,000	Nov. 15, 2020-2051	CAN	3.000	2.663	1,572,074	1,180,618	-
	163,034,000					4,498,394	3,029,056	3,370,541
WATERWORKS SYSTEM								
183/04 & 72/06	60,000,000	July 17, 2006-2036	CAN	4.500	5.200	3,120,000	984,000	19,012,753
72/06 & 32/07	100,000,000	July 17, 2008-2036	CAN	4.500	5.200	5,200,000	1,852,000	29,229,044
	160,000,000					8,320,000	2,836,000	48,241,797
SOLID WASTE DISPOSAL								
23/13, 149/13, 5/15, 40/16	8,637,045	June 1, 2016-2045	CAN	4.000	3.303	285,282	163,067	708,621
136/2016	2,450,000	Nov. 15, 2019-2051	CAN	4.500	3.499	85,726	39,074	39,271
133/2017	1,998,566	Nov. 15, 2019-2051	CAN	3.500	2.667	53,302	34,858	35,012
	13,085,611					424,310	236,999	782,904
Utility Total	**336,119,611**					**13,242,704**	**6,102,055**	**52,395,242**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED RESERVE FUNDS DEBENTURE DEBT BY PURPOSE
As at December 31, 2020

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2021 Interest	Annual Charges 2021 Principal	Sinking Fund Reserve at Dec. 31, 2020
DESTINATION MARKETING RESERVE								
100/2012	28,368,000	Jun. 1, 2014-2045	CAN	4.500	3.713	1,053,304	438,100	3,019,943
100/2012	12,632,000	Jun. 1, 2015-2045	CAN	4.500	3.828	483,553	207,058	1,162,501
	41,000,000					1,536,857	645,158	4,182,444
LOCAL STREETS RENEWAL RESERVE								
23/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	4.100	410,000	154,435	1,064,560
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,434	1,064,560
5/2015	6,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	229,680	98,349	552,169
40/2016	1,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	33,030	18,880	82,044
136/16, 149/13, 5/15	9,816,000	Nov. 15, 2020-2051	CAN	3.000	2.663	261,399	196,308	-
	36,816,000					1,305,409	622,406	2,763,333
REGIONAL STREETS RENEWAL RESERVE								
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,435	1,064,560
5/2015	10,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	382,800	163,915	920,282
40/2016	5,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	165,150	94,400	410,222
	25,000,000					919,250	412,750	2,395,064
Reserve Funds Total	**102,816,000**					**3,761,516**	**1,680,314**	**9,340,841**
Grand Total	**$ 1,072,568,000**					**$ 41,522,173**	**$ 16,398,082**	**$ 114,119,176**

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.

Winnipeg

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