2021

Detailed Financial Statements

City of Winnipeg

Winnipeg, Manitoba, Canada

Companion to 2021 Annual Financial Report

For the fiscal year ended December 31, 2021

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Detailed Financial Statements

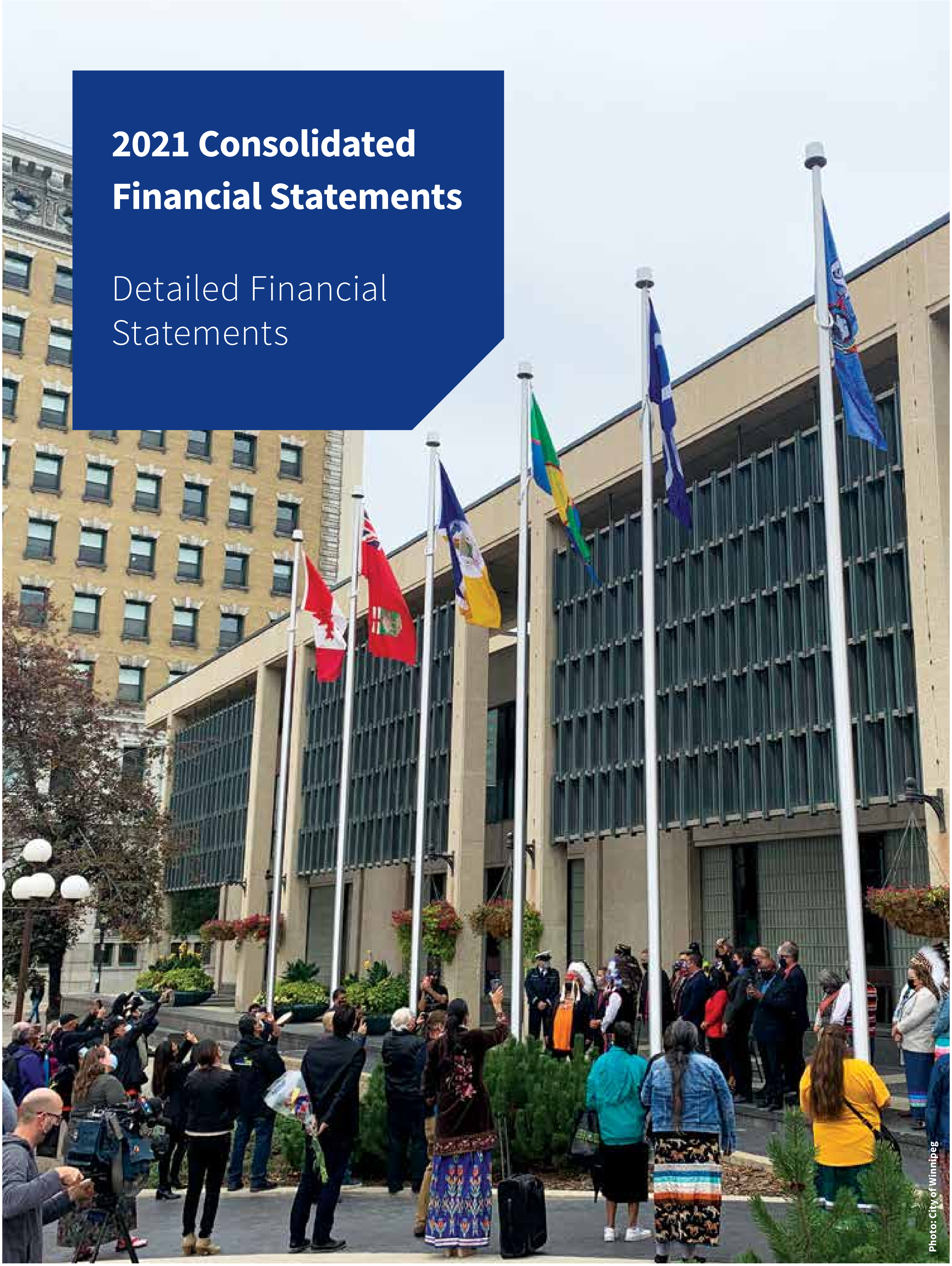


Photo: City of Winnipeg

REPORT FROM THE CHIEF FINANCIAL OFFICER
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the 2021 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 together with the audited 2021 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, 2020 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 continuing 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 revenue losses result primarily from reduced transit ridership, recreational programming and parking. The City's COVID-19 Crisis Cash Flow Management Plan 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 identifies levers the City could utilize to maintain liquidity and minimize the financial impact of COVID-19. Two updates to the COVID-19 Crisis Cash Flow Management Plan were presented in 2021, along with monthly updates on the financial implications to the City of the pandemic. In 2021, actions taken through the Council approved 2021 Budget and in response to evolving public health order restrictions included freezes to hiring and discretionary spending, public transit, recreational programming and library services reductions and draws on reserves, including the Financial Stabilization Reserve.

Throughout the ongoing pandemic, the City is continually monitoring its financial and liquidity status.

COVID-19 Economic Response and Recovery Plan

On November 25, 2021, Council approved the COVID-19 Economic Response and Recovery Plan Framework. The objectives of this two-year plan are to promote job and economic growth, equity and resiliency to:

- Assist the sectors with the most pandemic induced negative economic impact;
- Stimulate growth in the downtown; and
- Use available levers to accelerate servicing of employment lands.

The longer-term goal is to strengthen and revitalize the Winnipeg economy, which in turn will contribute to the re-building of the Financial Stabilization Reserve.

The COVID-19 Economic Response and Recovery Plan is a combination of strategies that include grants, policy amendments, process improvements as well as collaboration and advocacy strategies that also encourages private investment and development.

Financial Support for Business and Residents

The City also recognizes the significant financial impact the pandemic is having on its residents and businesses.

Included in the adopted 2021 Budget, Council used part of the 2020 Federal Safe Restart Agreement to ease the economic, social and emotional burden of the pandemic and to restart our economy. Measures include:

- $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 and not-for-profit organizations
- $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 were further assisted in the adopted 2021 Budget through a freeze of the business tax rate and an increase to the small business tax credit threshold. Doing so resulted in almost 1,000 more businesses being fully business tax exempt, allowing those businesses to save $1,926 on average. The adopted 2022 Budget also freezes the business tax rate.

Additionally, on May 27, 2021, Council approved a second round of the Economic Support grant program, allowing for up to an additional $3.0 million.

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, Winnipeg Golf Services, Fleet Management and Winnipeg Parking Authority.

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.

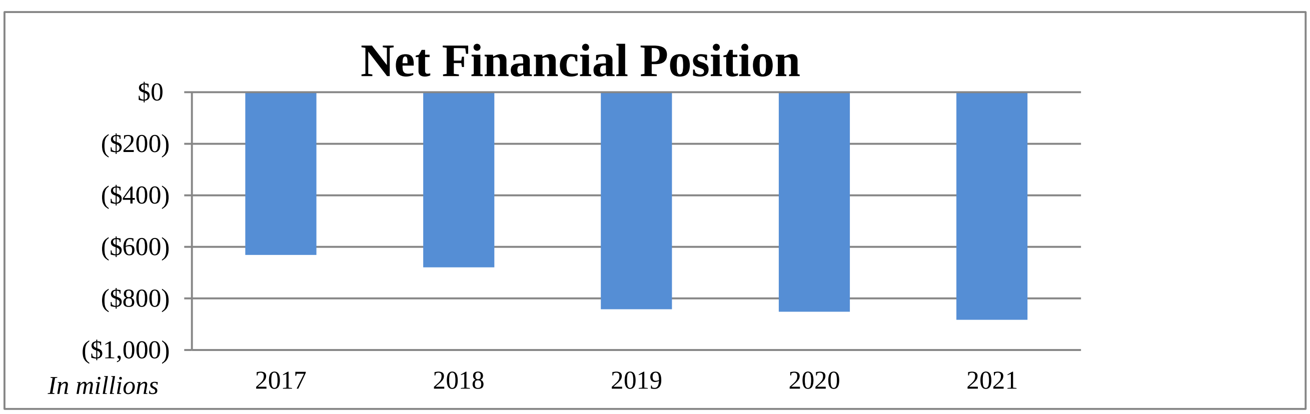
(in thousands of dollars)	2021	2020	Variance
Cash and cash equivalents	$ 909,496	$ 800,433	$ 109,063
Other financial assets	750,551	692,570	57,981
Financial assets	1,660,047	1,493,003	167,044
Liabilities	2,543,193	2,343,945	(199,248)
Net financial position	(883,146)	(850,942)	(32,204)
Non-financial assets	7,865,799	7,731,398	134,401
Accumulated surplus	$ 6,982,653	$ 6,880,456	$ 102,197

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 2021, the City's cash and cash equivalents increased by $109 million. This increase mainly resulted from funding received from the Province of Manitoba for the North End Water Pollution Control Centre ("NEWPCC") capital project, to be separately held in an interest bearing bank account, until an Investing in Canada Infrastructure Program ("ICIP") funding agreement is signed.

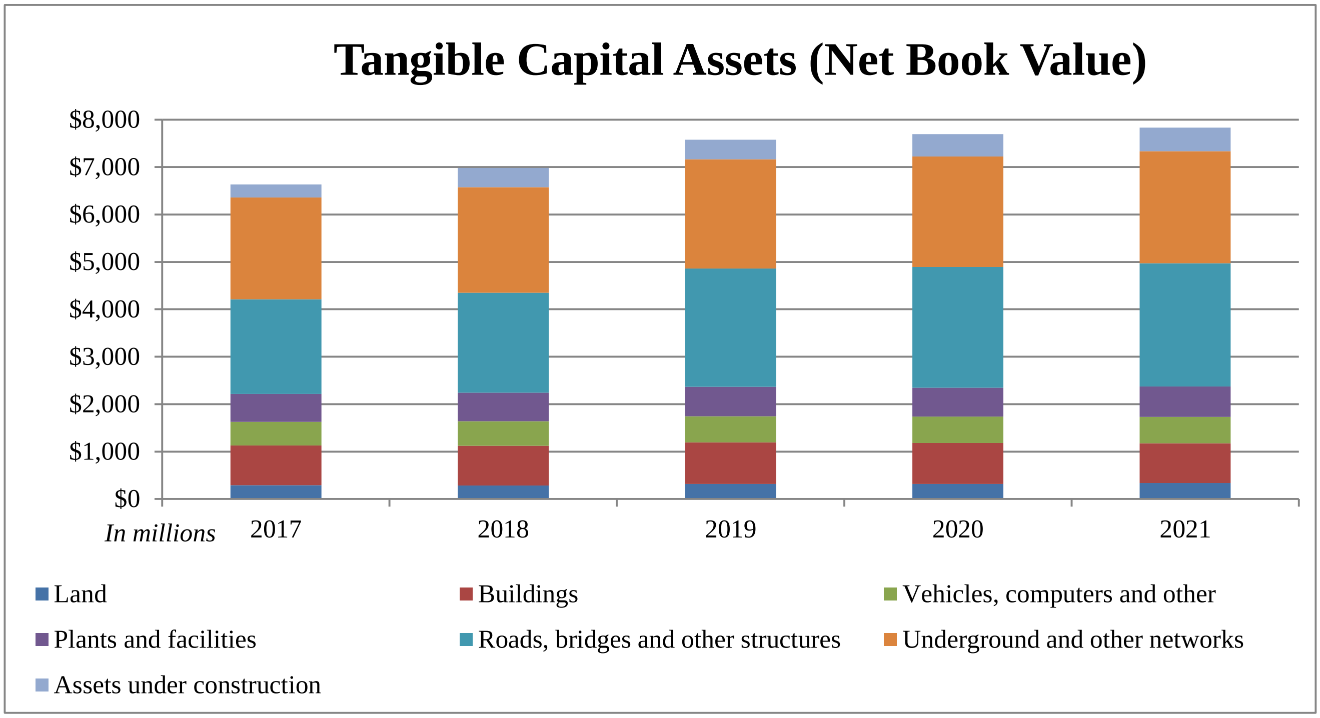
Net Financial Position



Net financial position is the difference between financial assets and liabilities and indicates the affordability of additional spending. As at December 31, 2021, the City is in a net financial liability position of $883.1 million (2020 - $850.9 million), an increase of $32.2 million partially due to 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 prioritize investing in infrastructure. The acquisition of tangible capital assets is authorized largely through the Council approved capital budget. On December 16, 2020, Council adopted the 2021 annual capital budget and the 2022 to 2026 five-year capital forecast. The six-year plan projected $2.3 billion in City capital projects, with $386.4 million authorized for 2021. The 2021 Budget includes:

- a record $152.2 million for regional and local street renewal and $5.5 million for waterway crossings and grade separations
- $76.3 million for sewage disposal collection and treatment systems projects, including $32.0 million for combined sewer overflow and basement flood management strategy and $33.0 million for waterworks systems projects, including $18.0 million for water main renewals
- $33.0 million for community services, including $16.7 million for recreation and library facility investment strategy and $5.4 million for Boni-Vital Pool
- $23.7 million for public transit projects, including new transit buses
- $12.6 million for parks and open space, including $5.8 million for reforestation improvements and the urban forest enhancement program
- $5.0 million for police service, including information system upgrades at the Police Headquarters

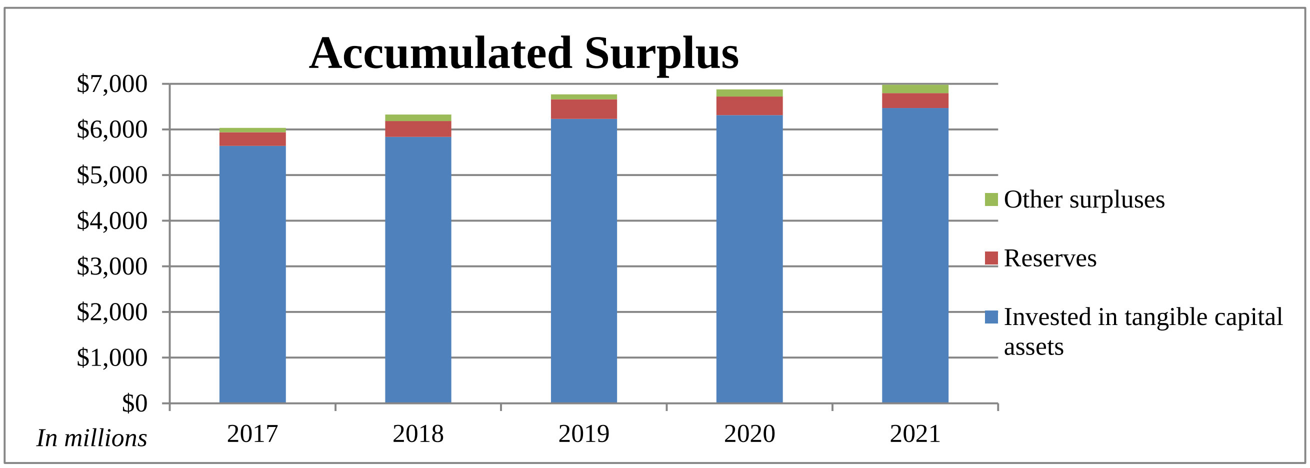
Also included in the capital investment plan over the six-year period (2021 to 2026) is $362.7 million of federal funding under the Canada Community-Building Fund (formerly the Gas Tax), New Building Canada Fund, and Veterans Affairs Canada; $162.7 million of provincial funding and; $79.5 million of cash to capital funding.

During 2021, the City acquired $424.1 million of tangible capital assets (2020 - $409.4 million), including contributed roads and underground networks totaling $63.5 million (2020 - $24.2 million). Contributed assets are capitalized at their fair value at the time of receipt. Of the assets acquired, $213.3 million was for tax-supported projects (50%). 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).

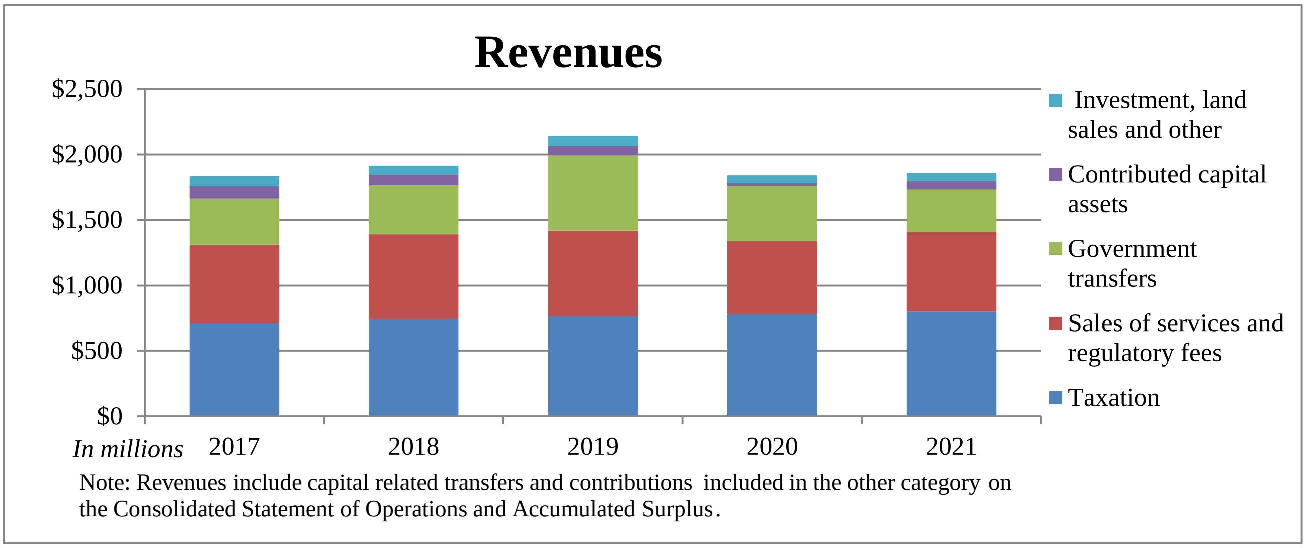
Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities, such as vacation, retirement allowance, compensated absences and landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2021 - 93%; 2020 - 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.



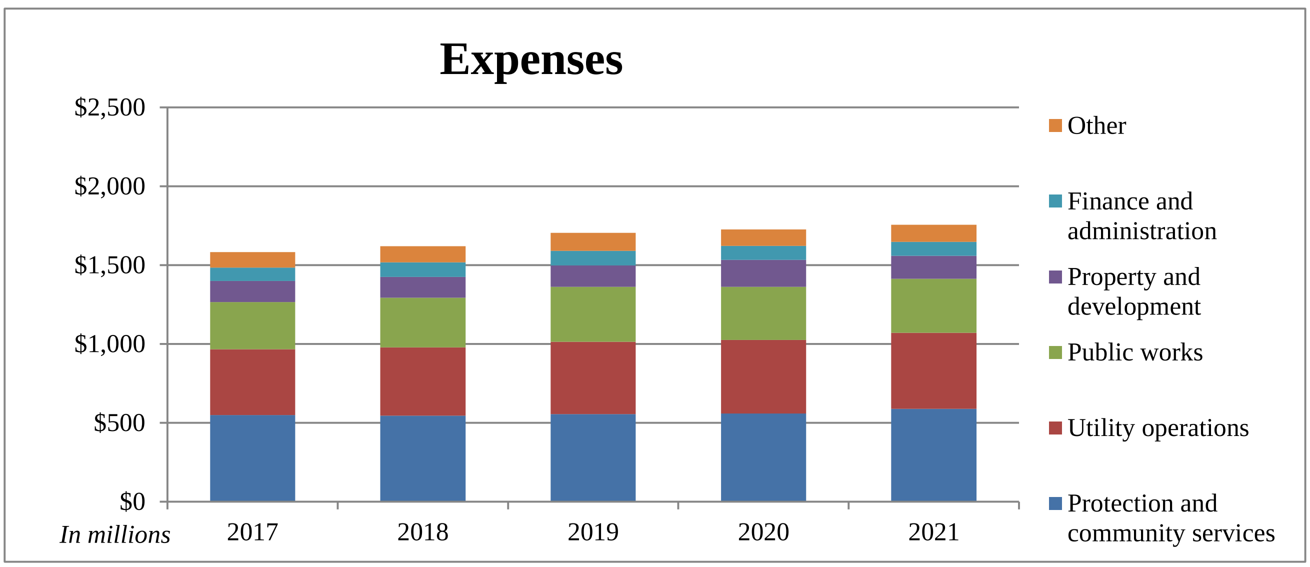
The City's accumulated surplus, through its investment in tangible capital assets, has grown by $102.2 million in 2021, indicating a strong foundation upon which services will continue to be delivered in the future.

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.



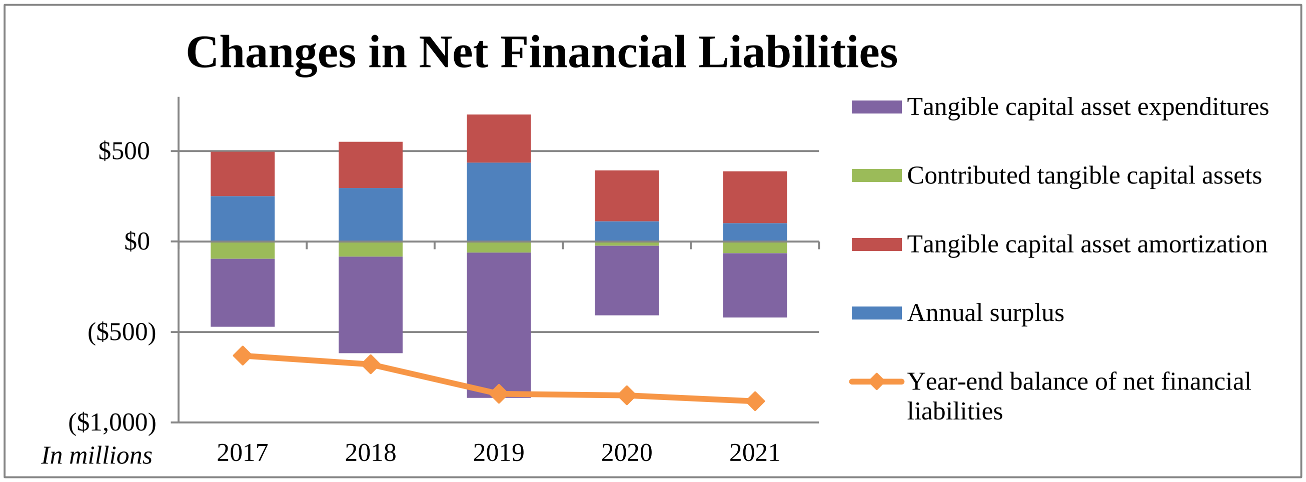
Beyond government transfers, the City has a balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has defined indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability 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 18% to 27%. For 2021, government transfers represent 18% of total revenues.



Spending in all categories is consistent with 2020 and reflects Council's priorities of public safety and roads. Property and Development expenses decreased from 2020 relating to the impact fee refunds paid in 2020.

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 November 2021, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating included a "diversified economy" and "well-balanced institutional framework."

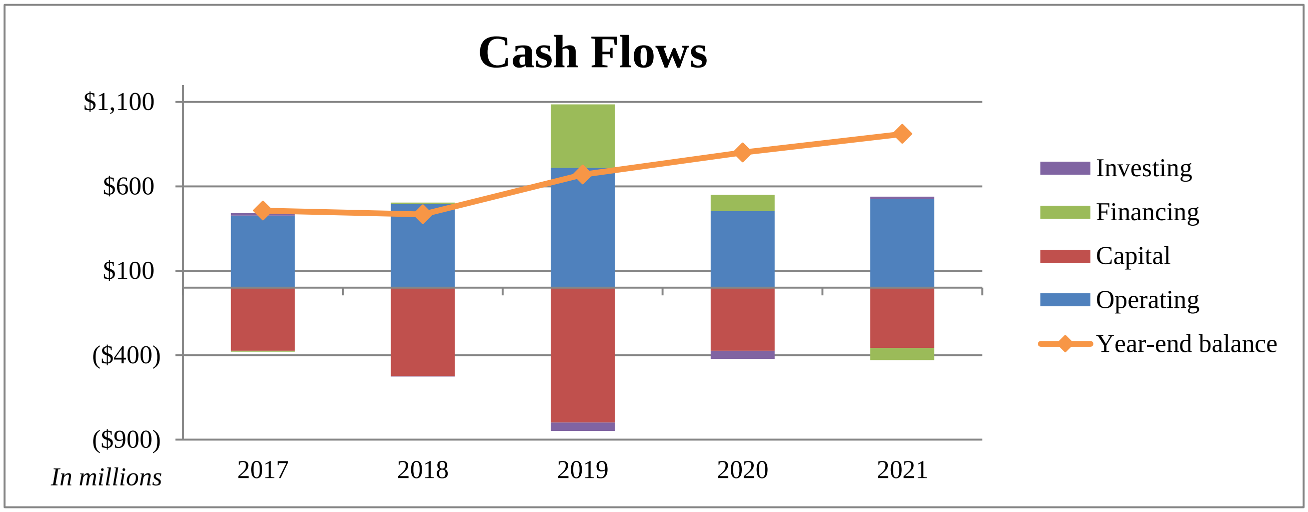
Moody's Investors Service ("Moody's") announced in June 2021 it maintained the City's credit rating at Aa2, noting "strong debt affordability" and "economic diversity". The announcement also expressed "strong governance and management structure" as a strength but that the rating is constrained by Winnipeg's debt burden as the City continues to invest in infrastructure. The rating reflects the economic and fiscal pressures of the pandemic.

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 2.7% - 3.6%. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates the City borrows at, which reflect 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 again in 2021 due to the impacts of the COVID-19 pandemic.

Analysis of Statements

Accounts Receivable

The accounts receivable balance has increased by $73 million from the prior year, largely related to an increase in Provincial receivables related to capital grants for 2021. The largest component of accounts receivable is trade accounts and other receivables at 54% (2020 - 63%). Approximately 51% (2020 - 58%) 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 $400,000 (2020 - $400,000).   The largest component of the total allowance for doubtful accounts relates to ambulance services.

As at December 31, 2021, property, payments-in-lieu and business tax receivables (taxes receivable), net of the estimated allowance for tax arrears, represented 17% (2020 - 25%) of total receivables. Taxation revenue is 43% (2020 - 42%) of total consolidated revenues. The decreased allowance for tax arrears in 2021 relates to the reduced uncertainties of the impacts of the pandemic on collectability of business taxes.

Taxes Receivable As at December 31 (in thousands of dollars)	2021	2020	2019	2018	2017
Taxes receivable	$ 57,005	$ 67,309	$ 60,120	$ 56,704	$ 52,599
Allowance for tax arrears	(1,500)	(2,849)	(1,207)	(813)	(756)
	$ 55,505	$ 64,460	$ 58,913	$ 55,891	$ 51,843

Investments

Investments As at December 31 (in thousands of dollars)	2021	2020
Marketable securities		
Municipal bonds	$ 115,794	$ 130,107
Provincial bonds and bond coupons	28,729	34,376
Federal entity bonds	25,733	20,919
	170,256	185,402
Manitoba Hydro long-term receivable	220,238	220,238
Other	156	33
	$ 390,650	$ 405,673
Market value of marketable securities	$ 178,368	$ 205,840

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 allowable categories for investments 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)	2021	2020
Sinking fund debentures	$ 1,072,568	$ 1,072,568
Equity in sinking funds	(132,049)	(112,945)
	940,519	959,623
Service concession arrangement obligations	274,787	279,852
Bank loans and other	140,528	182,732
Capital lease obligations	19,045	20,410
	1,374,879	1,442,617
Unamortized premium on debt	108,089	111,785
	$ 1,482,968	$ 1,554,402

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.

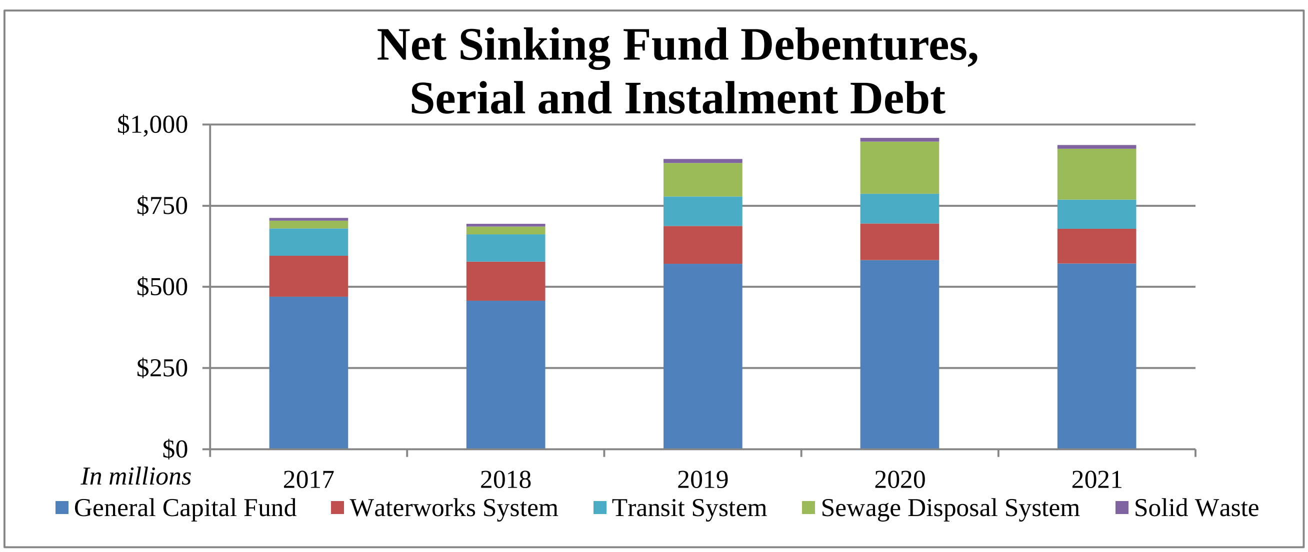
For the City managed sinking fund, the City pays interest on the principal to the investors and contributes a set percentage of the principal into the sinking fund annually. The sinking fund contribution percentage is set at the time of debt issuance and is estimated to be sufficient to retire the debentures as they mature. The 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.

No sinking fund debentures were issued in 2021.

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	2021	2020	2019	2018	2017
Free Cash and Liquid Assets/ Debt Service	832.3%	1261.1%	1052.8%	774.4%	803.8%

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	2021	2020	2019	2018	2017
Free Cash, Liquid Assets and Committed Credit/Consolidated Operating Expenses less Amortization	70.3%	77.5%	61.3%	46.4%	47.7%

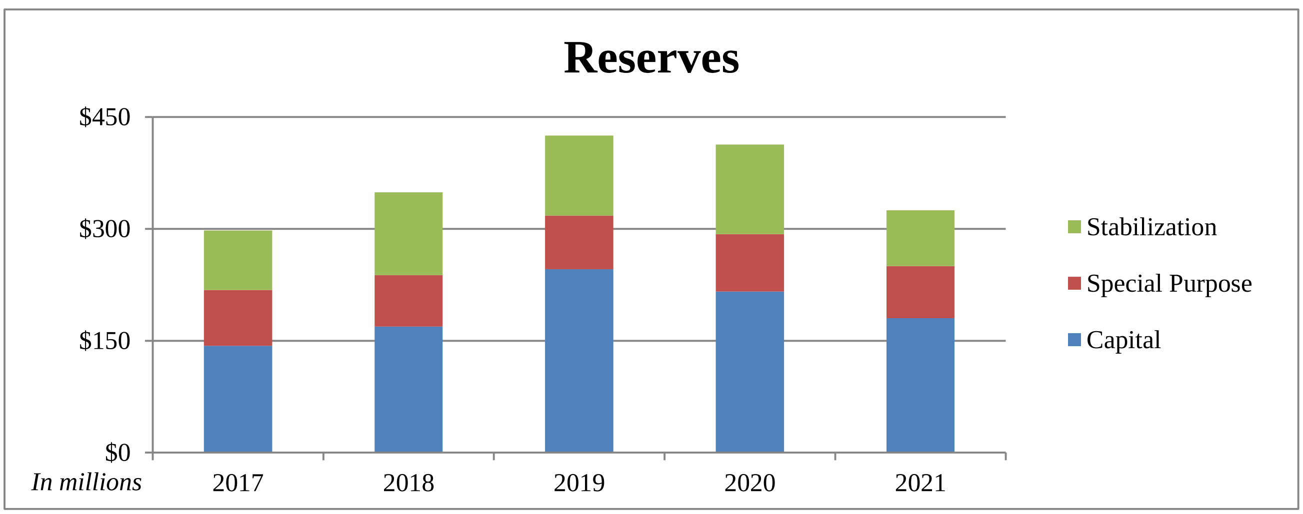
In its recent credit rating report, Standard and Poor's commented that the City maintains robust liquidity, which they expect will continue.

Reserves

Reserve balances have decreased overall by $88.1 million (2020 - $12.5 million decrease) from the prior year.

The Financial Stabilization Reserve's accumulated surplus is $8.9 million (including net interest revenue) over its minimum balance of 6% of the General Revenue Fund adopted 2022 budgeted expenses. The surplus over the minimum balance has decreased due to the need to draw on the reserve to balance 2021's General Revenue Fund deficit as well as continued budget pressures due to the COVID-19 pandemic. Overall, the Financial Stabilization Reserve balance decreased $44.8 million in 2021.

The Capital Reserve balance decreased by $36.1 million mainly due to the NEWPCC Headworks project. The project is partially funded by the Environmental Projects Reserve Fund and work began in 2021.



During 2013, a 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. The reserve transferred $47.5 million to the General Capital Fund during 2021 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 $42.9 million to the General Capital Fund during 2021 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 2021 on a comparative basis. The City increased its accumulated surplus during the year because annual revenues exceeded expenses. This statement includes the consolidated budget to provide additional transparency and accountability.

During 2021, the City recorded consolidated revenues of $1.857 billion (2020 - $1.841 billion), which included government transfers, developer contributions-in-kind and other capital contributions related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.754 billion (2020 - $1.728 billion).

Consolidated revenues before government transfers, developer contributions-in-kind and other capital contributions totaled $1.676 billion (2020 - $1.675 billion). As a result, the City reported a deficit of $78.1 million (2020 deficit of $52.4 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 2021		Actual 2021		Actual 2020		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 801,244	44%	$ 800,949	43%	$ 779,994	43%	$ (295)	$ 20,955
Sales of services and regulatory fees	581,152	32%	605,229	33%	556,624	30%	24,077	48,605
Government transfers - Operating	214,019	12%	219,869	12%	287,579	16%	5,850	(67,710)
Investment, land sales and other revenues	57,396	3%	50,364	3%	50,943	3%	(7,032)	(579)
Revenue before Other	1,653,811		1,676,411		1,675,140		22,600	1,271
Government transfers - Capital	87,114	5%	105,592	6%	134,267	7%	18,478	(28,675)
Developer contributions-in-kind	78,870	4%	63,500	3%	24,200	1%	(15,370)	39,300
Other capital contributions	6,100	0%	11,155	0%	7,323	0%	5,055	3,832
	172,084		180,247		165,790		8,163	14,457
	$ 1,825,895		$ 1,856,658		$ 1,840,930		$ 30,763	$ 15,728

Revenues were $15.7 million higher in 2021 due to several factors. Sale of services and regulatory fees increased compared to 2020 and to budget largely due to increased water and sewer sales from higher consumption and rates. As well, several revenue streams rebounded from the impact in 2020 of the pandemic, including Police Service special duty revenue and building permit revenues. Offsetting these increases, transit fare revenues decreased due to the full year impact of the pandemic in 2021.

Taxation revenue increased due mainly to assessment roll growth and a 2.33% property tax increase. Developer contributions-in-kind increased and indicates the variability of developments from year to year.

These increases were partially offset by decrease in operating and capital government transfers. Most of this is due to the one-time Safe Restart Agreement funding from the Government of Canada not repeating in 2021. As well, Canada Community-Building Fund revenue decreased with revenue accounting matched to capital expenditures.

Consolidated Expenses By Service For the years ended December 31 (in thousands of dollars)	Budget 2021		Actual 2021		Actual 2020		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 582,837	34%	$ 589,273	35%	$ 560,484	33%	$ (6,436)	$ (28,789)
Utility operations	498,676	29%	481,631	27%	465,937	27%	17,045	(15,694)
Public works	339,696	20%	341,832	19%	336,182	19%	(2,136)	(5,650)
Property and development	154,601	9%	145,136	8%	170,662	10%	9,465	25,526
Finance and administration	88,905	5%	89,713	5%	88,770	5%	(808)	(943)
Civic corporations	62,085	3%	63,818	4%	60,240	3%	(1,733)	(3,578)
General government	8,843	0%	43,058	2%	45,294	3%	(34,215)	2,236
	$ 1,735,643		$ 1,754,461		$ 1,727,569		$ (18,818)	$ (26,892)

Consolidated expenses increased by $26.9 million or 1.6% from the previous year for the following reasons:

- Protection and community services expenses increased by $28.8 million primarily due to contractual pay increases to employees and a retroactive actuarially determined police pension contribution rate increase.

- Property and development expenses decreased by $25.5 million compared to 2020. This is due to the refund of the impact fee in 2020 totalling $37 million, offset by Rapid Housing Initiative grants , partially made in 2021, the first year of expenses under this initiative.

Consolidated Expenses By Object For the years ended December 31 (in thousands of dollars)	2021		2020		Variance
Salaries and benefits	$ 932,407	53%	$ 906,039	52%	$ (26,368)
Goods and services	429,939	25%	424,602	25%	(5,337)
Amortization	286,475	16%	279,943	16%	(6,532)
Interest	66,324	4%	65,142	4%	(1,182)
Impact Fee refunds	-	0%	36,995	2%	36,995
Other expenses	39,316	2%	14,848	1%	(24,468)
	$ 1,754,461		$ 1,727,569		$ (26,892)

- Increases in salaries and benefits expenses resulted primarily due to contractual pay increases to employees and a retroactive actuarially determined police pension contribution rate increase.

- The increase in other expenses is primarily due to higher grant expense in 2021. The City provided grants from the Rapid Housing Initiative and the COVID-19 Economic Support Grant Program for the first time in 2021.

- The Impact Fee refunds in 2020 were 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 provides 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 decade.

To assist in addressing this issue, the City is using the dedicated property taxes for local and regional roads (1% each), and leveraging Federal and Provincial funding opportunities. 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 sets the stage to routinely monitor and improve asset performance and organizational sustainability.

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. 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.
  - **Strategic Asset Management Plan ("SAMP"):** This document provides 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. The document was endorsed through the City's Asset Management Advisory Committee.

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

- **Customer Levels of Service:** This document, to 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 ICIP, the current major 10-year federal infrastructure funding program (2018 to 2027). Funding is available under three infrastructure streams:

- Green infrastructure (environmental) ("GIS")
- Community, culture and recreation infrastructure ("CCRIS")
- Public transit infrastructure ("PTIS")

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

- NEWPCC: Headworks facilities
- NEWPCC: Biosolids facilities
- South Winnipeg Recreation Campus: Phase One - Recreation Centre
- St. James Civic Centre - Facility Expansion

In May 2021, with Council's approval, the City submitted six projects under ICIP PTIS stream:

- Radio and Intelligent Transportation System (ITS) Replacement
- North Garage Replacement
- Transition to Zero Emission Buses
- Rapid Transit (Downtown) Preliminary Design
- Primary Transit Network Infrastructure
- Wheelchair Securements Retro-fit

In 2021, the City received notice of approval of funding for NEWPCC: Headworks facilities, South Winnipeg Recreation Campus and St. James Civic Centre. The NEWPCC: Biosolids facilities and all six projects under PTIS are still under review by Infrastructure Canada.

Capital Project Management

One of the major functions of the City is the delivery of capital investments. In 2021, 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 has transitioned 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, 2021; and the forecasted peak levels based on the Council approved borrowing from the 2022 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As At December 31, 2021	Forecasted Peak
Debt as a % of revenue			
City	90.0%	74.1%	76.2%
Tax-supported and other funds	80.0%	48.0%	58.4%
Utilities and other	220.0%	66.0%	103.0%
Debt-servicing as a % of revenue			
City	11.0%	7.5%	7.5%
Tax-supported and other funds	10.0%	4.0%	5.3%
Utilities and other	20.0%	8.6%	9.6%
Debt per capita			
City	$2,800	$1,791	$2,064
Tax-supported and other funds	$1,500	$1,005	$1,120
Utilities and other	$1,500	$688	$1,168

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, 2021 is $34.1 million (2020 - $36.1 million). Included in the outstanding balance on guaranteed loans is a $5.3 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 $36.5 million (2020 - $38.9 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 was 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 2021 was 27.62% 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, 2021, the market value of this pension fund's assets was $2,112.7 million (2020 - $1,866.4 million), which is $233.0 million more (2020 - $135.1 million more) than the accrued pension obligation.

Based on the last valuation of the Plan as at December 31, 2020, the cost of benefits accruing under this Plan in 2021 represents 31.73% 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 to the extent the Plan is funded in excess of both 105% on a solvency basis and fully funded, including the prescribed Provision for Adverse Deviation, on a going-concern basis. The balance in the Contribution Stabilization Reserve has been below the required threshold to reduce City contributions since May 2012. Further, in accordance with the Plan provisions and the actuarial report on the valuation, 1.95% of earnings was not required to be contributed by the City. Therefore, the City contributed the balance of the cost - that is, 21.78% of pensionable earnings.

The date of the next required actuarial valuation of the Plan to be prepared and filed with the Manitoba Office of the Superintendent - Pension Commission is December 31, 2023. 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, 2020, the Plan had a solvency deficiency under this wind-up scenario.

This deficiency had to be addressed over the five years following the valuation date by the City, either through an increase in contributions starting in 2021, or by obtaining a letter of credit with face value equal to the value of additional contributions cumulatively required. City Council approved the letter of credit option and has obtained a letter of credit for $2.3 million as of December 31, 2021 with respect to the December 2020 valuation.

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.

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 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 ICIP for upgrades to the NEWPCC project.

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 budgeted 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. As at December 31, 2021, the City recorded a $5.3 million (2020 - $5.8 million) liability related to contaminated sites.

Labour Negotiations

For the year ended December 31, 2021, 53% (2020 - 52%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,279 (2020 - 10,388). The majority of employees are represented by eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,454	January 7, 2023
CUPE	4,262	February 28, 2021
MGEU	385	February 28, 2021
UFFW	951	December 31, 2023
WAPSO	848	December 31, 2023
WFPSOA	53	August 31, 2021
WPA	1,977	December 31, 2021
WPSOA	36	December 31, 2021
Other (non-union/association)	313	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 Budget Working Group develops the budget. The preliminary operating and capital budgets are tabled by Executive Policy Committee and referred to the City’s Standing Policy Committees and the Winnipeg Police Board for review and recommendations. 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.

2021 was the first update to the 2020 multi-year budget. The next multi-year budget will be completed in 2024.

Looking Forward

2022 - 2023 Multi-year Balanced Operating and Capital Budget Updates

On December 15, 2021, Council adopted both budgets for The City of Winnipeg - the 2022 operating budget update and the 2022 capital budget including the 2023-2027 five-year capital forecast. 2022 is the second budget update to the 2020 multi-year balanced budget.

The key priorities in this budget were:
- Pandemic response: Economic recovery and community support
- Financial resilience
- Protect the environment
- Affordability and expenditure control
- Strategic investments

In the context of the 2022 Budget Update, these Council approved priorities balance the ongoing uncertain financial waters of the COVID-19 global pandemic while simultaneously presenting a sustainable fiscal blueprint to support our growing City.

The adopted 2022 Balanced Budget Update includes a six-year capital investment plan of $2.9 billion. This plan is $0.6 billion higher than last year's six-year plan and is anticipated to create over 10,000 person-years of employment. The increase is primarily due to new investments in Transit under ICIP in conjunction with Council's approved Winnipeg Transit Master Plan.

The six-year capital investment plan includes $872.9 million in regional and local street renewals; $586.4 million in Transit, including $276.4 million invested in the transition to zero-emission buses; $568.2 million in Sewage Disposal System projects, including $240.0 million in combined sewer overflow and basement flood management strategy; and $288.6 million invested in Waterworks System, including $121.5 million in water main renewals.

The 2022 Budget Update includes a 2.33% property tax increase. Keeping the budget balanced in the context of a pandemic requires discipline and innovation. 0.33% of this increase will continue to fund future payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass projects. For 2022 only, $12.6 million from the two percent increase will be used to protect front line services rather than finance regional and local street renewals. Instead, this $12.6 million for regional and local street renewals will be funded by the Canada Community-Building Fund.

The City was awarded the GFOA's Distinguished Budget Presentation Award for its 2021 to 2023 multi-year budget update.

The adopted 2022 Budget Update document includes the 2021 and 2022 consolidated budgets that are prepared on the same basis as the consolidated financial statements.

Unconsolidated General Revenue Fund - Adopted Budget

For the years ended December 31 (in thousands of dollars)	2021 Restated	**2022 Budget**	2023 Projection*
Revenues			
Property tax	$ 664,717	**$ 688,491**	$ 711,785
Property tax credits	(6,036)	**(6,346)**	(6,695)
Business tax	65,278	**64,435**	62,458
Business tax credits	(7,362)	**(7,439)**	(5,462)
Other taxation	26,325	**28,285**	29,593
Street renewal frontage levy	63,951	**64,184**	64,484
Government transfers	149,127	**150,794**	150,578
Regulation fees	69,298	**79,509**	79,772
Sale of goods and services	50,867	**51,817**	54,845
Interest	7,518	**7,318**	7,011
Transfer from other funds	37,672	**17,878**	17,416
Utility dividend	35,681	**37,278**	38,261
Other	23,276	**18,350**	23,907
	1,180,312	**1,194,554**	1,227,953
Expenses			
Police service	301,151	**310,649**	315,094
Public works	153,189	**154,145**	156,553
Fire paramedic service	210,703	**215,041**	217,866
Community services	109,858	**111,145**	113,307
Corporate	92,993	**90,733**	71,745
Planning, property and development	34,441	**34,582**	35,184
Water and waste	24,610	**22,391**	23,968
Street lighting	13,302	**13,815**	14,571
Assessment and taxation	14,601	**18,579**	18,780
Assets and project management	8,490	**8,551**	8,575
Innovation and technology	21,434	**21,261**	22,121
City clerk's	12,027	**11,982**	11,994
Corporate finance	8,265	**8,337**	8,580
Customer service and communications	7,085	**7,012**	7,249
Human resource services	6,123	**7,319**	7,505
Other departments	18,561	**18,594**	18,816
Operational expenditures	1,036,833	**1,054,136**	1,051,908
Capital related expenses (e.g. transfers to street renewal reserves and debt and finance charges)	143,479	**140,418**	176,045
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 the City will be reviewing to determine their impact on the Statements include:

- 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 legal obligations associated with the retirement of tangible capital assets. The new standards are effective for fiscal years beginning on or after April 1, 2022.
- 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. This standard 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, 2022

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, 2022. 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, 2022

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

Telephone (204) 957-1770
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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, 2021, 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, 2021, 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 "2021 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 "2021 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, 2022

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

		2021		2020
FINANCIAL ASSETS				
Cash and cash equivalents (Note 3)	$	**909,496**	$	800,433
Accounts receivable (Note 4)		**328,329**		255,446
Investments (Note 5)		**390,650**		405,673
Investment in government businesses (Note 6)		**22,689**		23,496
Land held for resale		**8,883**		7,955
		1,660,047		1,493,003
LIABILITIES				
Accounts payable and accrued liabilities (Note 7)		**279,619**		265,134
Deferred revenue (Note 8)		**376,641**		138,954
Debt (Note 9)		**1,482,968**		1,554,402
Other liabilities (Note 10)		**152,807**		139,303
Employee benefits obligations (Note 11)		**251,158**		246,152
		2,543,193		2,343,945
NET FINANCIAL LIABILITIES		**(883,146)**		(850,942)
NON-FINANCIAL ASSETS				
Tangible capital assets (Note 12)		**7,829,569**		7,696,113
Inventories		**26,717**		25,584
Prepaid expenses and deferred charges		**9,513**		9,701
		7,865,799		7,731,398
ACCUMULATED SURPLUS (Note 13)	$	**6,982,653**	$	6,880,456

Commitments and contingencies (Note 14)

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 2021 (Note 20)	Actual 2021	Actual 2020
REVENUES			
Taxation (Note 15)	$ 801,244	$ 800,949	$ 779,994
Sales of services and regulatory fees (Note 16)	581,152	605,229	556,624
Government transfers (Note 17)	214,019	219,869	287,579
Investment income	33,426	30,669	34,895
Land sales and other revenue (Note 18)	23,970	19,695	16,048
Total Revenues	1,653,811	1,676,411	1,675,140
EXPENSES			
Protection and community services	582,837	589,273	560,484
Utility operations	498,676	481,631	465,937
Public works	339,696	341,832	336,182
Property and development	154,601	145,136	170,662
Finance and administration	88,905	89,713	88,770
Civic corporations	62,085	63,818	60,240
General government	8,843	43,058	45,294
Total Expenses (Note 19)	1,735,643	1,754,461	1,727,569
Annual Deficit Before Other	(81,832)	(78,050)	(52,429)
OTHER			
Government transfers related to capital (Note 17)	87,114	105,592	134,267
Developer contributions-in-kind related to capital (Note 12)	78,870	63,500	24,200
Other capital contributions	6,100	11,155	7,323
	172,084	180,247	165,790
Annual Surplus	$ 90,252	102,197	113,361
ACCUMULATED SURPLUS, BEGINNING OF YEAR		6,880,456	6,767,095
ACCUMULATED SURPLUS, END OF YEAR		$ 6,982,653	$ 6,880,456

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 2021 (Note 20)	Actual 2021	Actual 2020
ANNUAL SURPLUS	**$ 90,252**	**$ 102,197**	$ 113,361
Amortization of tangible capital assets	**285,215**	**286,475**	279,943
Proceeds on disposal of tangible capital assets	**5,277**	**1,047**	9,854
Loss (gain) on disposal of tangible capital assets	**1,959**	**1,685**	(953)
Other changes in non-financial assets and net transfers to land held for resale	**1,146**	**(779)**	(3,317)
Tangible capital assets received as contributions (Note 12)	**(78,870)**	**(63,500)**	(24,200)
Acquisition of tangible capital assets	**(476,035)**	**(359,329)**	(383,844)
INCREASE IN NET FINANCIAL LIABILITIES	**(171,056)**	**(32,204)**	(9,156)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(948,035)**	**(850,942)**	(841,786)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (1,119,091)**	**$ (883,146)**	$ (850,942)

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	**$ 102,197**	$ 113,361
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**286,475**	279,943
Developer contributions-in-kind related to capital (Note 12)	**(63,500)**	(24,200)
Change in other liabilities and employee benefits obligations	**18,510**	16,114
Loss (gain) on sale of tangible capital assets	**1,685**	(953)
Change in investments in Government Businesses	**807**	(383)
Net transfer between land held for resale and tangible capital assets	**166**	506
	346,340	383,882
Net change in non-cash working capital balances related to operations (Note 21)	**177,416**	70,023
Cash provided by operating activities	**523,756**	454,411
CAPITAL		
Acquisition of tangible capital assets	**(359,329)**	(383,844)
Proceeds on disposal of tangible capital assets	**1,047**	9,854
Cash used in capital activities	**(358,282)**	(373,990)
FINANCING		
(Decrease) increase in bank loans and other debt	**(42,204)**	5,055
Increase in sinking fund investments	**(19,104)**	(14,096)
Service concession arrangements retired	**(5,065)**	(4,760)
(Decrease) increase in debt premium and obligation for leased tangible capital assets	**(5,061)**	25,141
Debenture debt issued	**-**	85,000
Cash (used in) provided by financing activities	**(71,434)**	96,340
INVESTING		
Net decrease (increase) in investments	**15,023**	(47,129)
Cash provided by (used in) investing activities	**15,023**	(47,129)
Increase in cash and cash equivalents	**109,063**	129,632
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**800,433**	670,801
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 909,496**	$ 800,433

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 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. As at December 31, 2021, the City programs and services have been altered to ensure compliance with Provincial public health orders and reflect consumer demand. Management assessed the financial impact on the City and as at December 31, 2021, the City did not have significant accounting estimate adjustments to reflect the implications of COVID-19.

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) Pension and group insurance funds

Active, retired and otherwise terminated civic employees and elected officials participate in registered defined benefit pension plans, a multi-employer pension plan and group life insurance plans. Related assets and liabilities under administration for the benefit of these parties have been excluded from the reporting entity and accounted for in accordance with PSAB accounting standards PS 3250 Retirement Benefits.

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 and with maturity dates of 90 days or less from the date of acquisition.

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 and when the site is no longer in productive use or an unexpected event resulting in contamination has occurred. 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

Amortization of tangible capital assets commences when the asset is available for use.

In certain circumstances, assets under construction are 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 the Province and school divisions, nor are the assets, liabilities, revenues and expenses, with respect to the operations of the school boards (Note 15).

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 14c) 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 2021 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*

	2021	2020
Cash	**$ 587,825**	$ 466,226
Cash equivalents	**321,671**	334,207
	$ 909,496	$ 800,433

The average effective interest rate for cash equivalents at December 31, 2021 is 0.60% (2020 - 0.41%).

Cash and cash equivalents exclude $28.7 million (2020 - $55.1 million) which has been received from various entities including Winnipeg Civic Employees' Benefits Program. The funds are invested on a pooled basis to obtain maximum investment returns.

Cash received for interest from all cash, cash equivalents and investments during the year is $31.3 million (2020 - $35.4 million).

Included in the cash balance above is a restricted cash amount of $126.8 million (2020 - nil). This amount includes the original advance by the Province for the North End Water Pollution Control Centre upgrades (Headworks Facilities and Biosolids Facilities Projects) and accumulated interest (2021 - $0.4 million, 2020 - nil) on the advance. There is an external restriction to hold these funds separately until the projects are approved by the Government of Canada and the City has entered into contribution agreements for the funding. An amount equal to the restricted cash amount has been accounted for as deferred revenue (Note 8).

4. *Accounts Receivable*

	2021	2020
Trade accounts and other receivables	**$ 177,848**	$ 159,881
Province of Manitoba	**88,902**	26,766
Government of Canada	**34,650**	31,473
Allowance for doubtful accounts	**(28,576)**	(27,134)
	272,824	190,986
Property, payments-in-lieu and business taxes receivable	**57,005**	67,309
Allowance for property, payments-in-lieu and business taxes receivable	**(1,500)**	(2,849)
	55,505	64,460
	$ 328,329	$ 255,446

5. *Investments*

	2021	2020
Marketable securities (Note 5a)		
Municipal bonds	**$ 115,794**	$ 130,107
Provincial bonds and bond coupons	**28,729**	34,376
Federal entity	**25,733**	20,919
	170,256	185,402
Manitoba Hydro long-term receivable (Note 5b)	**220,238**	220,238
Other	**156**	33
	$ 390,650	$ 405,673

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2021 is $178.4 million (2020 - $205.8 million) and their maturity dates range from 2022 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.

6. *Investment in Government Businesses (continued)*

Summary of investment in government businesses

	2021	2020
North Portage Development Corporation (1/3 share)	**$ 19,823**	$ 19,894
Park City Commons (1/2 share)	**2,396**	3,202
River Park South Developments Inc. (1/2 share)	**470**	400
	$ 22,689	$ 23,496

Summary of results of operations

	2021	2020
North Portage Development Corporation (1/3 share)	**$ (71)**	$ 382
Park City Commons (1/2 share)	**215**	11
River Park South Developments Inc. (1/2 share)	**70**	(10)
	$ 214	$ 383

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

7. *Accounts Payable and Accrued Liabilities*

	2021	2020
Accrued liabilities	**$ 159,124**	$ 142,562
Trade accounts payable	**113,345**	115,221
Accrued interest payable	**7,150**	7,351
	$ 279,619	$ 265,134

8. *Deferred Revenue*

	2020	Inflows	Revenue Recognized	**2021**
Operating				
Prepayment for services	$ 18,533	$ 10,609	$ (5,824)	**$ 23,318**
Government of Canada				
- Rapid Housing Initiative	12,497	12,776	(10,986)	**14,287**
Province of Manitoba	1,530	1,987	(1,935)	**1,582**
Other	4,674	131	(1,061)	**3,744**
	37,234	25,503	(19,806)	**42,931**
Capital				
Province of Manitoba (Note 3)	74,827	210,555	(27,225)	**258,157**
Canada Community Building Fund	25,793	90,810	(42,622)	**73,981**
Other	1,100	621	(149)	**1,572**
	101,720	301,986	(69,996)	**333,710**
	$ 138,954	$ 327,489	$ (89,802)	**$ 376,641**

9. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	**2021**	2020
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**	85,000
					1,072,568	1,072,568
Equity in The Sinking Funds (Notes 9a and b)					**(132,049)**	(112,945)
Net sinking fund debentures outstanding					**940,519**	959,623
Other debt outstanding						
Service concession arrangement obligations (Notes 9c and 14d)					**274,787**	279,852
Bank loans and other with varying maturities up to 2046 and a weighted average interest rate of 2.96% (2020 - 2.71%)					**140,528**	182,732
Obligations for leased tangible capital assets (Note 9d)					**19,045**	20,410
					1,374,879	1,442,617
Unamortized premium on debt (Note 9e)					**108,089**	111,785
					$ 1,482,968	$ 1,554,402

9. *Debt (continued)*

Debt segregated by fund/organization:

	2021	2020
General Capital Fund	**$ 833,011**	$ 847,089
Transit System	**246,650**	283,578
Sewage Disposal	**182,700**	186,755
Waterworks System	**106,297**	111,514
Fleet Special Operating Agency	**42,115**	46,883
Consolidated entities	**33,107**	37,906
Solid Waste Disposal	**25,040**	27,438
Other	**12,295**	11,220
Land Drainage	**1,753**	2,019
	$ 1,482,968	$ 1,554,402

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

	2022	2023	2024	2025	2026	2027+
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 1,072,568
Other debt	29,211	23,572	24,497	19,917	18,678	318,485
	$ 29,211	$ 23,572	$ 24,497	$ 19,917	$ 18,678	$ 1,391,053

a) As at December 31, 2021, sinking fund assets have a market value of $142.0 million (2020 - $130.9 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $17.6 million (2020 - $31.0 million) and a market value of $18.3 million (2020 - $36.8 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) Service concession arrangement obligations are as follows:

	2021	2020
i) Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**$ 133,810**	$ 136,226
ii) Disraeli Bridges	**97,168**	98,955
iii) Chief Peguis Trail Extension	**43,809**	44,671
	$ 274,787	$ 279,852

9. *Debt (continued)*

The City has entered into fixed price design, build, finance and maintain contracts with concessionaires for each project under the following terms:

	Debt Repayment Period	Annual Capital and Interest Payments	Interest Rate
i)	October 2019 - October 2049	$ 8,350	4.4%
ii)	October 2012 - October 2042	9,806	8.1%
iii)	January 2012 - January 2042	4,539	8.2%

The City will also make monthly performance-based maintenance payments relating to all service concession arrangements as disclosed in Note 14d.

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

2022	$ 2,930
2023	3,141
2024	5,225
2025	1,301
2026	1,301
Thereafter	13,089
Total future minimum lease payments	26,987
Amount representing interest at a weighted average rate of 8.18%	(7,942)
Obligations for leased tangible capital assets	$ 19,045

e) Included in the Consolidated Statement of Financial Position are investments and cash equivalents of $116.8 million (2020 - $118.2 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 2021 is $66.3 million (2020 - $65.1 million) and cash paid for interest during the year is $66.5 million (2020 - $64.8 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, 2021 is $60.0 million (2020 - $60.0 million).

10. *Other Liabilities*

		2021		2020
Landfill	**$**	**75,230**	$	65,040
Expropriation		**55,018**		50,520
Contaminated sites		**5,269**		5,787
Veolia agreement (Note 14e)		**2,077**		2,490
Developer deposits and other		**15,213**		15,466
	$	**152,807**	$	139,303

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 3.5% (2020 - 4.0%). Amounts to be accrued in future years as the landfill's capacity is consumed are estimated at $34.6 million (2020 - $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 82% 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, 2021, the reserve had a balance of $5.1 million (2020 - $5.1 million) (Schedule 3).

Contaminated sites

As of December 31, 2021, 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. *Employee Benefit Obligations*

		2021		2020
Retirement allowance and compensated absences (Note 11a)	**$**	**122,944**	$	119,688
Vacation (Note 11b)		**67,392**		65,277
Workers compensation (Note 11c)		**54,831**		56,113
Defined benefit pension plans (Note 11d)		**5,991**		5,074
	$	**251,158**	$	246,152

11. Employee Benefit Obligations (continued)

a) Retirement allowance and compensated absences

Under the retirement allowance programs, upon retirement, death or termination of service under certain conditions (excluding resignation), qualifying employees may be entitled to a cash pay-out based on the value of the employees' remaining accumulated sick leave bank. In addition, certain employees may be entitled to a severance benefit based on length of service.

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

Adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 15.0 years (2020 - 15.0 years) for retirement allowance and compensated absences, 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 and compensated absences obligations 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, 2021 using year-end assumptions.

Information about the City's retirement allowance benefit plan and compensated absences are as follows:

	Retirement Allowance	Compensated Absences	Total 2021	Total 2020
Obligation balance, beginning of year	$ 88,730	$ 61,018	$ 149,748	$ 135,881
Current service cost	5,657	6,270	11,927	10,386
Interest cost	1,619	1,162	2,781	3,639
Actuarial loss (gain)	(4,533)	(3,139)	(7,672)	12,988
Benefit payments	(9,296)	(5,307)	(14,603)	(13,146)
Obligation balance, end of year	82,177	60,004	142,181	$ 149,748
Unamortized net actuarial (loss) gain	4,563	(23,800)	(19,237)	(30,060)
Accrued benefit liability	$ 86,740	$ 36,204	$ 122,944	$ 119,688
Reconciliation of unamortized net actuarial (loss) gain:				
Balance beginning of year	$ (332)	$ (29,728)	$ (30,060)	$ (19,471)
Amortization for current year	362	2,789	3,151	2,399
Actuarial (loss) gain	4,533	3,139	7,672	(12,988)
Balance end of year	$ 4,563	$ (23,800)	$ (19,237)	$ (30,060)
Expense consists of the following:				
Current service cost	$ 5,657	$ 6,270	$ 11,927	$ 10,386
Interest cost	1,619	1,162	2,781	3,639
Amortization of net actuarial (gain) loss	362	2,789	3,151	2,399
	$ 7,638	$ 10,221	$ 17,859	$ 16,424

11. *Employee Benefit Obligations (continued)*

The significant actuarial assumptions adopted in measuring the retirement allowance and compensated absences obligations for the year ended December 31 are as follows:

	2021	2020
Discount rate on liability	**2.40%**	1.80%
General increases in pay	**2.50 - 3.00%**	2.50 - 3.00%

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

b) Vacation

Employees are entitled to bank and accrue unused vacation time as outlined in collective bargaining and other agreements. The liability for these benefits is determined using current rates of pay and is undiscounted.

c) Workers compensation

Section 73 of The Workers Compensation Act groups employers into five broad classes (Classes A to E). Employers in Classes A to D, known as self-insured employers, are individually liable for the claim costs of their workers plus their share of annual administrative costs of Manitoba's workers compensation system. The City is in Class D.

The liability, as determined by the Workers Compensation Board of Manitoba, for work related injury benefits including provision of medical aid, wage loss, compensation, permanent partial impairment awards, long latency diseases and fatalities.

d) Defined benefit pension plans

	2021	2020
i) Councillors' Pension Plans:		
a) Pension Plan Established Under By-Law Number 3553/83	**$ 3,640**	$ 3,640
b) Pension Plan Established Under By-Law Number 7869/2001	**(125)**	-
ii) Supplementary Executive Pension Plan	**2,476**	1,434
	$ 5,991	$ 5,074

i) Councillors' Pension Plans

a) 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. This plan has no dedicated assets or contributions and benefit payments are paid by the City in accordance with the plan’s provisions. In 2021, the City paid out $0.3 million (2020 - $0.3 million). An actuarially determined pension obligation of $3.6 million (2020 - $3.6 million) has been reflected in the employee benefit obligations on the Consolidated Statement of Financial Position.

b) Pension Plan Established Under By-Law Number 7869/2001

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. All members of Council are required to become members of the plan. Members of the plan 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 makes contributions as required, based on the recommendation of the actuary.

An actuarial valuation of the Program was prepared as at December 31, 2019 and extrapolated to December 31, 2021 by Mercer (Canada) Limited ("Mercer"). The actuarial present value of accrued pension benefits for the valuation was determined using the projected benefit method pro-rated on service and using assumptions approved by the Board with input from the actuary.

The significant long-term assumptions used in the valuation of accrued pension benefits provided for a discount rate on liabilities of 4.20% (2020 - 3.95%) per annum, a rate of return on assets of 4.20% (2020 - 3.95%) per annum, and a general rate of salary increase of 2.50% (2020 - 2.50%) per annum. The results of the valuation indicated an obligation at December 31, 2021 of $8.1 million, which is offset by assets in the plan of $8.2 million, resulting in net assets of $0.1 million.

Total contributions made by the City to the Plan in 2021 were $0.5 million (2020 - $0.8 million). Total program member contributions to the Plan in 2021 were $0.1 million (2020 - $0.1 million). In 2021, this plan paid out $0.4 million (2020 - $0.2 million).

ii) Supplementary Executive Pension Plan

The Supplementary Executive Pension Plan (SEPP) was established January 1, 2001. Senior management are eligible for the plan when established by the employment contract. This plan has no dedicated assets or contributions and benefit payments are paid by the City in accordance with the plan's provisions. In 2021, the City paid benefits of $0.1 million (2020 - $0.1 million). An actuarially determined pension obligation of $2.5 million (2020 - $1.4 million) has been reflected in the accrued employee benefit obligation on the Consolidated Statement of Financial Position.

iii) 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, 2020. 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 52.7% to 50.0% of the inflation rate.

An actuarial valuation of the Plan as of December 31, 2021 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, 2020, the actuarial valuation showed that the Plan has a solvency deficiency at December 31, 2020 under this wind-up scenario. This deficiency is being addressed by the City by obtaining a yearly renewable letter of credit with face value equal to the accumulated value of additional contributions with interest that would otherwise be required.

11. Employee Benefit Obligations (continued)

The results of the December 31, 2020 actuarial valuation of the Plan were extrapolated to December 31, 2021. 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 (2020 - 4.75%); inflation rate of 3.50% for two years followed by 2.00% per year (2020 - 2.00%); and general pay increases of 3.25% per year (2020 - 3.25%) The accrued pension obligation was valued using the projected benefit method pro-rated on services.

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

	2021	2020
Plan assets:		
Fair value, beginning of year	**$ 1,866,360**	$ 1,724,937
Employer contributions	**37,223**	30,575
Employee contributions and transfers	**16,299**	15,777
Benefits and expenses paid	**(66,432)**	(62,052)
Net investment income	**251,266**	157,123
Fair value, end of year	**2,104,716**	1,866,360
Actuarial adjustment	**(227,210)**	(135,091)
Actuarial value, end of year	**$ 1,877,506**	$ 1,731,269
Accrued pension costs and obligations:		
Beginning of year	**$ 1,696,294**	$ 1,589,268
Interest on accrued pension obligation	**80,346**	78,440
Current period benefit cost	**56,819**	52,798
Actuarial loss (gain)	**53,571**	37,840
Benefits and expenses paid	**(66,432)**	(62,052)
End of year	**$ 1,820,598**	$ 1,696,294
Funded status	**$ 56,908**	**$** 34,975
Less: city account	**(7)**	-
Less: contribution stabilization reserve	**(56,901)**	(34,975)
Actuarial surplus	**$ -**	**$** -

	2021	2020
Expenses related to pensions:		
Current period benefit cost	**$ 56,819**	$ 52,798
Amortization of actuarial gains	**(1,714)**	(5,040)
Less: employee contributions and transfers	**(16,299)**	(15,777)
Pension benefit expense	**38,806**	31,981
Interest on accrued benefit obligation	**80,346**	78,440
Expected return on plan assets	**(81,929)**	(79,846)
Pension interest income	**(1,583)**	(1,406)
Total expenses related to pensions	**$ 37,223**	$ 30,575

11. Employee Benefit 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 2021 were $37.2 million (2020 - $30.6 million). Total employee contributions to the Plan in 2021 were $13.8 million (2020 - $13.5 million). Benefits paid from the Plan in 2021 were $64.8 million (2020 - $60.7 million).

The expected rate of return on Plan assets in 2021 was 4.75% (2020 - 4.95%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2021 was 13.51% (2020 - 9.15%).

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 surplus at December 31, 2021 will be resolved through an allocation to both the city account and contribution stabilization reserve and an increase in the rate of cost-of-living adjustments.

e) Other benefit plans

i) 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 2021, and for future years, consistent with 2020. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2020, which indicated an excess of actuarial value of program assets over actuarial liabilities of $152.3 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, 2021 was nil (2020 - nil).

Total contributions by the City to the Benefits Program in 2021 were $53.4 million (2020 - $52.9 million), which were expensed as incurred.

ii) 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.

11. Employee Benefit 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.

The Plans are administered and managed by CPEGLIPCo, including investment management. The investments are held to meet the Plans' benefit obligations and the City cannot unilaterally access any surplus funds. As such, the City expenses contributions as incurred and the plan's assets and liabilities are excluded from the City's consolidated financial statements.

An actuarial valuation of the Plans was prepared as of December 31, 2019 and the results were extrapolated to December 31, 2021. The principal long-term assumptions on which the valuation was based were: discount rate of 5.00% per year (2020 - 5.00%); and general pay increases of 3.25% per year (2020 - 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:

	2021	2020
Group life insurance plan assets, at actuarial value	**$ 190,949**	$ 180,061
Accrued post-retirement life insurance obligations	**$ 104,190**	$ 100,970

12. Tangible Capital Assets

	Net Book Value	
	2021	2020
General		
Land	**$ 336,309**	$ 316,765
Buildings	**839,105**	865,033
Vehicles	**237,123**	229,662
Computer	**37,636**	42,154
Other	**284,340**	284,990
Infrastructure		
Plants and facilities	**636,268**	608,944
Roads	**1,944,635**	1,880,512
Underground and other networks	**2,365,061**	2,327,724
Bridges and other structures	**657,811**	668,622
	7,338,288	7,224,406
Assets under construction	**491,281**	471,707
	$ 7,829,569	$ 7,696,113

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 (2020 - $nil). Interest capitalized during 2021 was $3.1 million (2020 - $3.7 million). In addition, roads and underground networks contributed to the City totaled $63.5 million in 2021 (2020 - $24.2 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $632.9 million (2020 - $647.7 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

13. Accumulated Surplus

Accumulated surplus consists of the following:

		2021		2020
Invested in tangible capital assets	**$**	**6,468,698**	$	6,311,139
Reserves (Schedule 3)		**324,934**		412,996
Other surplus accumulated in utility operations, consolidated entities and other		**280,599**		234,325
Manitoba Hydro long-term receivable (Note 5)		**220,238**		220,238
Equity in government businesses (Note 6)		**22,689**		23,496
Unfunded expenses to be funded from future revenues:				
Accrued employee benefits and other		**(252,039)**		(247,963)
Landfill (Note 10)		**(75,230)**		(65,040)
Contaminated sites (Note 10)		**(5,269)**		(5,787)
Canadian Museum for Human Rights grant		**(1,967)**		(2,948)
	$	**6,982,653**	$	6,880,456

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.

14. Commitments and Contingencies

The significant commitments and contingencies existing at December 31, 2021 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:

2022	$	8,650
2023		8,223
2024		8,001
2025		7,215
2026		7,206
Thereafter		48,866
	$	88,161

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, 2021 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements. Where the occurrence of future events is considered undeterminable, no amount has been accrued in the financial statements.

c) Loan guarantees

The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2021 is $34.1 million (2020 - $36.1 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 authorized limit is $36.5 million (2020 - $38.9 million).

14. Commitments and Contingencies (continued)

d) Service concession arrangements

As disclosed in Note 9(c), the City will pay the concessionaire monthly performance-based maintenance payments that are adjusted by CPI until the end of the service concession contract are as follows:

		Annual Maintenance
i) Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	$	3,200
ii) Disraeli Bridges		1,800
iii) Chief Peguis Trail Extension		1,500

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.

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

14. Commitments and Contingencies (continued)

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 2021, Veolia withdrew $nil (2020 - $2.1 million) from EARA and replaced this at risk amount with a standby letter of credit. Total EARA secured by a standby letter of credit at December 31, 2021 is $13.1 million (2020 - $13.1 million).

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, 2021, the forgivable loans totaled $1.7 million (2020 - $2.0 million).

15. *Taxation*

		2021		2020
Municipal and school property taxes	**$**	**1,328,889**	$	1,309,949
Payments-in-lieu of property (municipal and school) taxes		**49,805**		50,414
		1,378,694		1,360,363
Payments to Province and school divisions		**(729,019)**		(732,304)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes		**649,675**		628,059
Local improvement and frontage levies		**64,433**		65,499
Business and payments-in-lieu of business taxes		**57,146**		59,575
Electricity and natural gas sales taxes		**22,263**		21,213
Amusement and accommodation taxes and mobile home licences		**7,432**		5,648
	$	**800,949**	$	779,994

The property tax roll includes school taxes of $698.8 million (2020 - $701.5 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2021 totalled $30.2 million (2020 - $30.8 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.

The business tax roll includes an amount assessed and levied on behalf of business improvement zones of $6.5 million (2020 - $6.4 million). Collections of this levy are remitted to the business improvement zones and excluded from business taxes.

16. *Sales of Services and Regulatory Fees*

		2021		2020
Water sales and sewage services	**$**	**350,570**	$	329,591
Other sales of goods and services		**131,444**		103,005
Regulatory fees		**82,949**		76,834
Transit fares		**40,266**		47,194
	$	**605,229**	$	556,624

17. *Government Transfers*

		2021	2020
Operating			
Province of Manitoba			
Municipal Operating Grant	$	**139,804**	$ 139,804
Public Safety		**23,955**	23,955
		163,759	163,759
Less: Support for Provincial Programs		**(23,650)**	(23,650)
		140,109	140,109
Transfer for paramedic services		**48,199**	46,378
Other		**15,210**	19,874
		203,518	206,361
Government of Canada			
Rapid Housing Initiative		**10,986**	-
Federal Safe Restart		**-**	74,497
Other		**5,365**	6,721
		16,351	81,218
Total Operating		**219,869**	287,579
Capital			
Province of Manitoba			
Accelerated Regional Street Renewal Project		**20,490**	15,805
Urban Forest Enhancement Program		**3,300**	-
Transit Bus Purchases		**2,900**	-
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass		**653**	2,335
Waverley underpass		**516**	2,566
Local Street Renewal Program		**-**	10,184
Public Transit Infrastructure Fund		**-**	306
Other		**9,144**	6,267
		37,003	37,463
Government of Canada			
Canada Community Building Fund (Note 8)		**42,622**	66,810
Accelerated Regional Street Renewal Project		**20,490**	15,805
Assiniboine Park Conservancy		**3,907**	2,291
Waverley underpass		**519**	2,581
Public Transit Infrastructure Fund		**-**	3,703
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass		**-**	1,321
Other		**1,051**	4,293
		68,589	96,804
Total Capital		**105,592**	134,267
	$	**325,461**	$ 421,846

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.

18. Land Sales and Other Revenue

		2021		2020
Land sales	**$**	**6,995**	$	5,383
Contributions in lieu of land dedication		**1,298**		1,947
Income from government businesses (Note 6)		**214**		383
Other		**11,188**		8,335
	$	**19,695**	$	16,048

19. Expenses by Object

		2021		2020
Salaries and benefits	**$**	**932,407**	$	906,039
Goods and services		**429,939**		424,602
Amortization of tangible capital assets		**286,475**		279,943
Interest		**66,324**		65,142
Impact Fee refunds		**-**		36,995
Other expenses		**39,316**		14,848
	$	**1,754,461**	$	1,727,569

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 impact 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.

20. Budget

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

21. Changes in Non-Cash Working Capital Balances

		2021		2020
Accounts receivable	**$**	**(72,883)**	$	58,216
Land held for resale		**(928)**		(765)
Accounts payable and accrued liabilities		**14,485**		(22,553)
Deferred revenue		**237,687**		38,948
Inventories		**(1,133)**		(1,640)
Prepaid expenses and deferred charges		**188**		(2,183)
	$	**177,416**	$	70,023

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.

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 services these departments are responsible for include: police response, crime prevention, traffic safety and enforcement, fire and rescue response, fire and injury prevention, medical response and emergency management.

Community Services

The Community Services department provides public services that contribute to neighbourhood development and sustainability and is responsible for the following services: recreation, community liveability, libraries and arts, entertainment and culture.

Planning

The Planning, Property and Development department provides a diverse bundle of services. Services it is responsible for include: city planning, neighbourhood revitalization, development approvals, building permits and inspections, heritage conservation, property asset management, economic development and cemetery.

Public Works and Garbage Collection

The Public Works department is responsible for the following services: roadway construction and maintenance, transportation planning and traffic management, roadway snow removal and ice control, crime prevention (street lighting), parks and urban forestry, insect control and city beautification. The Water and Waste department is responsible for garbage collection operations.

Finance and Administration

Finance and Administration is comprised of Assessment and Taxation, City Clerks, Audit, Corporate Finance, Innovation and Technology, Legal Services, Human Resource Services, Council, Mayor's Office, Customer Service and Communication, Chief Administration Office and Policy and Strategic Initiatives departments. Services these departments are responsible for include: innovation, transformation and technology, organizational support services, assessment, taxation and corporate, council services and contact centre - 311.

23. Segmented Information (continued)

Transit System Fund

The Transit department is responsible for providing local public transportation service including conventional transit, Transit Plus and chartered and special events transit.

Water and Waste Funds

The Water and Waste department consists of four distinct utilities and provides the following services: water, wastewater, land drainage and flood control, solid waste disposal and recycling and waste diversion.

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. Funds Held in Trust

Trust funds administered by the City for the benefit of external parties, which total \$3.8 million (2020 – \$3.0 million), are not included in the consolidated financial statements.

26. 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**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Financial Position										
Assets										
Current	**$ 6,889**	$ 5,881	**$ 2,491**	$ 3,929	**$ 2,506**	$ 2,566	**$ 11,886**	$ 12,376	**$ 3,869**	$ 4,657
Capital	**73,970**	76,496	**-**	-	**-**	-	**73,970**	76,496	**807**	677
Other	**452**	613	**-**	-	**-**	-	**452**	613	**-**	-
	$ 81,311	$ 82,990	**$ 2,491**	$ 3,929	**$ 2,506**	$ 2,566	**$ 86,308**	$ 89,485	**$ 4,676**	$ 5,334
Liabilities										
Current	**$ 4,240**	$ 4,073	**$ -**	$ 712	**$ 1,566**	$ 1,766	**$ 5,806**	$ 6,551	**$ 61**	$ 214
Long-term	**17,602**	19,234	**-**	-	**-**	-	**17,602**	19,234	**1,033**	1,812
	21,842	23,307	**-**	712	**1,566**	1,766	**23,408**	25,785	**1,094**	2,026
Net equity	**59,469**	59,683	**2,491**	3,217	**940**	800	**62,900**	63,700	**3,582**	3,308
	$ 81,311	$ 82,990	**$ 2,491**	$ 3,929	**$ 2,506**	$ 2,566	**$ 86,308**	$ 89,485	**$ 4,676**	$ 5,334
City share	**$ 19,823**	$ 19,894	**$ 2,396**	$ 3,202	**$ 470**	$ 400	**$ 22,689**	$ 23,496	**$ 1,791**	$ 1,654
Results of Operations										
Revenues	**$ 12,473**	$ 18,641	**$ 415**	$ -	**$ 153**	$ -	**$ 13,041**	$ 18,641	**$ 6,975**	$ 7,152
Expenses	**12,687**	17,494	**3**	2	**13**	20	**12,703**	17,516	**6,701**	6,950
Net income (loss)	**$ (214)**	$ 1,147	**$ 412**	$ (2)	**$ 140**	$ (20)	**$ 338**	$ 1,125	**$ 274**	$ 202
City share	**$ (71)**	$ 382	**$ 215**	$ 11	**$ 70**	$ (10)	**$ 214**	$ 383	**$ 137**	$ 101

[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 provided 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	**$ 316,765**	**$ 1,377,202**	**$ 481,048**	**$ 197,163**	**$ 612,002**
Add:					
Additions during the year	**21,021**	**10,369**	**38,568**	**6,939**	**32,573**
Less:					
Disposals during the year	**1,477**	**9,946**	**22,202**	**3,472**	**76**
Balance, end of year	**336,309**	**1,377,625**	**497,414**	**200,630**	**644,499**
Accumulated amortization					
Balance, beginning of year	**-**	**512,169**	**251,386**	**155,009**	**327,012**
Add:					
Amortization	**-**	**35,798**	**29,782**	**11,247**	**33,223**
Less:					
Accumulated amortization on disposals	**-**	**9,447**	**20,877**	**3,262**	**76**
Balance, end of year	**-**	**538,520**	**260,291**	**162,994**	**360,159**
Net Book Value of Tangible Capital Assets	**$ 336,309**	**$ 839,105**	**$ 237,123**	**$ 37,636**	**$ 284,340**

[1] Included in land additions is $1.281 million (2020 - $1.400 million) of land transfers from land held for resale.
[1] Included in land disposals is $1.447 million (2020 - $1.906 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**	**2021**	2020
$ 980,927	**$ 3,312,673**	**$ 3,584,785**	**$ 984,531**	**$ 471,707**	**12,318,803**	$ 11,953,176
46,028	**154,360**	**89,203**	**5,475**	**19,574**	**424,110**	409,444
-	**5,039**	**3,812**	**-**	**-**	**46,024**	43,817
1,026,955	**3,461,994**	**3,670,176**	**990,006**	**491,281**	**12,696,889**	12,318,803
371,983	**1,432,161**	**1,257,061**	**315,909**	**-**	**4,622,690**	4,375,757
18,704	**89,585**	**51,850**	**16,286**	**-**	**286,475**	279,943
-	**4,387**	**3,796**	**-**	**-**	**41,845**	33,010
390,687	**1,517,359**	**1,305,115**	**332,195**	**-**	**4,867,320**	4,622,690
$ 636,268	**$ 1,944,635**	**$ 2,365,061**	**$ 657,811**	**$ 491,281**	**$ 7,829,569**	$ 7,696,113

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF RESERVES

Schedule 3

As at December 31
(in thousands of dollars)

		2021		2020
Reserves				
Capital Reserves				
Environmental Projects	**$**	**115,324**	$	164,569
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment		**12,880**		12,743
Water Meter Renewal		**12,548**		4,664
Water Main Renewal		**12,372**		8,681
Waste Diversion		**10,882**		4,746
Landfill Rehabilitation		**5,119**		5,136
Computer, Critical Systems and Support		**3,521**		2,467
Sewer System Rehabilitation		**3,081**		6,908
Canada Community-Building Fund		**1,416**		1,416
Southwest Rapid Transit Corridor		**1,276**		2,176
Local Street Renewal		**824**		685
Regional Street Renewal		**347**		347
Transit Bus Replacement		**30**		1,229
		179,620		215,767
Special Purpose Reserves				
Perpetual Maintenance Fund - Brookside Cemetery		**18,431**		18,015
Contributions in Lieu of Land Dedication		**10,881**		9,047
Land Operating *		**6,909**		7,436
Insurance (Note 22)		**5,075**		3,676
Commitment		**4,998**		7,033
Workers Compensation		**4,427**		4,574
Housing Rehabilitation Investment		**4,011**		3,850
Destination Marketing		**3,197**		4,658
Insect Control Urgent Expenditures		**3,000**		2,546
Economic Development Investment		**2,106**		4,589
Permit		**2,000**		204
Perpetual Maintenance Fund - St. Vital Cemetery		**1,363**		1,320
General Purpose		**1,080**		9,034
Perpetual Maintenance Fund - Transcona Cemetery		**988**		942
Multi-Family Dwelling Tax Investment		**902**		597
Heritage Investment		**854**		(183)
		70,222		77,338
Stabilization Reserve				
Financial Stabilization		**75,092**		119,891
Total Reserves	**$**	**324,934**	$	412,996

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

		2021		2020
Reserve balance as disclosed above	**$**	**6,909**	$	7,436
Investments held in government business (Note 6)		**2,866**		3,602
	$	**9,775**	$	11,038

Photo: Zac Wronski, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

For the year ended December 31, 2021
(in thousands of dollars)

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Garbage Collection**
REVENUES				
Taxation	**$ 339,165**	**$ 72,460**	**$ -**	**$ 248,985**
Sales of services and regulatory fees	**51,020**	**6,447**	**35,255**	**9,855**
Government transfers (Note 17)	**106,587**	**9,216**	**-**	**20,168**
Transfer from other funds	**19,525**	**4,475**	**8,943**	**13,031**
Other	**26,815**	**6,538**	**2,266**	**15,491**
	543,112	**99,136**	**46,464**	**307,530**
***EXPENSES** (Note 19)*				
Salaries and benefits	**465,382**	**36,033**	**28,456**	**76,835**
Goods and services	**46,398**	**6,627**	**4,637**	**122,098**
Interest	**7,170**	**3,138**	**22**	**3,707**
Transfer to other funds	**18,753**	**31,217**	**14,449**	**116,729**
Other	**5,409**	**22,121**	**(1,100)**	**(11,839)**
	543,112	**99,136**	**46,464**	**307,530**
ANNUAL SURPLUS	**$ -**	**$ -**	**$ -**	**$ -**

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 17)	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 19)*				
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	$ -	$ -	$ -	$ -

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
$ 145,209	**$ -**	**$ -**	**$ 11,082**	**$ (15,952)**	**$ 800,949**
20,713	**42,256**	**412,957**	**90,249**	**(63,523)**	**605,229**
16,215	**45,557**	**6,704**	**140,629**	**(19,615)**	**325,461**
13,658	**127,351**	**145,621**	**432,076**	**(764,680)**	**-**
17,357	**1,169**	**18,210**	**76,629**	**(39,456)**	**125,019**
213,152	**216,333**	**583,492**	**750,665**	**(903,226)**	**1,856,658**
65,129	**121,862**	**75,844**	**58,107**	**4,759**	**932,407**
15,426	**52,767**	**134,879**	**110,529**	**(63,422)**	**429,939**
11,251	**11,530**	**13,820**	**49,853**	**(34,167)**	**66,324**
(197,639)	**101**	**(6,769)**	**801,158**	**(777,999)**	**-**
318,985	**50,305**	**228,332**	**(257,526)**	**(28,896)**	**325,791**
213,152	**236,565**	**446,106**	**762,121**	**(899,725)**	**1,754,461**
$ -	**$ (20,232)**	**$ 137,386**	**$ (11,456)**	**$ (3,501)**	**$ 102,197**

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

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW

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

		2021	2020	2019	2018	2017
1. Population (as restated per Statistics Canada)		**767,500**	767,854	763,071	753,218	740,839
Unemployment rate						
- Winnipeg CMA (note 1)		**6.8%**	8.8%	5.3%	6.4%	5.8%
- National average		**7.5%**	9.5%	5.7%	5.9%	6.4%
2. Average annual headcount		**10,279**	10,388	10,638	10,490	10,444
3. Number of taxable properties		**244,702**	238,973	236,380	234,098	231,360
Payments-in-lieu of taxes						
Number of properties		**1,294**	1,521	1,432	1,410	1,433
4. Assessment - Residential	**$**	**76,557,497**	$ 75,141,769	$ 70,993,769	$ 69,872,623	$ 67,339,104
- Commercial and industrial		**21,457,395**	21,307,140	19,385,942	19,288,744	17,649,138
- Farm and golf		**388,140**	436,962	427,772	436,161	356,731
	$	**98,403,033**	$ 96,885,871	$ 90,807,483	$ 89,597,528	$ 85,344,973
Assessment per capita (in dollars)	**$**	**128,212**	$ 126,177	$ 119,003	$ 118,953	$ 115,200
Commercial and industrial as a percentage of assessment		**21.81%**	21.99%	21.35%	21.53%	20.68%
5. Tax arrears	**$**	**57,005**	$ 67,309	$ 60,120	$ 56,704	$ 52,599
6. Tax arrears - per capita (in dollars)	**$**	**74.27**	$ 87.66	$ 78.79	$ 75.28	$ 71.00
7. Municipal mill rate		**13.161**	12.861	13.290	12.987	13.063
- Adjustment for tax increase		**2.3%**	2.3%	2.3%	2.3%	2.3%
- Adjustment for general assessment (note 2)		**0.0%**	(5.4%)	0.0%	(2.8%)	0.0%
8. Tax Levies						
Municipal property taxes	**$**	**630,061**	$ 608,485	$ 588,365	$ 568,274	539,043
Payments-in-lieu of taxes		**21,235**	21,310	21,349	20,338	20,652
Local improvement and frontage levies		**64,433**	65,499	64,256	65,006	63,120
Business taxes and license-in-lieu of business taxes		**55,525**	57,839	55,442	57,634	55,844
Electricity and other taxes		**29,695**	26,861	35,176	34,837	33,550
Total taxes levied for municipal purposes		**800,949**	779,994	764,588	746,089	712,209
Taxes levied on behalf of others						
Province and school divisions		**729,019**	732,304	713,974	699,765	667,369
Total taxes levied	**$**	**1,529,968**	$ 1,512,298	$ 1,478,562	$ 1,445,854	$ 1,379,578
9. Winnipeg CMA consumer price index (per Statistics Canada) (note 1) (annual average)						
- 2002 base year 100		**141.5**	137.2	136.4	133.3	130.2
- Percentage increase		**3.1%**	0.6%	2.3%	2.4%	1.6%
10. Consolidated revenues						
- Taxation	**$**	**800,949**	$ 779,994	$ 764,588	$ 746,089	$ 712,209
- User charges		**605,229**	556,624	653,079	645,356	599,342
- Government transfers		**325,461**	421,846	574,630	374,845	351,258
- Interest and other revenue		**125,019**	82,466	147,958	148,010	171,388
	$	**1,856,658**	$ 1,840,930	$ 2,140,255	$ 1,914,300	$ 1,834,197
11. Consolidated expenses by function						
- Municipal operations	**$**	**1,209,012**	$ 1,201,392	$ 1,165,131	$ 1,111,811	$ 1,094,370
- Public utilities		**481,631**	465,937	456,805	433,215	417,361
- Civic corporations		**63,818**	60,240	81,943	74,004	71,604
	$	**1,754,461**	$ 1,727,569	$ 1,703,879	$ 1,619,030	$ 1,583,335
12. Growth in accumulated surplus	**$**	**102,197**	$ 113,361	$ 436,376	$ 295,270	$ 250,862

Notes:

1. The Winnipeg Census Metropolitan Area (CMA) is an economic region defined by Statistics Canada.
2. 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)

	2021	2020	2019	2018	2017
13. Consolidated expenses by object					
Salaries and benefits	**$ 932,407**	$ 906,039	$ 898,682	$ 860,556	$ 845,087
Goods and services	**429,939**	424,602	463,660	420,798	404,044
Amortization	**286,475**	279,943	266,623	257,362	245,941
Interest	**66,324**	65,142	59,017	51,962	52,834
Other expenses	**39,316**	51,843	15,897	28,352	35,429
	$ 1,754,461	$ 1,727,569	$ 1,703,879	$ 1,619,030	$ 1,583,335
14. Payments to school authorities	**$ 729,019**	$ 732,304	$ 713,974	$ 699,765	$ 667,369
15. Debt					
Tax-supported	**$ 815,033**	$ 815,507	$ 799,319	$ 685,939	$ 702,014
Transit	**258,372**	292,880	281,747	147,444	112,019
City-owned utilities	**349,842**	352,402	296,062	214,687	214,010
Other	**83,681**	94,773	94,294	87,706	82,126
Total gross debt	**1,506,928**	1,555,562	1,471,422	1,135,776	1,110,169
Less: Sinking Funds	**132,049**	112,945	98,849	82,065	67,468
Total net long-term debt	**$ 1,374,879**	$ 1,442,617	$ 1,372,573	$ 1,053,711	$ 1,042,701
Percentage of total assessment	**1.40%**	1.49%	1.51%	1.18%	1.22%
Debt per capita	**$ 1,791**	$ 1,879	$ 1,801	$ 1,398	$ 1,415
16. Additions of tangible capital assets	**$ 424,110**	$ 409,444	$ 872,771	$ 613,849	$ 475,911
17. Net financial liabilities	**$ 883,146**	$ 850,942	$ 841,786	$ 678,915	$ 630,786
18. Accumulated surplus					
Invested in tangible capital assets	**$ 6,468,698**	$ 6,311,139	$ 6,235,368	$ 5,836,664	$ 5,638,975
Reserves					
Capital	**179,620**	215,767	245,746	168,606	143,413
Stabilization	**75,092**	119,891	107,766	110,961	79,764
Special Purpose	**70,222**	77,338	71,970	68,992	74,608
	324,934	412,996	425,482	348,559	297,785
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**303,288**	257,821	188,124	220,806	169,443
Unfunded expenses	**(334,505)**	(321,738)	(302,117)	(295,548)	(290,992)
	189,021	156,321	106,245	145,496	98,689
	$ 6,982,653	$ 6,880,456	$ 6,767,095	$ 6,330,719	$ 6,035,449
19. Government-specific indicators					
Assets-to-liabilities	**3.75**	3.94	4.05	4.58	4.46
Financial assets-to-liabilities	**0.65**	0.64	0.62	0.62	0.64
Public debt charges-to-revenues	**0.04**	0.04	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	**0.18**	0.23	0.27	0.20	0.19

Photo: City of Winnipeg

2021
Funds

Detailed Financial Statements

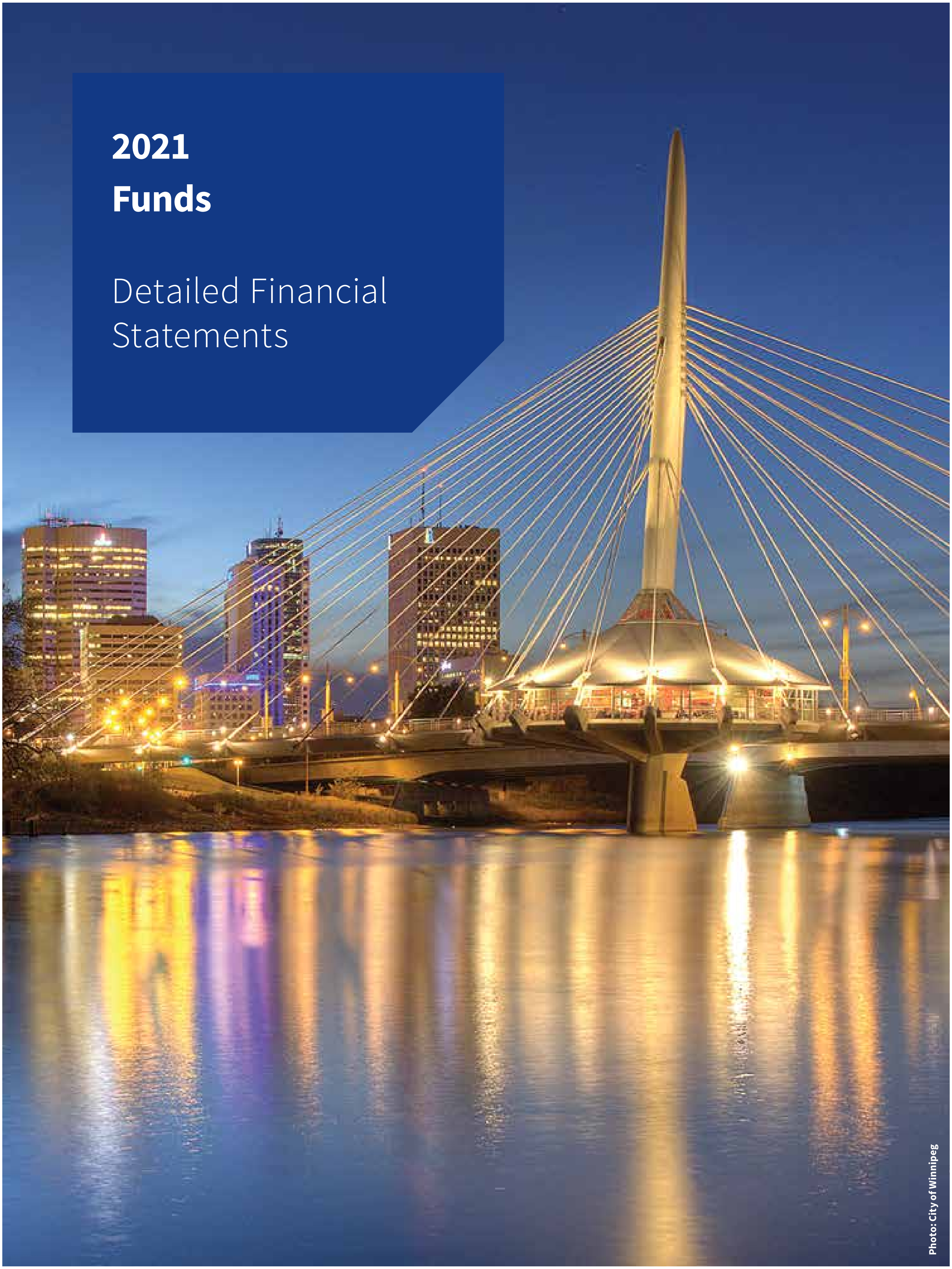

Photo: City of Winnipeg

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, 2021, the General Revenue Fund reported a deficit of $22.3 million (2020 - $2.5 million surplus) before transfers. Factors that contributed to the General Revenue Fund's position were as follows:

- Public Works department showed an unfavourable variance of $7.7 million due to snow clearing and ice control expenditures in 2021, these costs are offset with savings in salaries and benefits, and costs related to insect control.
- Fire Paramedic Service department had an unfavourable variance of $5.4 million, mainly due to increased overtime, fleet leasing costs. It anticipates additional Shared Health revenue for incremental costs associated with COVID-19 related to Emergency medical services.
- Police department's unfavourable variance of $3.0 million resulted from a increased pension expenses, decreased net revenues form photo and traditional enforcement fines and P25 radio equipment costs.
- Innovation, Transformation and Technology department had a favourable variance of $1.3 million, due to savings in salaries and benefit.
- Waterworks and Waste favourable of $1.4 million due to savings on garbage collection contracts.
- Assessment and Taxation department had an favourable variance of $1.5 million, mainly due to savings in salaries and benefits due largely to vacant positions.
- Corporate department's favourable variance of $5.3 million result of savings in debt and finance costs due to deferrals of issuance of debt. These savings are offset by Economic Recovery grant program. In addition to the favourable variance there is an unfavourable variance of $31.5 million in budgeted savings to be realized in the other departments
- Community Services department experienced a $12.9 favourable variance mainly due to the impact of COVID-19 to services and programing. This is offset by reduced recreational programming revenues.
- Other departmental revenue and expenses resulted in a favourable variance of $2.9 million.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

FIVE-YEAR REVIEW

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

	2021	2020	2019	2018	2017
Planning, Property and Development					
Construction					
-Permits issued	**8,681**	7,440	8,494	10,249	10,859
-Value	**$ 2,274,686**	$ 1,653,831	$ 2,167,605	$ 1,849,842	$ 2,015,542
Housing starts	**5,744**	3,849	5,021	3,757	5,046
Community Services					
Libraries Provincial Transfer	**$ 2,010**	$ 2,010	$ 2,010	$ 2,010	$ 2,010
Library circulation	**3,622,407**	2,881,774	5,006,407	4,881,757	4,898,940
Taxes Receivable					
Property, payments-in-lieu and business taxes	**$ 54,733**	$ 65,108	$ 58,102	$ 52,999	$ 51,469
Allowance for tax arrears	**(1,500)**	(2,849)	(1,207)	(813)	(755)
	$ 53,233	$ 62,259	$ 56,895	$ 52,186	$ 50,714
Tax Revenues					
Municipal realty taxes	**$ 623,022**	$ 599,574	$ 572,923	$ 551,642	$ 535,344
Payments-in-lieu of taxes	**37,286**	36,731	36,714	35,794	36,134
Business and licenses-in-lieu of business taxes	**$ 56,295**	$ 56,180	$ 55,113	$ 55,070	$ 55,411
Statement of Operations					
Revenues	**$ 1,187,083**	$ 1,172,021	$ 1,134,276	$ 1,093,161	$ 1,066,773
Expenses	**1,209,394**	1,169,500	1,135,413	1,073,663	1,051,795
	(22,311)	2,521	(1,137)	19,498	14,978
Contribution (to)/from: Financial Stabilization Reserve	**22,311**	(2,521)	1,137	(19,498)	(14,978)
Surplus	**$ -**	$ -	$ -	$ -	$ -

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF FINANCIAL POSITION

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

	2021	2020
ASSETS		
Current		
Cash and cash equivalents (Note 3)	**$ 772,168**	$ 814,479
Accounts receivable (Note 4)	**92,818**	104,892
Materials and supplies	**14,415**	13,270
Prepaid expenses	**2,569**	2,930
	881,970	935,571
Investments (Note 5)	**30,113**	49,036
Contributed surplus and other assets (Note 6)	**36,995**	37,952
	$ 949,078	$ 1,022,559
LIABILITIES		
Current		
Notes payable (Note 7)	**$ 41,394**	$ 65,867
Due to other funds (Note 8)	**685,864**	747,310
Accounts payable and accrued liabilities (Note 9)	**150,225**	138,661
Deferred revenue (Note 10)	**44,684**	41,855
Performance and other deposits	**26,911**	28,866
	$ 949,078	$ 1,022,559

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)

	2021 Budget	2021 Actual	2020 Actual
REVENUES (Schedule 1)			
Taxation (Note 12)	**$ 769,955**	**$ 768,533**	$ 743,396
Government transfers	**149,127**	**152,185**	196,308
Regulation fees	**68,905**	**72,039**	61,110
Contributions and transfers	**37,672**	**59,632**	15,441
Sale of goods and services (Note 13)	**50,888**	**51,515**	46,384
Investment and other interest	**49,375**	**49,795**	55,461
Payments-in-lieu of taxes (Note 12)	**37,286**	**37,286**	36,731
Sale of Winnipeg Hydro and Other	**17,104**	**18,409**	17,190
Total Revenues	**1,180,312**	**1,209,394**	1,172,021
EXPENSES (Schedules 2 and 3)			
Protection and community services	**644,612**	**643,013**	618,733
Public works	**302,381**	**307,529**	303,604
Contribution and appropriations	**104,273**	**104,273**	69,786
Finance and administration	**94,435**	**89,716**	98,658
Property and development	**43,246**	**46,464**	45,638
Employee benefits and payroll tax	**15,514**	**14,586**	14,367
Debt and finance charges	**372**	**299**	359
Other	**(24,521)**	**3,514**	20,876
Total Expenses	**1,180,312**	**1,209,394**	1,172,021
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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 guarantees; other municipal bonds; and schedule A bank bonds. 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, 2021, 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*

	2021	2020
Cash	**$ 423,570**	$ 432,805
Cash equivalents	**348,598**	381,674
	$ 772,168	$ 814,479

Cash equivalents have an effective average interest rate of 0.60% (2020 - 0.41%).

4. *Accounts Receivable*

		2021		2020
Property, payments-in-lieu and business taxes	**$**	**54,733**	$	65,109
Allowance for tax arrears		**(1,499)**		(2,849)
		53,234		62,260
Trade accounts and other receivables		**44,683**		4,310
Province of Manitoba		**9,290**		13,261
Government of Canada		**4,431**		4,310
Accrued interest receivable		**647**		1,256
Allowance for doubtful accounts		**(19,467)**		(18,281)
		39,584		42,632
	$	**92,818**	$	104,892

5. *Investments*

		2021		2020
Marketable securities				
Federal Entity	**$**	**25,733**	$	20,919
Municipal bonds		**4,380**		28,117
	$	**30,113**	$	49,036

The aggregate market value of marketable securities at December 31, 2021 is $29.9 million (2020 - $48.9 million).

6. *Contributed Surplus and Other Assets*

		2021		2020
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		**2,662**		2,707
Capital loan receivable:				
Capitalize land development costs in St. Boniface Industrial Park Phase II, non-interest bearing		**1,342**		1,502
Deferred election costs		**-**		752
	$	**36,995**	$	37,952

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% (2020 - 0.20%). These notes are callable by the issuers.

		2021		2020
Winnipeg Civic Employees' Benefits Program (Pension Fund)	**$**	**10,727**	$	45,594
Sinking Fund		**9,478**		5,561
Winnipeg Police Pension Plan		**8,446**		3,908
Insurance Reserve		**6,030**		4,631
Workers Compensation Reserve		**4,427**		4,574
Perpetual Maintenance Reserve Funds:				
- Brookside Cemetery		**1,792**		1,346
- Transcona Cemetery		**135**		89
- St. Vital Cemetery		**107**		64
Landfill Site Rehabilitation Reserve		**252**		100
	$	**41,394**	$	65,867

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.

		2021		2020
Capital Reserves	**$**	**248,178**	$	246,235
Sewage Disposal System		**143,067**		103,738
General Capital		**87,361**		103,626
Financial Stabilization Reserve		**75,092**		119,891
Special Purpose Reserves		**48,943**		54,209
Waterworks System		**30,103**		12,434
Transit System		**23,272**		67,406
Land Drainage		**21,900**		18,690
Solid Waste Disposal		**8,801**		6,638
Animal Services - Special Operating Agency		**3,593**		2,957
Municipal Accommodations		**3,055**		7,151
Winnipeg Parking Authority - Special Operating Agency		**2,481**		7,879
Equipment and Material Services		**139**		139
Golf Services - Special Operating Agency		**(1,442)**		(3,343)
Fleet Management - Special Operating Agency		**(8,679)**		(340)
	$	**685,864**	$	747,310

9. Accounts Payable and Accrued Liabilities

		2021		2020
Trade accounts payable	**$**	**56,915**	$	53,906
Provincial education support and school division special levies payable		**39,387**		40,847
Provision for assessment appeals		**19,128**		18,608
Other accrued liabilities		**19,119**		15,079
Wages and employee benefits payable		**13,865**		8,387
Accrued interest on long-term debt		**1,811**		1,834
	$	**150,225**	$	138,661

10. Deferred Revenue

		2021		2020
Deferred gain on sale of assets to:				
Golf Services - Special Operating Agency	**$**	**20,833**	$	20,923
Winnipeg Parking Authority - Special Operating Agency		**2,207**		2,207
Permit, membership, street cuts and other		**19,492**		17,789
Rentals		**2,152**		936
Gift Certificate		**-**		-
	$	**44,684**	$	41,855

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:

		2021		2020
The Convention Centre Corporation	**$**	**25,988**	$	28,191
CentreVenture Development Corporation		**16,531**		20,699
Garden City Community Centre Inc.		**6,483**		6,256
Winnipeg Soccer Federation		**6,332**		6,496
Fort Rouge Yards		**5,292**		6,042
Dakota Community Centre Inc.		**3,689**		3,941
Transcona East End Community Club Inc.		**3,385**		3,504
Assiniboine Park Conservancy		**3,121**		2,624
Southdale Recreation Association Inc.		**1,861**		2,009
Winnipeg Housing Rehabilitation Corporation		**603**		786
Gateway Recreation Centre Inc.		**-**		37
	$	**73,285**	$	80,585

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, 2021, an accrual has not been made to the financial statements.

11. *Commitments and Contingent Liabilities (continued)*

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, 2021 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 (2020 - $1.3 billion). This included school taxes of $698.8 million (2020 - $701.5 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Total payments-in-lieu of taxes for the year were $67.5 million (2020 - $67.6 million). Included were payments-in-lieu of school taxes assessed in 2021 of $30.2 million (2020 - $30.8 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.

The amounts levied are as follows:

	2021	2020
Sewage Disposal System	**$ 11,538**	$ 10,950
Waterworks System	**3,156**	3,157
Transit System	**1,140**	1,047
Winnipeg Parking Authority - Special Operating Agency	**104**	102
Solid Waste Disposal	**43**	47
	$ 15,981	$ 15,303

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:

	2021	2020
Waterworks System	**$ 1,087**	$ 1,082
Sewage Disposal System	**940**	936
Transit System	**813**	809
Municipal Accommodations	**628**	625
Solid Waste Disposal	**141**	140
Winnipeg Parking Authority - Special Operating Agency	**106**	106
Animal Services - Special Operating Agency	**80**	80
	$ 3,795	$ 3,778

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 $1.3 million (2020 - $771 thousand).

Included in Public Works department's expenses is a transfer to the Insect Control Urgent Expenditures Reserve $2.3 million (2020 - $2.8 million).

Included in Planning, Property and Development department's expenses is a transfer to the Perpetual Maintenance Reserves in the amount of $187 thousand (2020 - $165 thousand), a transfer to the Permit Reserve is $2.1 million (2020 - $nil), a transfer to Golf Services in the amount of $730 thousand (2020 - $730 thousand) and the Housing Rehabilitation Investment Reserve of $1.0 million (2020 - $3.0 million).

Included in Corporate Finance department's expenses are recoveries from various funds for investment management fees. This includes $157 thousand (2020 - $160 thousand) from the Special Purpose Reserves, $440 thousand (2020 - $527 thousand) from the Capital Reserves, and $240 thousand (2020 - $234 thousand) from the Sinking Fund. There was $223 thousand (2020 - $255 thousand) recovered from the Financial Stabilization Reserve.

Included in government affairs, pension contribution and other expenses during 2021 is a $94 thousand (2020 - $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 $207 thousand (2020 - $9.1 million). Transfer from Financial Stabilization Reserve $22.3 million (2020 - $7.9 million).

Included in the other expense category is a transfer to the General Capital Fund of $2.7 million (2020 - $2.2 million) related to capital expenditures.

Included in various expense categories are the following: during 2021 a transfer of $64.2 million to the Municipal Accommodations Fund (2020 - $64.4 million); a transfer to the Computer Replacement Reserve of $1.2 million (2020 - $1.4 million); a transfer to the General Capital Fund of $14.6 million (2020 - $28.9 million) to fund capital projects; a contribution to the Commitment Reserve is $3.7 million (2020 - $5.5 million); a transfer from the Insurance Reserve of $9 thousand (2020 - $39 thousand); a transfer to the Waterworks System Fund of $81 thousand (2020 - $80 thousand); a transfer to Local Streets Renewal Reserve of $47.3 million (2020 - $41.3 million) and a transfer to Regional Streets Renewal Reserve of $42.9 million (2020 - $36.9 million); a transfer to Transit Fund $104 million (2020 - $67.3 million) and a transfer to Parking Special Operating Agency $nil (2020 - $7.7 million).

15. Pension Costs and Obligations

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

The Fund's employees are eligible for benefits under the Winnipeg Civic Employees' Benefits Pension and the Winnipeg Police Pension Plans. The City allocates its benefit costs to various departments. During the year $72.6 million (2020 - $65.1 million) of benefit costs were allocated to the General Revenue Fund.

15. Pension Costs and Obligations (continued)

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, 2021 has been estimated to be $3.6 million (2020 - $3.6 million). In 2021, the City paid out $0.3 million (2020 - $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 2021, the City paid out $0.5 million (2020 - $0.8 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, 2021 at $72.7 million (2020 - $74.1 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, 2021 is estimated at $26.7 million (2020 - $22.7 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, 2021 is estimated at $50.7 million (2020 - $48.9 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, 2021 is estimated at $42.4 million (2020 - $42.5 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)

	2021 Budget	2021 Actual	2020 Actual
Taxation			
Municipal realty tax	**$ 623,015**	**$ 623,022**	$ 599,574
Frontage levy	**63,951**	**63,882**	63,585
Business taxes	**56,295**	**56,295**	56,180
Electricity and natural gas sales taxes	**23,030**	**22,263**	21,213
Local improvement tax	**1,373**	**1,284**	1,322
Billboard tax	**722**	**742**	753
Entertainment tax	**1,100**	**611**	368
Licenses-in-lieu of realty tax	**369**	**383**	386
Local improvement tax commuted	**100**	**51**	15
	769,955	**768,533**	743,396
Government transfers			
Provincial of Manitoba			
Municipal Operating Grant	**95,195**	**95,265**	95,195
Public Safety	**23,955**	**23,955**	23,955
	119,150	**119,220**	119,150
Less: Support for Provincial Programs	**(23,650)**	**(23,650)**	(23,650)
	95,500	**95,570**	95,500
Transfer for paramedic services	**47,239**	**48,199**	46,378
Other	**6,373**	**8,416**	12,207
	149,112	**152,185**	154,085
Government of Canada	**15**	**-**	42,223
	149,127	**152,185**	196,308
Regulation fees			
Permits and fees	**31,838**	**36,417**	33,500
Fines	**20,315**	**18,385**	13,164
Tax penalty interest	**14,219**	**14,695**	11,987
Licenses	**2,533**	**2,542**	2,459
	68,905	**72,039**	61,110
Sale of goods and services	**50,888**	**51,515**	46,384

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2021 Budget	2021 Actual	2020 Actual
Investment and other interest			
Transfer from Sewage Disposal System	**21,044**	**21,044**	20,325
Transfer from Waterworks System	**14,637**	**14,637**	14,262
Transfer from Parking	**6,085**	**6,085**	11,050
Interest earned	**5,418**	**5,842**	7,661
Interest capitalized	**2,100**	**2,095**	2,071
Transfer from Fleet	**91**	**92**	92
	49,375	**49,795**	55,461
Payments-in-lieu of taxes	**37,286**	**37,286**	36,731
Contributions and transfers			
Financial Stabilization Reserve	**20,252**	**42,563**	(5,380)
Municipal Accommodations (Note 14)	**11,021**	**10,351**	11,036
Economic Development Reserve	**2,000**	**2,000**	-
Insect Control Urgent Expenditure Reserve	**1,600**	**1,869**	3,215
Land Operating Reserve	**1,235**	**1,235**	4,235
Workers Compensation Reserve	**1,000**	**1,000**	-
Permit Reserve	**-**	**-**	1,706
Perpetual Maintenance	**319**	**368**	385
Housing Rehabilitation Reserve	**162**	**162**	162
Destination Marketing Reserve	**83**	**84**	82
	37,672	**59,632**	15,441
Sale of Winnipeg Hydro and other			
Manitoba Hydro	**16,000**	**16,000**	16,000
Other revenues	**1,104**	**2,409**	1,190
	17,104	**18,409**	17,190
Total Revenues	**$ 1,180,312**	**$ 1,209,394**	$ 1,172,021

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Protection and community services			
Police service	**$ 312,703**	**$ 320,718**	$ 305,030
Fire paramedic service	**216,291**	**222,394**	212,641
Community services	**114,853**	**99,136**	100,275
Museums	**765**	**765**	787
	644,612	**643,013**	618,733
Public works			
Public works	**264,469**	**271,351**	267,996
Water and waste	**24,610**	**23,297**	23,171
Street lighting	**13,302**	**12,881**	12,437
	302,381	**307,529**	303,604
Finance and administration			
Innovation, transformation and technology	**25,829**	**24,499**	24,911
Assessment and taxation	**16,478**	**14,257**	21,716
City clerks	**12,142**	**11,426**	12,165
Corporate finance	**8,265**	**8,337**	7,798
Legal services	**5,001**	**5,917**	7,246
Customer services & communication	**7,096**	**6,593**	6,547
Human resource services	**6,123**	**6,033**	5,714
Chief administrative offices	**5,402**	**4,959**	4,970
Council	**4,084**	**4,130**	3,983
Mayor's office	**1,843**	**1,684**	1,665
Audit	**1,354**	**1,294**	1,327
Policy development and strategic initiatives	**818**	**587**	616
	94,435	**89,716**	98,658
Contributions and appropriations			
Contribution to Transit System	**104,273**	**104,273**	67,265
Transfer to Financial Stabilization Reserve	**-**	**-**	2,521
	104,273	**104,273**	69,786
Property and development			
Planning, property and development	**43,246**	**46,464**	45,638
Employee benefits and payroll tax			
Provincial payroll tax	**12,008**	**11,778**	11,469
Employee benefits	**3,506**	**2,808**	2,898
	15,514	**14,586**	14,367

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2021 Budget	**2021 Actual**	2020 Actual
Debt and finance charges			
Transfer to General Capital Fund	**23,795**	**31,638**	29,284
Other interest and finance charges	**-**	**1,268**	1,653
Transfer charges to departments	**(23,423)**	**(32,607)**	(30,578)
	372	**299**	359
Other			
Government affairs, pension contribution and other	**(28,778)**	**(742)**	16,944
Insurance and damage claims	**4,257**	**4,256**	3,932
	(24,521)	**3,514**	20,876
Total Expenses	**$ 1,180,312**	**$ 1,209,394**	$ 1,172,021

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 3

EXPENSES BY OBJECT

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

	2021 Budget	**2021 Actual**	2020 Actual
Salaries and employee benefits	**$ 676,750**	**$ 671,835**	$ 645,273
Transfers to other Funds	**282,174**	**288,306**	275,957
Services	**114,464**	**147,021**	148,636
Materials, parts and supplies	**43,123**	**39,575**	41,649
Grants and payments	**38,065**	**38,254**	32,545
Debt and finance charges - departmental and corporate	**40,171**	**34,777**	32,520
Provincial payroll tax	**12,008**	**11,778**	11,469
Municipal tax, amortization and other	**10,982**	**9,838**	13,691
Assets - purchases and renovations	**7,314**	**8,590**	8,822
Recoveries	**(44,739)**	**(40,580)**	(38,541)
	$ 1,180,312	**$ 1,209,394**	$ 1,172,021

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 2021 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 2021 with 2020 comparative figures are as follows:

	2021	2020
Provincial education support program levy		
Other property	**$ 109,276,169**	$ 111,375,711
Special levies (by school division)		
Winnipeg	**197,069,200**	197,160,436
Louis Riel	**113,348,856**	113,355,151
Pembina Trails	**110,121,795**	110,175,382
River East - Transcona	**81,216,679**	81,472,769
St. James - Assiniboia	**60,034,158**	60,279,473
Seven Oaks	**52,847,836**	53,162,056
Seine River	**5,059,774**	5,277,705
Interlake	**44,077**	45,480
	619,742,375	620,928,452
	$ 729,018,544	$ 732,304,163
Allocated as follows:		
Realty taxes	**$ 698,828,474**	$ 701,464,442
Payments-in-lieu of taxes	**30,190,070**	30,839,721
	$ 729,018,544	$ 732,304,163

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 5

2021 ASSESSMENT PORTIONED BY PROPERTY CLASSIFICATION

As at April 19, 2021
(unaudited)

	Portion	Taxable	Exempt Subject to Payments-in-Lieu	Exempt	Total
Residential 1	45.0%	$ 27,528,926,168	$ 79,769,967	$ 66,732,952	$ 27,675,429,087
Residential 2	45.0%	4,286,060,638	339,976,845	5,419,845	4,631,457,328
Residential 3	45.0%	2,214,333,405	1,806,750	139,950	2,216,280,105
Farm	26.0%	57,756,624	4,616,292	60,733,072	123,105,988
Designated Higher Education	0.0%	-	-	-	-
Institutional	65.0%	1,040,268,708	105,259,050	2,176,000,803	3,321,528,561
Pipelines	50.0%	15,086,500	-	-	15,086,500
Railways	25.0%	96,633,144	-	-	96,633,144
Designated recreational facilities	10.0%	13,976,500	847,900	4,989,500	19,813,900
Other	65.0%	11,136,328,051	962,235,921	1,874,453,323	13,973,017,295
Legislative building	65.0%	-	9,826,700	-	9,826,700
		$ 46,389,369,738	$ 1,504,339,425	$ 4,188,469,445	$ 52,082,178,608

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 2021 budget for the General Capital Fund of $228.1 million was a 8.3% increase from the 2020 budget of $210.0 million. Capital asset additions in 2021 relating to 2021 and previous years capital budgets, increased from $199.7 million in 2020 to $216.6 million for a net increase in asset additions of $205.0 million in 2021.

Of the $216.6 million of assets placed into service, $153.7 million was for Roads and Bridges, $19.3 million was for land and $15.6 million was for Other Assets.

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

- Local Streets Renewal program	$	34.9	million
- Developer Contributed Roads	$	30.4	million
- Regional Streets Renewal program	$	24.3	million
- Archibald Street, St Catherine to Cottonwood	$	6.9	million
- Wall Street, St Matthews to Notre Dame	$	6.4	million
- Sherwin Road, Dublin to Notre Dame	$	6.0	million
- Donald Street, St Mary Ave to Gertrude	$	5.5	million
- Alley Renewals	$	5.0	million
- Munroe, Raleigh to Henderson	$	5.0	million
- Dunkirk Street, Fermor Avenue to St Mary's Road	$	4.5	million
- Salter Street, Cathedral to Slaw Rebchuk Bridge	$	4.4	million
- University Crescent, Pembina to Chancellor Matheson	$	4.2	million
- Pandora Av,Day St to Wayoata	$	3.6	million
- Roblin Street, Dieppe to PTH 101	$	3.5	million
- Wellington Crescent,Riverbank Stablilization	$	3.4	million
- Taylor Ave,Wilton to Pembina	$	3.0	million

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

FIVE-YEAR REVIEW

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

	2021	2020	2019	2018	2017
Tangible Capital Assets	**$ 3,219,884**	$ 3,148,830	$ 3,097,260	$ 3,058,314	$ 3,783,556
% change in tangible capital assets	**2.26%**	1.67%	1.27%	(19.17%)	3.10%
Debt					
Net Sinking Fund, serial and installment	**$ 571,588**	$ 582,548	$ 570,620	$ 457,076	$ 469,663
Other long-term debt	**187,252**	187,886	193,870	201,876	212,870
Total long-term debt	**$ 758,840**	$ 760,618	$ 764,490	$ 658,952	$ 682,533
% change in total debt	**(0.23%)**	(0.51%)	16.02%	(3.45%)	(0.12%)
Interest Expense	**$ 17,512**	$ 26,080	$ 32,516	$ 33,169	$ 35,036
% change in external interest expense	**(32.85%)**	(19.79%)	(1.97%)	(5.33%)	0.63%
Summary of Cash Flows					
Operating activities	**$ 200,385**	$ 214,286	$ 224,028	$ (655,069)	$ 255,304
Long-term debt issued (retired), net	**$ (634)**	$ 16,026	$ 114,180	$ (15,341)	$ (20,860)
Payments to The Sinking Fund, net	**$ (8,779)**	$ (8,338)	$ 7,176	$ 8,593	$ 22,799
Due from/to General Revenue Fund	**$ 26,081**	$ (28,574)	$ (140,279)	$ 75,838	$ 1,485
Capital acquisitions	**$ (216,625)**	$ (199,697)	$ (181,925)	$ (235,881)	$ (258,170)
Other	**$ (428)**	$ 6,297	$ (23,180)	$ 821,860	$ (558)

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF FINANCIAL POSITION

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

	2021	2020
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 3)	**$ 87,361**	$ 113,442
Accounts receivable (Note 4)	**55,133**	22,984
Capital loans receivable (Note 5)	**22,013**	25,279
	164,507	161,705
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	**14,606**	16,766
Capital loans payable	**282**	1,849
Expropriation liability	**43,967**	39,414
Deferred revenue	**56,330**	46,294
Deferred revenue related to capital assets (Note 7)	**14,349**	12,387
Debt (Note 8)	**758,840**	770,434
Deferred liabilities	**708**	857
Developer deposits	**10,464**	10,391
	899,546	898,392
NET FINANCIAL LIABILITIES	**(735,039)**	(736,687)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	**3,219,884**	3,148,830
Prepaid expenses	**1,755**	1,989
	3,221,639	3,150,819
ACCUMULATED SURPLUS (Note 10)	**$ 2,486,600**	$ 2,414,132

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)

	2021	2020
REVENUES		
Transfers from other City of Winnipeg Funds (Schedule 2)	**$ 140,294**	$ 137,236
Transfer from General Revenue Fund		
Debt and finance	**31,638**	29,284
Other	**2,730**	2,246
Developer contributions-in-kind	**49,337**	17,685
Province of Manitoba capital transfer	**29,329**	29,257
Government of Canada capital transfer	**21,409**	20,032
Capital funding recognized (Note 7)	**13,725**	27,445
Other	**3,897**	4,728
Interest income	**2,181**	1,744
Gain on disposal of tangible capital assets	**-**	39
	294,540	269,696
EXPENSES		
Amortization	**144,181**	140,173
Interest - External debt	**38,329**	35,702
Infrastructure maintenance	**17,512**	26,080
Grants	**15,164**	7,317
Transfers to other City of Winnipeg Funds (Schedule 2)	**3,990**	3,988
Other	**1,560**	1,131
Loss on disposal of tangible capital assets	**1,336**	-
	222,072	214,391
NET SURPLUS FOR THE YEAR	**72,468**	55,305
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**2,414,132**	2,358,827
ACCUMULATED SURPLUS, END OF YEAR (Note 10)	**$ 2,486,600**	$ 2,414,132

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 72,468**	$ 55,305
Non-cash charges to operations		
Amortization	**144,181**	140,173
Loss (Gain) on disposal of tangible capital assets	**1,336**	(39)
Working capital from operations	**217,985**	195,439
Net change in working capital	**(34,075)**	3,962
Net change in expropriation liabilities	**4,553**	(4,768)
Net change in deferred liabilities, deferred revenue and developer deposits	**11,922**	19,653
	200,385	214,286
FINANCING		
Debt issued	**6,241**	22,010
Debenture debt retired	**(6,875)**	(5,984)
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg ("The Sinking Fund")	**(2,181)**	(1,744)
Payments to The Sinking Fund for outstanding long-term debt	**(8,779)**	(8,338)
Capital loans receivable	**3,266**	1,417
Capital loans payable	**(1,567)**	(1,370)
Due to General Revenue Fund	**26,081**	(28,574)
	16,186	(22,583)
INVESTING		
Net purchase of capital assets (Schedule 1)	**(216,625)**	(199,697)
Net proceeds on disposal of tangible capital assets	**54**	7,994
	(216,571)	(191,703)
CASH, BEGINNING OF YEAR	**-**	-
CASH, END OF YEAR	**$ -**	$ -

See accompanying notes and schedules to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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*

	2021	2020
Province of Manitoba	**$ 34,740**	$ 3,001
Government of Canada	**17,854**	15,530
Local improvements - Fairfield Park	**788**	842
Other	**1,751**	3,611
	$ 55,133	$ 22,984

5. *Capital Loans Receivable*

At varying maturities up to the year 2035 with a weighted average interest rate for the year 2021 of 1.27% (2020 - 1.30%) due from the following:

	2021	2020
Transit System	**$ 22,013**	$ 25,279

6. *Accounts Payable and Accrued Liabilities*

	2021	2020
Trade accounts payable	**$ 9,734**	$ 12,700
Contractors' holdbacks	**4,872**	4,066
	$ 14,606	$ 16,766

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.

	2021	2020
Beginning balance	**$ 12,387**	$ 9,791
Contributions received from:		
General Revenue Fund	**14,631**	28,872
Municipal Accommodations Fund	**1,056**	1,169
	15,687	30,041
Deduct capital funding recognized	**13,725**	27,445
	$ 14,349	$ 12,387

8. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2021	Amount of Debt 2020
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	**22,010**	22,010
					629,123	629,123
Equity in Sinking Fund (Note 8b)					**(57,535)**	(46,575)
Net sinking fund debentures outstanding					**571,588**	582,548

8. *Debt (continued)*

Other long-term debt outstanding

	2021	2020
Service concession arrangement obligations (Notes 8c and 11)	**140,978**	143,626
Capital lease obligations with varying maturities up to 2038 and a weighted average interest rate of 8.18% (2020 - 8.18%) (Note 8d)	**19,045**	20,410
Canada Mortgage and Housing Corporation ("CMHC") term loan, maturity February 1, 2026, interest rate of 3.72%	**3,830**	4,515
Toronto Dominion Bank fixed rate term loan, maturity December 22, 2027, interest rate of 2.87%	**9,018**	10,376
Royal Bank of Canada, fixed rate term loans, with varying maturities up to May 2031, and a weighted average interest rate of 1.16%	**5,830**	-
Garden City Community Centre grant loan with an interest rate of 4.16%	**4,731**	4,891
Transcona East End Community Centre grant loan with an interest rate of 4.00%	**2,478**	2,566
General Revenue Fund debt issued to mature 2031 with an interest rate of 3.20%	**1,342**	1,502
	$ 758,840	$ 770,434

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

	2022	2023	2024	2025	2026	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 629,123
Service concession arrangements	2,863	3,097	3,349	3,622	3,917	124,130
Capital lease obligations	1,618	1,969	4,225	696	737	9,800
CMHC	711	737	765	793	824	-
Toronto Dominion	1,397	1,438	1,479	1,523	1,567	1,614
Royal Bank Of Canada	716	729	743	757	605	2,280
General Revenue Fund	146	146	146	146	146	612
Community Centre Grants	258	268	279	291	304	5,809
	$ 7,709	$ 8,384	$ 10,986	$ 7,828	$ 8,100	$ 773,368

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, 2021, $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, 2021, $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.

	2021	2020
Plenary Roads Winnipeg GP - Disraeli Bridges	**$ 97,169**	$ 98,955
DBF2 - Chief Peguis Trail	**43,809**	44,671
	$ 140,978	$ 143,626

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

	2022	$ 2,930
	2023	3,141
	2024	5,225
	2025	1,301
	2026	1,301
	thereafter	13,089
Total future minimum lease payments		26,987
Amount representing interest at a weighted average interest rate of 8.18%		(7,942)
Balance of the capital lease obligations		$ 19,045

9. *Tangible Capital Assets*

	2021	2020
Land	**$ 261,767**	$ 242,475
Buildings	**555,295**	573,747
Vehicles	**248**	208
Computer	**24,747**	28,894
Other	**111,864**	114,666
Plants and facilities	**20,242**	20,490
Roads	**1,673,109**	1,599,569
Underground and other networks	**18,512**	18,857
Bridges and other structures	**496,444**	503,827
Assets under construction	**57,656**	46,097
	$ 3,219,884	$ 3,148,830

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

During the year, there were no write-downs of tangible capital assets (2020 - $0.0 million). Administration fees and interim financing charges capitalized during 2021 were $2.6 million (2020 - $2.8 million). In addition, land, roads, parks, recreation facilities and underground networks contributed to the City and recorded in the General Capital Fund totaled $44.1 million in 2021 (2020 - $17.7 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $253.5 million (2020- $258.5 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	$ 242,475	$ 994,200	$ 11,161	$ 136,262	$ 275,323
Add: Additions during the year	19,322	5,649	67	5,219	15,632
Less: Disposals during the year	30	9,931	4,143	3,472	-
Balance, end of year	261,767	989,918	7,085	138,009	290,955
Accumulated amortization					
Balance, beginning of year	-	420,453	10,953	107,368	160,657
Add: Amortization	-	23,602	27	9,156	18,434
Less: Accumulated amortization on disposals	-	9,432	4,143	3,262	-
Balance, end of year	-	434,623	6,837	113,262	179,091
Net Book Value of Tangible Capital Assets	$ 261,767	$ 555,295	$ 248	$ 24,747	$ 111,864

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	**2021**	2020
$ 22,267	$ 3,006,338	$ 23,059	$ 797,934	$ 46,097	**$ 5,555,116**	$ 5,371,836
-	153,703	196	5,278	11,559	**216,625**	199,697
-	5,038	-	-	-	**22,614**	16,417
22,267	3,155,003	23,255	803,212	57,656	**5,749,127**	5,555,116
1,777	1,406,769	4,202	294,107	-	**2,406,286**	2,274,576
248	79,512	541	12,661	-	**144,181**	140,173
-	4,387	-	-	-	**21,224**	8,463
2,025	1,481,894	4,743	306,768	-	**2,529,243**	2,406,286
$ 20,242	$ 1,673,109	$ 18,512	$ 496,444	$ 57,656	**$ 3,219,884**	$ 3,148,830

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)

	2021	2020
TRANSFERS FROM OTHER CITY OF WINNIPEG FUNDS		
Local Street Renewal Reserve	**$ 47,489**	$ 40,490
Regional Street Renewal Reserve	**42,870**	36,547
Canada Community-Building Fund Reserve	**35,539**	48,897
Municipal Accommodations Fund (Note 7)	**5,400**	4,985
Financial Stabilization Reserve	**3,105**	-
Land Operating Reserve	**2,678**	3,265
Destination Marketing Reserve	**2,182**	2,418
Contributions in Lieu of Land Dedication Reserve	**451**	341
Permit Reserve	**332**	-
Transit System	**248**	293
	$ 140,294	$ 137,236
TRANSFERS TO OTHER CITY OF WINNIPEG FUNDS		
Land Dedication Reserve	**$ 2,300**	$ -
General Revenue Fund	**1,645**	-
Sewage Disposal System	**45**	1,706
Land Drainage System	**-**	2,282
	$ 3,990	$ 3,988

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)

	2021	2020	2019	2018	2017
General Revenue Fund's adopted budget expense	**$ 1,180,312**	$ 1,144,451	$ 1,124,952	$ 1,082,088	$ 1,079,509
Equity	**$ 75,092**	$ 119,891	$ 107,766	$ 110,961	$ 79,764
Level (1)	**6.4%**	10.5%	9.6%	10.3%	7.4%
Over target (2)	**$ 4,273**	$ 51,224	$ 40,269	$ 46,036	$ 14,994

(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)

	2021	2020
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 75,092**	$ 119,891
EQUITY		
Unallocated	**$ 75,092**	$ 119,891

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)

	2021	2020
Balance, beginning of year	**$ 119,891**	$ 107,766
Add:		
Interest earned	**422**	752
Net realty taxes added to the assessment roll	**337**	3,370
Transfer from Commitment Reserve	**333**	356
Transfer from General Revenue Fund	**-**	7,902
	1,092	12,380
Deduct:		
Transfer to General Revenue Fund	**42,563**	-
Transfer to General Capital Fund	**3,105**	-
Transfer to General Revenue Fund - investment management fee	**223**	255
	45,891	255
Balance, end of year	**$ 75,092**	$ 119,891

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

Photo: Tyler Walsh, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
CAPITAL RESERVES

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

On December 15, 2021, Council amended the Fund Manager to Director of Innovation and Technology Services.

Canada Community-Building Fund Reserve

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

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

On March 24, 2006, the Province and the City signed the Gas Tax Funding Agreement. The agreement was effective as of April 1, 2005 and continues until March 31, 2015. 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.

On December 15, 2021 City Council authorized that the name of the “Federal Gas Tax Revenue Reserve” be amended to the “Canada Community-Building Fund Reserve” to reflect the change in name of the Federal government program.

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.

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. No further collections of the impact fee have occurred after the ruling and the reserve is inactive.

The Chief Financial Officer is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

Transit Infrastructure Reserve

On April 29, 2021 City Council approved the establishment of the Transit Infrastructure Reserve for the purpose of funding the annual debt and financing costs incurred for the replacement of the North Garage capital project.

Effective January 1, 2024, this reserve will be funded through annual property tax revenue transferred from the General Revenue Fund generated from dedicated property tax increases over for a 2 year period (2024-2025). This fund will remain inactive until January 1, 2024.

The Director of Transit is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW

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

	2021	2020	2019	2018	2017
Water Main Renewal Reserve Fund					
Water main renewals funded	**$ 15,809**	$ 14,736	$ 15,394	$ 21,049	$ 19,817
Kilometres of water mains	**2,698**	2,692	2,689	2,679	2,660
Water main repairs	**585**	317	493	721	236
Water Meter Renewal Reserve					
Transfer from Sewage Disposal System	**$ 3,942**	$ 2,332	$ -	$ -	$ -
Transfer from Waterworks System Fund	**$ 3,942**	$ 2,332	$ -	$ -	$ -
Sewer System Rehabilitation Reserve Fund					
Sewer renewals funded	**$ 23,827**	$ 15,651	$ 14,613	$ 13,071	$ 22,266
Kilometres of sewers	**2,678**	2,674	2,673	2,658	2,640
Kilometres of sewers renewed	**-**	-	-	0.23	0.11
Environmental Projects Reserve Fund					
Transfer from Sewage Disposal System	**$ 21,427**	$ 20,711	$ 93,092	$ 23,561	$ 18,367
Transfer to Sewage Disposal System - capital projects	**$ 70,672**	$ 22,488	$ 35,117	$ 12,094	$ 17,860
Landfill Rehabilitation Reserve Fund					
Transfer from Solid Waste Disposal	**$ 316**	$ 345	$ 319	$ 327	$ -
Transfer to Solid Waste Disposal	**$ 484**	$ 3,391	$ 316	$ 107	$ -
Waste Diversion Reserve Fund					
Transfer from Solid Waste Disposal	**$ 6,500**	$ -	$ -	$ -	$ 1,000
Golf Course Reserve Fund					
Equity	**$ -**	$ -	$ -	$ -	$ -
Transit Bus Replacement Reserve Fund					
Transfer (to)/from Transit System, net	**$ (1,200)**	$ (190)	$ (9,735)	$ (368)	$ (5,010)
Number of buses financed	**-**	1	28	55	25

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW (continued)

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

	2021	2020	2019	2018	2017
Computer, Critical Systems and Support Reserve Fund					
Allocation of equity:					
Innovation, Transformation and Technology	**$ 3,010**	$ 2,098	$ 1,041	$ 1,267	$ 658
Public Works	**397**	294	199	212	190
Planning, Property and Development	**26**	26	48	92	76
Community Services	**88**	49	5	18	43
	$ 3,521	$ 2,467	$ 1,293	$ 1,589	$ 967
Canada Community-Building Fund Reserve					
Government of Canada funding	**$ 42,623**	$ 66,810	$ 72,141	$ 32,625	$ 38,959
Transfer to General Capital Fund	**$ 35,539**	$ 48,897	$ 68,689	$ 32,625	$ 29,751
Transfer to Transit System - capital projects	**$ 7,084**	$ 17,913	$ 3,452	$ -	$ 9,208
Southwest Rapid Transit Corridor Reserve Fund					
Transfer (to)/from Transit System, net	**$ (900)**	$ -	$ -	$ (815)	$ -
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve Fund					
Transfer (to)/from Transit System, net	**$ 137**	$ (3,159)	$ 5,362	$ 5,235	$ 3,303
Local Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 47,370**	$ 41,270	$ 35,370	$ 29,770	$ 24,370
Transfer to General Capital Fund	**$ 45,430**	$ 38,998	$ 33,898	$ 28,298	$ 23,278
Regional Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 42,870**	$ 36,892	$ 30,870	$ 25,270	$ 19,870
Transfer to General Capital Fund	**$ 41,583**	$ 35,338	$ 29,538	$ 23,938	$ 18,937
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)	$ 12,372	$ 12,548	$ 3,081	$ 115,324
Call loans - General Revenue Fund (Note 4)	-	-	-	-
Accounts receivable	-	-	-	-
	12,372	12,548	3,081	115,324
Investments (Note 5)	-	-	-	-
	$ 12,372	$ 12,548	$ 3,081	$ 115,324
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue	-	-	-	-
Debt	-	-	-	-
	-	-	-	-
EQUITY				
Allocated	12,372	12,548	3,081	115,324
Unallocated	-	-	-	-
	12,372	12,548	3,081	115,324
	$ 12,372	$ 12,548	$ 3,081	$ 115,324

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
$ (362)	$ 10,882	$ -	$ 29	$ 3,521	$ 157,395
252	-	-	-	-	252
59	-	-	-	-	59
(51)	10,882	-	29	3,521	157,706
5,170	-	-	-	-	5,170
$ 5,119	$ 10,882	$ -	$ 29	$ 3,521	$ 162,876
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,119	10,882	-	-	3,521	162,847
-	-	-	29	-	29
5,119	10,882	-	29	3,521	162,876
$ 5,119	$ 10,882	$ -	$ 29	$ 3,521	$ 162,876

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Sub-total Brought Forward	Canada Community-Building Fund Reserve	SWRT Corridor Reserve	SWRT Payment Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	$ 157,395	$ 75,397	$ 1,276	$ 12,880
Call loans - General Revenue Fund (Note 4)	252	-	-	-
Accounts receivable	59	-	-	-
	157,706	75,397	1,276	12,880
Investments (Note 5)	5,170	-	-	-
	$ 162,876	$ 75,397	$ 1,276	$ 12,880
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue	-	73,981	-	-
Debt	-	-	-	-
	-	73,981	-	-
EQUITY				
Allocated	162,847	-	535	12,880
Unallocated	29	1,416	741	-
	162,876	1,416	1,276	12,880
	$ 162,876	$ 75,397	$ 1,276	$ 12,880

See accompanying notes to the financial statements

Local Street Renewal Reserve	Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2021	Totals 2020
$ 808	$ 422	$ -	$ 248,178	$ 246,235
-	-	-	252	100
-	-	-	59	59
808	422	-	248,489	246,394
-	-	-	5,170	5,170
$ 808	$ 422	$ -	$ 253,659	$ 251,564
$ (16)	$ 75	$ -	$ 59	$ 187
-	-	-	73,981	25,793
-	-	-	-	9,816
(16)	75	-	74,040	35,796
824	347	-	177,433	214,322
-	-	-	2,186	1,446
824	347	-	179,619	215,768
$ 808	$ 422	$ -	$ 253,659	$ 251,564

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	$ 8,681	$ 4,664	$ 6,908	$ 164,569
Add:				
Government of Canada transfers	-	-	-	-
Transfer from Sewage Disposal System	-	3,942	20,000	21,427
Transfer from Waterworks System	19,500	3,942	-	-
Transfer from Transit System	-	-	-	-
Interest earned	20	10	12	312
Transfer from General Revenue Fund	-	-	-	-
Transfer from Solid Waste Disposal	-	-	-	-
Transfer from Municipal Accommodations	-	-	-	-
Other	-	-	-	-
	19,520	7,894	20,012	21,739
Deduct:				
Transfer to General Capital Fund	-	-	-	-
Transfer to General Revenue Fund	-	-	-	-
Transfer to Transit System	-	-	-	-
Transfer to Sewage Disposal System	-	-	23,827	70,672
Transfer to Waterworks System	15,809	-	-	-
Purchase of equipment	-	-	-	-
Transfer to General Revenue Fund - investment management fee	20	10	12	312
Transfer to General Capital Fund - principal and interest	-	-	-	-
Transfer to Solid Waste Disposal	-	-	-	-
Other	-	-	-	-
	15,829	10	23,839	70,984
Balance, end of year	$ 12,372	$ 12,548	$ 3,081	$ 115,324

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	Canada Community-Building Fund Reserve	Sub-total
$ 5,136	$ 4,746	$ -	$ 1,230	$ 2,467	$ 1,416	$ 199,817
-	-	-	-	-	42,623	42,623
-	-	-	-	-	-	45,369
-	-	-	-	-	-	23,442
-	-	-	-	-	-	-
164	9	-	-	6	-	533
-	-	-	-	1,209	-	1,209
316	6,500	-	-	-	-	6,816
-	-	-	-	-	-	-
-	-	-	-	-	-	-
480	6,509	-	-	1,215	42,623	119,992
-	-	-	-	-	35,539	35,539
-	-	-	-	-	-	-
-	-	-	1,200	-	7,084	8,284
-	-	-	-	-	-	94,499
-	-	-	-	-	-	15,809
-	-	-	-	155	-	155
13	9	-	1	6	-	383
-	-	-	-	-	-	-
484	364	-	-	-	-	848
-	-	-	-	-	-	-
497	373	-	1,201	161	42,623	155,517
$ 5,119	$ 10,882	$ -	$ 29	$ 3,521	$ 1,416	$ 164,292

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	**$ 199,817**	**$ 2,176**	**$ 12,743**	**$ 685**
Add:				
Government of Canada transfers	**42,623**	**-**	**-**	**-**
Transfer from Sewage Disposal System	**45,369**	**-**	**-**	**-**
Transfer from Waterworks System	**23,442**	**-**	**-**	**-**
Transfer from Transit System	**-**	**-**	**11,108**	**-**
Interest earned	**533**	**4**	**33**	**18**
Transfer from General Revenue Fund	**1,209**	**-**	**-**	**47,370**
Transfer from Solid Waste Disposal	**6,816**	**-**	**-**	**-**
Transfer from Municipal Accommodations	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
	119,992	**4**	**11,141**	**47,388**
Deduct:				
Transfer to General Capital Fund	**35,539**	**-**	**-**	**45,430**
Transfer to General Revenue Fund	**-**	**-**	**-**	**-**
Transfer to Transit System	**8,284**	**900**	**10,971**	**-**
Transfer to Sewage Disposal System	**94,499**	**-**	**-**	**-**
Transfer to Waterworks System	**15,809**	**-**	**-**	**-**
Purchase of equipment	**155**	**-**	**-**	**-**
Transfer to General Revenue Fund - investment management fee	**383**	**4**	**33**	**18**
Transfer to General Capital Fund - principal and interest	**-**	**-**	**-**	**1,801**
Transfer to Solid Waste Disposal	**848**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
	155,517	**904**	**11,004**	**47,249**
	-			
Balance, end of year	**$ 164,292**	**$ 1,276**	**$ 12,880**	**$ 824**

See accompanying notes to the financial statements

Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2021	Totals 2020
$ 347	$ -	$ 215,768	$ 245,746
-	-	42,623	66,810
-	-	45,369	35,643
-	-	23,442	21,832
-	-	11,108	9,095
2	-	590	1,369
42,870	-	91,449	79,568
-	-	6,816	345
-	-	-	11
-	-	-	6,483
42,872	-	221,397	221,156
41,538	-	122,507	123,233
-	-	-	-
-	-	20,155	30,357
-	-	94,499	38,139
-	-	15,809	14,736
-	-	155	246
2	-	440	527
1,332	-	3,133	3,023
-	-	848	3,879
-	-	-	36,994
42,872	-	257,546	251,134
$ 347	$ -	$ 179,619	$ 215,768

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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 2021 sewer rate includes a provision of 0.4000 cents (2020 - 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.

On December 15, 2021, Council amended the Fund Manager to Director of Innovation and Technology Services.

Canada Community-Building Fund Reserve

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. No further collections of the impact fee have occurred after the ruling and the reserve is inactive.

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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

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

	2021	2020
Marketable securities		
Municipal bonds	**$ 5,170**	$ 5,170

The aggregate market value of marketable securities at December 31, 2021 was $5,644 thousand (2020 - $6,047 thousand).

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

The City of Winnipeg (the "City") operates seventeen 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.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES (continued)

Insurance Reserve Fund

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

The Corporate Controller is the Fund Manager.

Contributions in Lieu of Land Dedication Reserve Fund

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)

	2021	2020	2019	2018	2017
Workers Compensation Reserve Fund					
Call loans - General Revenue Fund	**$ 4,427**	$ 4,574	$ 3,325	$ 1,160	$ 1,844
Investments	**$ -**	$ -	$ -	$ 2,003	$ 3,008
Interest earned	**$ 9**	$ 17	$ 55	$ 72	$ 28
Brookside Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 1,792**	$ 1,346	$ 938	$ 482	$ 788
Investments	**$ 16,497**	$ 16,528	$ 16,558	$ 16,586	$ 15,878
Interest earned	**$ 668**	$ 670	$ 680	$ 670	$ 650
St. Vital Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 107**	$ 64	$ 222	$ 169	$ 127
Investments	**$ 1,246**	$ 1,246	$ 1,046	$ 1,046	$ 1,046
Interest earned	**$ 39**	$ 38	$ 37	$ 36	$ 34
Transcona Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 135**	$ 89	$ 198	$ 152	$ 122
Investments	**$ 847**	$ 847	$ 697	$ 697	$ 697
Interest earned	**$ 27**	$ 27	$ 26	$ 25	$ 24
Insurance Reserve Fund					
Call loans - General Revenue Fund	**$ 6,030**	$ 4,631	$ 4,031	$ 4,705	$ 3,560
Investments	**$ -**	$ -	$ -	$ 1,002	$ 2,003
Interest earned	**$ 10**	$ 19	$ 98	$ 81	$ 28
Contributions in Lieu of Land Dedication Reserve Fund					
Cash dedications revenue	**$ 1,298**	$ 1,947	$ 1,143	$ 1,501	$ 5,055
Interest earned	**$ 21**	$ 37	$ 145	$ 143	$ 66
Park improvement expenses	**$ 1,313**	$ 1,025	$ 1,260	$ 1,922	$ 1,233
Land Operating Reserve Fund					
Number of properties sold	**27**	38	28	20	27
Number acquired - tax sale	**18**	18	33	21	29
Number exchanged	**1**	3	2	2	5
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)

	2021	2020	2019	2018	2017
Commitment Reserve Fund					
Allocation of equity:					
Corporate and other	**$ 2,682**	$ 3,962	$ 1,573	$ 2,443	$ 2,462
Fire Paramedic Services	**855**	2,282	1,200	300	200
Planning, Property and Development	**788**	-	-	249	802
Innovation, Transformation and Technology	**673**	328	658	440	379
Community Services	**-**	188	263	50	465
Water and Waste	**-**	165	219		
Police Service	**-**	-	-	-	-
Public Works	**-**	109	-	178	21
	$ 4,998	$ 7,034	$ 3,913	$ 3,660	$ 4,329
Heritage Investment Reserve Fund					
Municipal realty tax revenue	**$ 921**	$ 1,200	$ 839	$ 769	$ 817
Housing Rehabilitation Investment Reserve Fund					
Grant expense	**$ 11,769**	$ 547	$ 5,204	$ 11,305	**$** 9,945
Economic Development Investment Reserve Fund					
Municipal realty tax revenue	**$ 1,822**	$ 2,337	$ 5,808	$ 4,859	$ 3,210
General Purpose Reserve Fund					
Net transfer (to) from General Revenue Fund	**$ (7,771)**	$ 9,068	$ 206	$ 110	$ 88
Interest earned	**$ 13**	$ 1	$ 3	$ 1	$ -
Multiple-Family Dwelling Tax Investment Reserve Fund					
Municipal realty tax revenue	**$ 2,305**	$ 2,683	$ 3,447	$ -	$ -
Interest earned	**$ 4**	$ 4	$ 33	$ 42	$ 31
Insect Control Urgent Expenditures Reserve Fund					
Net transfer from (to) General Revenue Fund	**$ 453**	$ (455)	$ 1	$ -	$ 772
Permit Reserve Fund					
Net transfer from (to) General Revenue Fund	**$ 2,128**	$ (1,706)	$ 608	$ (635)	$ 41

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2021	2020	2019	2018	2017
Destination Marketing Reserve Fund					
Accommodation tax revenue	**$ 5,696**	$ 4,141	$ 10,009	$ 9,977	$ 9,856
Grants expense:					
Economic Development Winnipeg Inc.	**$ 2,000**	$ 3,588	$ 5,170	$ 4,548	$ 4,356
The Convention Centre Corporation Inc.	**1,500**	2,520	4,580	1,500	1,500
Patent 5 Inc	**56**	7	-	-	-
Downtown Winnipeg Biz	**-**	180	180	-	-
West End Biz	**-**	100	100	-	-
Exchange District Biz	**-**	95	95	-	-
	$ 3,556	$ 6,490	$ 10,125	$ 6,048	$ 5,856

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)	4,427	1,792	107	6,326
Accounts receivable	-	142	10	152
Land held for resale	-	-	-	-
	4,427	1,934	117	6,478
Investments (Note 5)	-	16,497	1,246	17,743
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 4,427	$ 18,431	$ 1,363	$ 24,221
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ -	$ -
Deferred Revenue	-	-	-	-
	-	-	-	-
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	4,427	18,431	1,363	24,221
	4,427	18,431	1,363	24,221
	$ 4,427	$ 18,431	$ 1,363	$ 24,221

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)	$ -	$ -	$ -	$ 10,897
Call loans - General Revenue Fund (Note 4)	6,326	135	6,030	-
Accounts receivable	152	6	-	-
Land held for resale	-	-	-	-
	6,478	141	6,030	10,897
Investments (Note 5)	17,743	847	-	-
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 24,221	$ 988	$ 6,030	$ 10,897
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ 955	$ 16
Deferred Revenue	-	-	-	-
	-	-	955	16
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	24,221	988	5,075	10,881
	24,221	988	5,075	10,881
	$ 24,221	$ 988	$ 6,030	$ 10,897

See accompanying notes to the financial statements

Land Operating Reserve	Snow Clearing Reserve	Commitment Reserve	Heritage Investment Reserve	Housing Rehabilitation Reserve	Sub-Total
$ (1,993)	$ -	$ 5,017	$ 1,862	$ 19,593	$ 35,376
-	-	-	-	-	12,491
1,459	-	-	-	-	1,617
8,885	-	-	-	-	8,885
8,351	-	5,017	1,862	19,593	58,369
73	-	-	-	-	18,663
2,948	-	-	-	-	2,948
9,972	-	-	-	-	9,972
229	-	-	-	2,449	2,678
$ 21,573	$ -	$ 5,017	$ 1,862	$ 22,042	$ 92,630
$ 3,373	$ -	$ 19	$ 1,008	$ 3,744	$ 9,115
-	-	-	-	14,287	14,287
3,373	-	19	1,008	18,031	23,402
8,425	-	-	-	-	8,425
3,197	-	-	710	324	4,231
6,578	-	4,998	144	3,687	56,572
9,775	-	4,998	854	4,011	60,803
$ 21,573	$ -	$ 5,017	$ 1,862	$ 22,042	$ 92,630

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)	$ 35,376	$ 2,478	$ 1,080	$ 2,038
Call loans - General Revenue Fund (Note 4)	12,491	-	-	-
Accounts receivable	1,617	-	-	-
Land held for resale	8,885	-	-	-
	58,369	2,478	1,080	2,038
Investments (Note 5)	18,663	-	-	-
Investments in government business (Note 6)	2,948	-	-	-
Land	9,972	-	-	-
Deferred charges	2,678	-	-	-
	$ 92,630	$ 2,478	$ 1,080	$ 2,038
LIABILITIES				
Current				
Accounts payable	$ 9,115	$ 372	$ -	$ 36
Deferred Revenue	14,287	-	-	1,100
	23,402	372	-	1,136
EQUITY				
Contributed surplus (Note 7)	8,425	-	-	-
Allocated	4,231	-	-	-
Unallocated	56,572	2,106	1,080	902
	60,803	2,106	1,080	902
	$ 92,630	$ 2,478	$ 1,080	$ 2,038

See accompanying notes to the financial statements

Insect Control Reserve	Permit Reserve	Destination Marketing Reserve	Totals 2021	Totals 2020
$ 3,000	$ 2,000	$ 2,971	$ 48,943	$ 54,209
-	-	-	12,491	10,704
-	-	380	1,997	2,270
-	-	-	8,885	7,955
3,000	2,000	3,351	72,316	75,138
-	-	-	18,663	18,568
-	-	-	2,948	3,684
-	-	-	9,972	10,139
-	-	-	2,678	116
$ 3,000	$ 2,000	$ 3,351	$ 106,577	$ 107,645
$ -	$ -	$ 154	$ 9,677	$ 5,781
-	-	-	15,387	12,497
-	-	154	25,064	18,278
-	-	-	8,425	8,425
-	-	2,041	6,272	8,148
3,000	2,000	1,156	66,816	72,794
3,000	2,000	3,197	73,088	80,942
$ 3,000	$ 2,000	$ 3,351	$ 106,577	$ 107,645

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	$ 4,574	$ 18,015	$ 1,320	$ 942
Add:				
Transfer from General Revenue Fund	-	124	28	35
Transfer from Municipal Accommodations	-	-	-	-
Other	1,547	-	-	-
Accommodation tax	-	-	-	-
Land sales	-	-	-	-
Municipal realty tax	-	-	-	-
Interest earned	9	668	38	26
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	-	-	-	-
	1,556	792	66	61
Deduct:				
Transfer to General Revenue Fund	1,000	337	19	12
Grants	-	-	-	-
Transfer to General Capital Fund	-	-	-	-
Other	693	-	-	-
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	10	39	4	3
Transfer to Financial Stabilization Reserve	-	-	-	-
Transfer to Fleet Management - SOA	-	-	-	-
Transfer to Golf Services - SOA	-	-	-	-
Transfer to Transit	-	-	-	-
Transfer to Heritage Reserve	-	-	-	-
	1,703	376	23	15
Balance, end of year	$ 4,427	$ 18,431	$ 1,363	$ 988

See accompanying notes to the financial statements

Insurance Reserve	Land Dedication Reserve	Land Operating Reserve	Snow Clearing Reserve	Sub-Total
$ 3,676	$ 9,047	$ 11,039	$ -	$ 48,613
392	-	-	-	579
-	-	-	-	-
-	-	725	-	2,272
-	-	-	-	-
-	-	6,995	-	6,995
-	-	-	-	-
10	21	2	-	774
-	1,298	-	-	1,298
857	-	-	-	857
-	-	-	-	-
-	2,300	-	-	2,300
-	-	-	-	-
5	-	-	-	5
1,264	3,619	7,722	-	15,080
9	-	1,235	-	2,612
-	-	-	-	-
-	451	2,678	-	3,129
(489)	1,313	800	-	2,317
-	-	2,718	-	2,718
310	-	-	-	310
-	-	-	-	-
11	21	2	-	90
-	-	-	-	-
21	-	-	-	21
3	-	-	-	3
-	-	-	-	-
-	-	1,553	-	1,553
(135)	1,785	8,986	-	12,753
$ 5,075	$ 10,881	$ 9,775	$ -	$ 50,940

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	$ 48,613	$ 7,034	$ (183)	$ 3,850
Add:				
Transfer from General Revenue Fund	579	3,734	-	1,000
Transfer from Municipal Accommodations	-	-	-	-
Other	2,272	-	-	11,092
Accommodation tax	-	-	-	-
Land sales	6,995	-	-	-
Municipal realty tax	-	-	921	-
Interest earned	774	-	3	29
Cash payments-in-lieu of land dedication	1,298	-	-	-
Transfer from Transit System Fund	857	230	-	-
Transfer from Land Operating Reserve	-	-	1,553	-
Transfer from General Capital Fund	2,300	-	-	-
Transfer from Multi-Family Reserve	-	-	-	-
Transfer from Winnipeg Parking - SOA	5	-	-	-
	15,080	3,964	2,477	12,121
Deduct:				
Transfer to General Revenue Fund	2,612	-	-	162
Grants	-	-	1,349	11,769
Transfer to General Capital Fund	3,129	-	-	-
Other	2,317	5,667	88	-
Cost of sales	2,718	-	-	-
Transfer to Municipal Accommodations Fund	310	-	-	-
Transfer to Contributions in Lieu of Land Dedication Reserve	-	-	-	-
Transfer to General Revenue Fund - investment management fee	90	-	3	29
Transfer to Financial Stabilization Reserve	-	333	-	-
Transfer to Fleet Management - SOA	21	-	-	-
Transfer to Golf Services - SOA	3	-	-	-
Transfer to Transit	-	-	-	-
Transfer to Heritage Reserve	1,553	-	-	-
	12,753	6,000	1,440	11,960
Balance, end of year	$ 50,940	$ 4,998	$ 854	$ 4,011

See accompanying notes to the financial statements

Economic Development Reserve	General Purpose Reserve	Multiple-Family Dwelling Reserve	Insect Control Reserve	Permit Reserve	Sub-Total
$ 4,589	$ 9,034	$ 597	$ 2,546	$ 204	$ 76,284
-	207	-	2,322	2,128	9,970
-	-	-	-	-	-
-	-	1,138	-	-	14,502
-	-	-	-	-	-
-	-	-	-	-	6,995
1,822	-	2,305	-	-	5,048
8	13	4	5	1	837
-	-	-	-	-	1,298
-	-	-	-	-	1,087
-	-	-	-	-	1,553
-	-	-	-	-	2,300
-	-	-	-	-	-
-	-	-		-	5
1,830	220	3,447	2,327	2,129	43,595
2,000	7,978	-	1,869	-	14,621
2,305	96	3,138	-	-	18,657
-	-	-	-	332	3,461
-	87	-	-	-	8,159
-	-	-	-	-	2,718
-	-	-	-	-	310
-	-	-	-	-	-
8	13	4	4	1	152
-	-	-	-	-	333
-	-	-	-	-	21
-	-	-	-	-	3
-	-	-	-	-	-
-	-	-	-	-	1,553
4,313	8,174	3,142	1,873	333	49,988
$ 2,106	$ 1,080	$ 902	$ 3,000	$ 2,000	$ 69,891

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 2021**	Totals 2020
Balance, beginning of year	**$ 76,284**	**$ 4,658**	**$ 80,942**	$ 75,570
Add:				
Transfer from General Revenue Fund	**9,970**	**-**	**9,970**	20,482
Transfer from Municipal Accommodations	**-**	**-**	**-**	375
Other (Note 6)	**14,502**	**-**	**14,502**	3,612
Accommodation tax	**-**	**5,696**	**5,696**	4,141
Land sales	**6,995**	**-**	**6,995**	5,383
Municipal realty tax	**5,048**	**-**	**5,048**	6,220
Interest earned	**837**	**5**	**842**	944
Cash payments-in-lieu of land dedication	**1,298**	**-**	**1,298**	1,947
Transfer from Transit System Fund	**1,087**	**-**	**1,087**	819
Transfer from Land Operating Reserve	**1,553**	**-**	**1,553**	654
Transfer from General Capital Fund	**2,300**	**-**	**2,300**	-
Transfer from Multi-Family Reserve	**-**	**-**	**-**	380
Transfer from Winnipeg Parking - SOA	**5**	**-**	**5**	-
	43,595	**5,701**	**49,296**	44,957
Deduct:				
Transfer to General Revenue Fund	**14,621**	**83**	**14,704**	9,785
Grants	**18,657**	**3,556**	**22,213**	12,788
Transfer to General Capital Fund	**3,461**	**-**	**3,461**	6,219
Other	**8,159**	**3,518**	**11,677**	7,087
Cost of sales	**2,718**	**-**	**2,718**	1,982
Transfer to Municipal Accommodations Fund	**310**	**-**	**310**	144
Transfer to Contributions in Lieu of Land Dedication Reserve	**-**	**-**	**-**	386
Transfer to General Revenue Fund - investment management fee	**152**	**5**	**157**	160
Transfer to Financial Stabilization Reserve	**333**	**-**	**333**	356
Transfer to Fleet Management - SOA	**21**	**-**	**21**	26
Transfer to Golf Services - SOA	**3**	**-**	**3**	40
Transfer to Transit	**-**	**-**	**-**	344
Transfer to Heritage Reserve	**1,553**	**-**	**1,553**	268
	49,988	**7,162**	**57,150**	39,585
Balance, end of year	**$ 69,891**	**$ 3,197**	**$ 73,088**	$ 80,942

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

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*

	2021	2020
Marketable securities		
Municipal bonds	**$ 17,897**	$ 17,927
Provincial bonds and bond coupons	**694**	694
	18,591	18,621
Other	**72**	(53)
	$ 18,663	$ 18,568

The aggregate market value of marketable securities at December 31, 2021 was $22,015 thousand (2020 - $23,617 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 2021 provided an income of $70 thousand (2020 - loss of $10 thousand) are inc the Statement of Changes in Equity as other revenue.

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.

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF FINANCIAL POSITION

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

		2021		2020
ASSETS				
Current				
Due from General Revenue Fund (Note 2)	**$**	**139**	$	139
Investment (Note 3)		**1,148**		1,148
	$	**1,287**	$	1,287
RETAINED EARNINGS	**$**	**1,287**	$	1,287

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)

	2021	2020
REVENUES		
Interest	**$ -**	$ 1
Net earnings for the year	**-**	1
RETAINED EARNINGS, BEGINNING OF YEAR	**1,287**	1,286
RETAINED EARNINGS, END OF YEAR	**$ 1,287**	$ 1,287

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

3. Investment

	2021	2020
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.

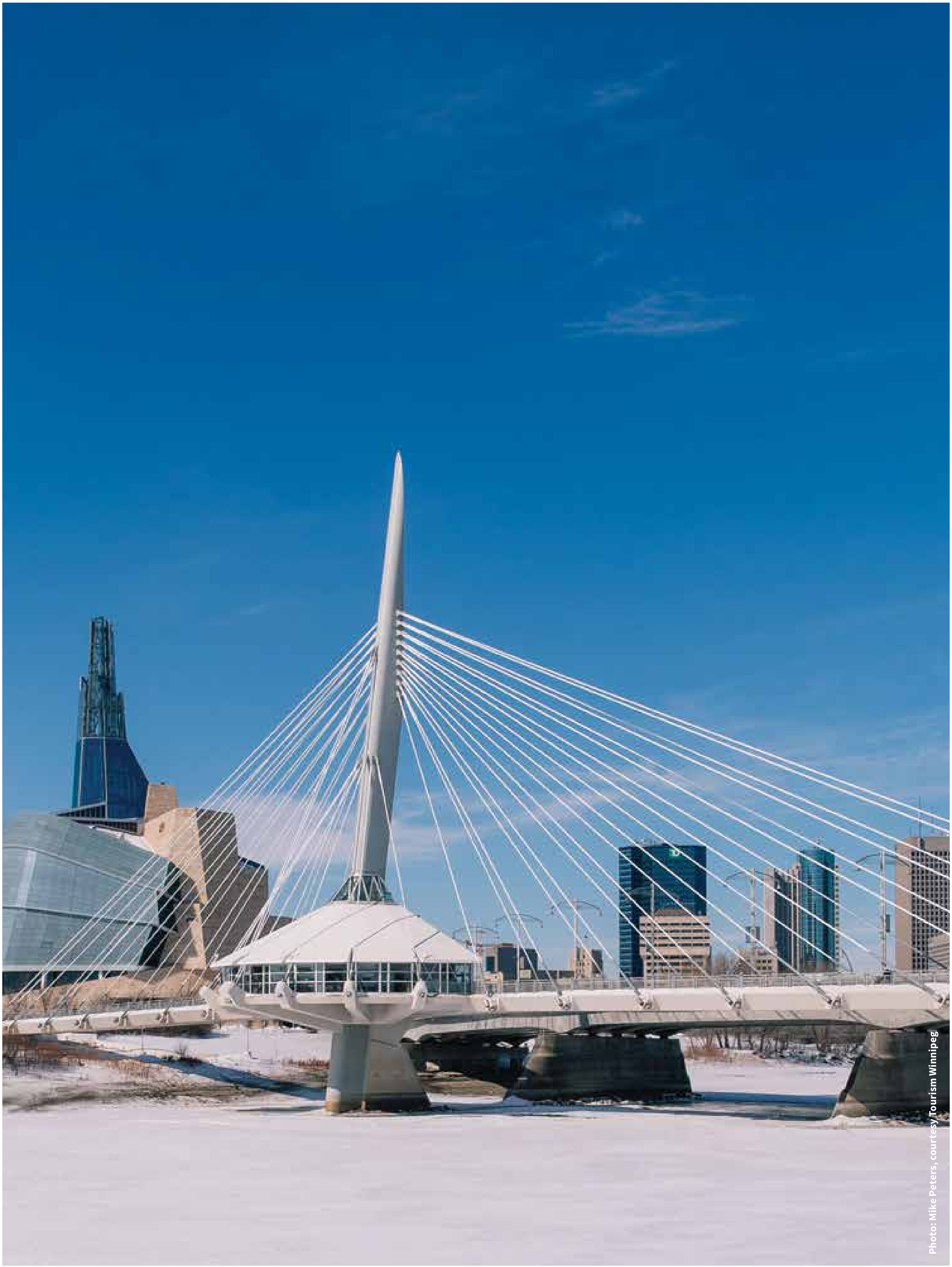

Photo: Mike Peters, courtesy Tourism Winnipeg

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)

	2021	2020	2019	2018	2017
Number of facilities	**118**	119	122	120	113
Total area square footage	**2,950,795**	3,112,422	3,230,895	3,140,995	3,104,626

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

STATEMENT OF FINANCIAL POSITION

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

		2021		2020
ASSETS				
Current				
Cash	**$**	**22**	$	-
Due from General Revenue Fund (Note 3)		**3,055**		7,151
Accounts receivable (Note 4)		**42**		44
Prepaid expenses		**1,004**		748
	$	**4,123**	**$**	7,943
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 5)	**$**	**3,281**	$	7,177
Deferred revenue		**842**		766
	$	**4,123**	$	7,943

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)

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Contributions from City of Winnipeg departments (Note 8b)	**$ 73,312**	**$ 68,398**	$ 68,740
Other rental	**389**	**335**	345
Investment and other	**82**	**11**	7
Total Revenues	**73,783**	**68,744**	69,092
EXPENSES			
Municipal Accommodations	**58,032**	**53,367**	53,579
Transfer to General Revenue Fund	**11,146**	**10,850**	10,837
Transfer to General Capital Fund	**4,605**	**4,527**	4,676
Total Expenses (Note 9)	**73,783**	**68,744**	69,092
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, 2021
(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.

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.

1. Significant Accounting Policies (continued)

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.

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, 2021, 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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

4. Accounts Receivable

	2021	2020
Maintenance billings and other	**$ 42**	$ 44

5. Accounts Payable and Accrued Liabilities

		2021		2020
Accounts payable and accrued liabilities	**$**	**1,482**	$	4,254
Performance deposits		**722**		1,832
Wages and employee benefits payable		**813**		728
Accrued interest on long-term debt		**312**		315
Accrued debenture principal		**(48)**		48
	$	**3,281**	$	7,177

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:

2022	$	8,485
2023		8,080
2024		7,875
2025		7,089
2026		7,080
Subsequent		48,866
	$	87,475

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, 2021 at $1.1 million (2020 $1.2 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, 2021 is estimated at $1.0 million (2020 - $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, 2021 is estimated at $1.8 million (2020 - $1.7 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, 2021 is estimated at $0.6 million (2020 - $0.3 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 (2020 - $1.5 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, 2020 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 $902 thousand (2020 - $923 thousand)
- Transfer from the Insurance Reserve Fund for recovery of insurance claims is $310 thousand (2020 - $144 thousand);
- Transfer to the Computer Replacement Reserve Fund is nil (2020 - $11 thousand);
- Transfer to the Commitment Reserve Fund is nil (2020 - $375 thousand);
- Transfer to the General Revenue Fund for general government charges is $628 thousand (2020- $625 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 (2020 - $94 thousand); and
- Transfer to the City of Winnipeg Parking Authority - Special Operating Agency for parking space rental is $12 thousand (2020 - $10 thousand).

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

	2021	2020
General Revenue Fund	**$ 64,098**	$ 64,361
Sewage Disposal System	**1,189**	1,138
Waterworks System	**982**	977
Fleet Management - Special Operating Agency	**546**	721
Municipal Accommodations Fund	**493**	491
Transit System	**354**	320
Winnipeg Parking Authority - Special Operating Agency	**325**	322
Solid Waste Disposal Fund	**206**	205
Animal Services - Special Operating Agency	**205**	205
	$ 68,398	$ 68,740

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

9. Expenses by Object

	2021 Budget	**2021 Actual**	2020 Actual
Services, materials and supplies	**$ 36,764**	**$ 33,490**	$ 33,545
Salaries and employee benefits	**21,636**	**20,085**	19,474
Transfer to General Revenue Fund	**11,146**	**10,850**	10,837
Transfer to General Capital Fund	**4,605**	**4,527**	4,676
Debt and finance charges	**1,579**	**1,532**	1,565
Other grants and transfers	**1,088**	**835**	1,426
Recoveries	**(3,035)**	**(2,575)**	(2,431)
	$ 73,783	**$ 68,744**	$ 69,092

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.

2021
Utilities

Detailed Financial Statements

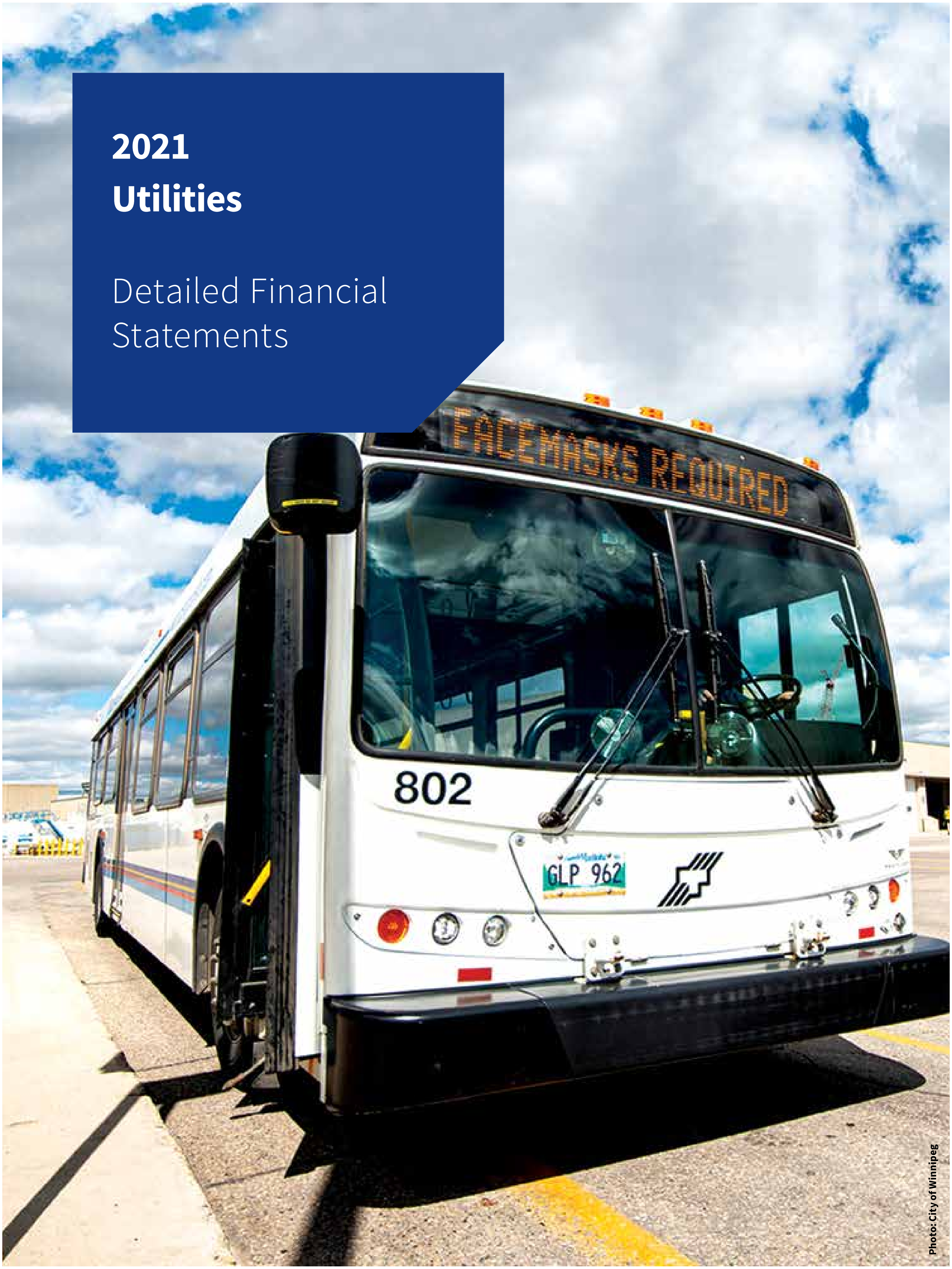

Photo: City of Winnipeg

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.

The COVID-19 pandemic continued to have a profound impact on the operations and financial results of Winnipeg Transit. In 2021 the COVID-19 pandemic cost Transit $54.2 million in lost fare revenue and added operating expenses, $12.8 million more than had been originally forecasted as part of the adopted operating budget. Operational measures implemented in 2020 to manage the impacts of the pandemic remained in place through 2021. Additional cost mitigation measures were also taken to address the operating losses during the year including service reductions, 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:

- becoming SAFE Work Certified (Manitoba’s safety and health certification standard). This certification demonstrates not only a high level of current safety programming, but also a strong commitment to the safety of our staff and ongoing commitment to continually improve the safety culture at Transit into the future.

- achieving Council approval for the Winnipeg Transit Master Plan. This plan outlines a new transit network that will address the needs of a growing city and enhance connectivity, frequency and reliability. The plan includes an expansion to the Rapid Transit infrastructure to include six rapid transit corridors which will form three Rapid Transit lines that extend throughout the city. It also proposes changes to Winnipeg Transit Plus to create a more seamless, integrated and universally accessible network that better integrates conventional transit service with On-request service and Winnipeg Transit Plus.

- installing new bus securement systems for mobility devices such as wheelchairs and scooters and completing related training for all bus operators.

- launching an On-Request transit service pilot project which aims to modernize transit service by allowing passengers to book rides with the easy-to-use Winnipeg Transit On-Request mobile app. On-Request transit service uses innovative trip planning software and GPS technology to plan bus routes in real-time and respond immediately to passengers’ trip requests.

- implementing a new emergency signal system which allows operators to alert members of the public outside the bus and the Transit Control Centre at the same time, that emergency responders are needed.

- migrating to a first-come, first-served system for booking Winnipeg Transit Plus trips, eliminating an outdated trip priority based service. In addition to being fairer and more equitable, the new system is more efficient, and makes it easier for Winnipeg Transit Plus to shift resources when cancellations and no-shows occur.

- implementing a free fare policy for children aged 11 and under.

- completing the first phase of the P25 radio replacement project which has upgraded radios for all Transit supervisors, improving connectivity and reliability for their communication needs.

THE CITY OF WINNIPEG
TRANSIT SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2021	2020	2019	2018	2017
Regular cash fare	**$ 3.05**	$ 3.00	$ 2.95	$ 2.95	$ 2.70
Winnipeg Transit Plus					
Annual ridership (in thousands)	**221.3**	242.6	455.5	459.5	473.4
Total cost per passenger	**$ 47.86**	$ 47.54	$ 27.81	$ 25.53	$ 23.92
Revenue to cost ratio	**3%**	3%	5%	7%	7%
Regular transit					
Annual ridership (in millions)	**21.5**	24.8	48.8	48.4	48.1
Bus hours operated (in thousands)	**1,552**	1,499	1,579	1,554	1,549
Direct operating cost per passenger	**$ 7.60**	$ 6.26	$ 3.36	$ 3.27	$ 3.12
Direct operating cost per vehicle hour	**$ 105.07**	$ 103.55	$ 103.77	$ 101.79	$ 96.92
Revenue to cost ratio	**26%**	32%	55%	56%	54%

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2021	2020
FINANCIAL ASSETS		
Cash	**$ 108**	$ 828
Accounts receivable (Note 3)	**1,533**	3,468
Due from General Revenue Fund (Note 4)	**23,272**	67,406
	24,913	71,702
LIABILITIES		
Accounts payable and accrued liabilities	**6,265**	4,909
Expropriation liability	**11,051**	11,097
Deferred revenue	**8,839**	12,375
Debt (Note 5)	**262,938**	302,948
	289,093	331,329
NET FINANCIAL LIABILITIES	**(264,180)**	(259,627)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**789,007**	804,292
Inventory (Note 7)	**7,441**	7,862
Prepaid expenses	**925**	899
	797,373	813,053
ACCUMULATED SURPLUS (Note 8)	**$ 533,193**	$ 553,426

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)

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Appropriation from General Revenue Fund	**$ 98,879**	**$ 98,879**	$ 62,757
Sale of goods and services (Note 9)	**57,565**	**42,260**	49,277
Government transfers (Note 10)	**42,023**	**42,004**	74,316
Interest and other	**3,547**	**3,755**	1,335
Total revenues from operations	**202,014**	**186,898**	187,685
EXPENSES			
Operations (Note 11)	**88,495**	**86,414**	82,811
Plant and equipment (Note 12)	**66,531**	**57,908**	55,373
Other departmental (Note 13)	**10,335**	**13,425**	12,289
Client services	**15,484**	**11,782**	12,746
Finance and administration	**3,739**	**3,226**	3,338
Information systems	**2,076**	**1,936**	1,867
Planning, schedules and marketing	**1,510**	**1,410**	1,293
Human resources	**1,010**	**909**	950
Communications	**1,283**	**825**	998
Asset management	**443**	**451**	300
Total expenses from operations (Note 14)	**190,906**	**178,286**	171,965
Transfers to other funds (Note 15)	**11,108**	**11,339**	9,095
Transfer to Capital	**-**	**-**	2,805
Total expenses	**202,014**	**189,625**	183,865
(Deficit) Surplus for the year from operations	**-**	**(2,727)**	3,820
Net (deficit) surplus from capital (Note 16)	**-**	**(17,506)**	1,096
NET (DEFICIT) SURPLUS FOR THE YEAR	**$ -**	**(20,233)**	4,916
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**553,426**	548,510
ACCUMULATED SURPLUS, END OF YEAR		**$ 533,193**	$ 553,426

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net (deficit) surplus for the year	**$ (20,233)**	$ 4,916
Non-cash items related to operations		
Amortization	**36,122**	35,320
Loss on disposal of tangible capital assets	**1,042**	292
Working capital from operations	**16,931**	40,528
Net change in working capital other than cash	**150**	53,384
Other	**(46)**	(595)
	17,035	93,317
FINANCING		
Due from General Revenue Fund	**44,134**	(56,845)
Debenture debt issued	**-**	15,833
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg	**(719)**	(621)
Payments to The Sinking Fund for outstanding long-term debt	**(1,517)**	(1,438)
Payments to loan	**(37,774)**	(6,117)
	4,124	(49,188)
INVESTING		
Purchase of tangible capital assets	**(21,879)**	(43,781)
	(21,879)	(43,781)
(Decrease) increase in cash	**(720)**	348
CASH, BEGINNING OF YEAR	**828**	480
CASH, END OF YEAR	**$ 108**	$ 828

See accompanying notes and schedule to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021. 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

	2021	2020
Fare products, charter and other	**$ 1,533**	$ 1,613
Government of Canada	**-**	1,855
	$ 1,533	$ 3,468

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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

5. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2021**	Amount of Debt 2020
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**	3,000
2020-2051	Nov 15	2.663	WC-8	133/2017	**956**	956
					107,325	107,325
Funds on deposit with the Sinking Funds (Note 5b)					**(17,447)**	(15,211)
Net sinking fund debentures outstanding					**89,878**	92,114

Other long term debt outstanding

	2021	2020
TD Bank loan due October 23, 2035 with a fixed interest rate of 1.96%	**9,393**	9,979
Bank of Montreal loan due August 1, 2034 with a fixed interest rate of 2.92%	**7,845**	8,350
Bank of Nova Scotia revolving term loan	**-**	31,000
General Capital Fund debt issued by the City with varying maturities up to 2035 and a weighted average interest rate of 1.27% (2020 - 1.30%). Individual interest rates range from 0 to 7.25%	**22,013**	25,279
Service concession arrangement obligations (Notes 5c and 17)	**133,809**	136,226
	$ 262,938	$ 302,948

5. *Debt (continued)*

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

	2022	2023	2024	2025	2026	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 107,325
Long term loans	1,118	1,145	1,172	1,201	1,231	11,371
General Capital Fund debt	3,291	3,205	3,117	3,023	2,253	7,124
Service Concession Arrangement	2,525	2,638	2,756	2,879	3,008	120,003
	$ 6,934	$ 6,988	$ 7,045	$ 7,103	$ 6,492	$ 245,823

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) Service concession arrangement obligations are as follows:

	2021	2020
Plenary Roads Winnipeg Transitway LP	**$ 133,809**	$ 136,226

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 2022. 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, 2021, $403.98 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.

d) Included in interest and finance charges expense is $280 thousand (2020 - $330 thousand) paid to the General Capital Fund.

e) Cash paid for interest during the year was $5.3 million (2020 - $5.2 million).

6. *Tangible Capital Assets*

	Net Book Value	
	2021	2020
Vehicles	**$ 167,971**	$ 163,472
Buildings	**107,712**	108,001
Land improvements	**23,464**	19,158
Land	**47,679**	47,268
Roads, bridges and tunnels	**423,982**	436,384
Other	**13,105**	16,304
Assets under construction	**5,094**	13,705
	$ 789,007	$ 804,292

Included in the above net book values are $379.42 million (2020 - $389.17 million) of tangible capital assets that were acquired through a service concession arrangement.

For additional information, see the Schedule of Tangible Capital Assets (Schedule 1).
During the year there were no write-downs of tangible capital assets (2020 - $nil).
Interim financing changes capitalized during 2021 were $74 thousand (2020 - $545 thousand).

7. *Inventory*

	2021	2020
Parts and uniforms	**$ 7,410**	$ 7,825
Tickets, passes and other	**31**	37
	$ 7,441	$ 7,862

8. *Accumulated Surplus*

	2021	2020
Appropriated	$ **14,932**	$ 19,592
Unappropriated	**3,136**	6,632
Retained earnings	**18,068**	26,224
Invested in tangible capital assets	**515,125**	527,202
	$ **533,193**	$ 553,426

9. *Sale of Goods and Services*

	2021 Budget	2021 Actual	2020 Actual
Passenger Fares	$ **54,225**	$ **39,884**	$ 46,915
Advertising rights	**3,004**	**1,931**	2,015
Charter and other	**336**	**445**	347
	$ **57,565**	$ **42,260**	$ 49,277

10. *Government Transfers*

The Provincial Government provided transfers of $40.1 million (2020 - $40.1 million) towards the operation of the Transit System, $1.9 million (2020 - $1.9 million) as a local government support transfer and $3.6 million (2020 - $2.1 million) as a capital transfer.

The Federal Government provided a transfer of $nil (2020 - $32.3 million) 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 $nil (2020 - $4.9 million) as a capital transfer.

11. *Operations*

	2021 Budget	2021 Actual	2020 Actual
Bus operators	$ **77,906**	$ **76,893**	$ 73,801
Inspectors	**6,605**	**5,889**	5,583
Operations administration	**2,293**	**1,821**	1,764
Instruction	**1,691**	**1,811**	1,663
	$ **88,495**	$ **86,414**	$ 82,811

12. *Plant and Equipment*

	2021 Budget	2021 Actual	2020 Actual
Vehicle maintenance and overhaul	$ **30,425**	$ **25,781**	$ 27,179
Bus servicing	**24,128**	**21,515**	16,956
Facilities maintenance	**8,320**	**7,148**	7,709
Maintenance administration	**3,658**	**3,464**	3,529
	$ **66,531**	$ **57,908**	$ 55,373

13. Other Departmental

		2021 Budget		**2021 Actual**		2020 Actual
Interest and finance charges	**$**	**5,729**	**$**	**5,616**	$	5,558
Taxes		**3,380**		**3,302**		3,164
Insurance and claims		**2,656**		**2,562**		1,965
General government charges and other		**1,547**		**1,140**		1,172
Employee benefits		**1,023**		**805**		430
Expenditure Management		**(4,000)**		**-**		-
	$	**10,335**	**$**	**13,425**	$	12,289

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, 2021 is estimated at $7.7 million (2020 - $7.6 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, 2021 at $5.7 million (2020 - $5.9 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, 2021 at $5.8 million (2020 - $5.9 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 $7.6 million (2020 - $9.2 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, $9.3 million (2020 - $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, 2020 and has an actuarial surplus.

b) General government charges

Included in general government charges and other is $813 thousand (2020 - $809 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 $354 thousand (2020 - $309 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

13. *Other Departmental (continued)*

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 2021, realty and business taxes paid to the General Revenue Fund was $1.1 million (2020 - $1.0 million).

e) Insurance

During 2021 $1.2 million was transferred to the Insurance Reserve (2020 - $475 thousand).

f) 311 and business technology services

Included in expenses is $1.0 million (2020 - $1.0 million) that has been charged by the General Revenue Fund for services provided by various City departments.

14. *Expenses by Object*

	2021 Budget	**2021 Actual**	2020 Actual
Salaries and wages	**$ 106,045**	**$ 100,276**	$ 98,516
Materials and supplies	**36,529**	**32,263**	28,743
Employee benefits	**20,488**	**21,160**	19,373
Services	**18,302**	**13,194**	14,636
Interest on debt	**5,638**	**5,585**	5,496
Taxes - municipal and payroll	**3,380**	**3,302**	3,164
Insurance and transfer to Insurance Reserve	**2,953**	**2,774**	2,712
Other	**2,671**	**1,807**	2,017
Recoveries	**(1,100)**	**(2,075)**	(2,692)
Expenditure management	**(4,000)**	**-**	-
	$ 190,906	**$ 178,286**	$ 171,965

15. *Transfers to Other Funds*

	2021 Budget	**2021 Actual**	2020 Actual
Transfer to SW Transit Payment Reserve	**$ 11,108**	**$ 11,108**	$ 9,095
Transfer to Commitment Reserve	**-**	**231**	-
	$ 11,108	**$ 11,339**	$ 9,095

16. Net (Deficit) Surplus from Capital

	2021 Budget	2021 Actual	2020 Actual
Revenues			
Transfer from SW Rapid Transitway Pmt Reserve	**$ -**	**$ 10,530**	$ 12,254
Transfer from Canada Community-Building Fund Reserve	**-**	**7,084**	17,913
Transfer from General Revenue Fund - principal repayment	**5,394**	**5,394**	4,508
Province of Manitoba capital transfers (Note 10)	**-**	**3,553**	2,102
Transfer from capital	**-**	**2,876**	4,097
Government of Canada capital transfers (Note 10)	**-**	**-**	4,939
Other	**-**	**-**	243
Transfer from Transit Bus Replacement Reserve	**-**	**-**	190
	5,394	**29,437**	46,246
Expenses			
Amortization	**5,394**	**36,122**	35,320
Interest	**-**	**5,934**	6,038
Work in process costs expensed in year	**-**	**3,845**	3,500
Loss on disposal of tangible capital assets	**-**	**1,042**	292
	5,394	**46,943**	45,150
	$ -	**$ (17,506)**	$ 1,096

17. Commitments

Service concession arrangements

As disclosed in Note 5(c), 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.

19. Comparative Figures

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

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	$ 299,192	$ 125,905	$ 43,418
Add: Additions during the year	20,925	3,033	5,173
Less: Disposals during the year	(10,516)	-	-
Balance, end of year	309,601	128,938	48,591
Accumulated amortization			
Balance, beginning of year	(135,720)	(17,904)	(24,260)
Add: Amortization	(15,384)	(3,322)	(867)
Less: Accumulated amortization on disposal	9,474	-	-
Balance, end of year	(141,630)	(21,226)	(25,127)
Net Book Value of Tangible Capital Assets	$ 167,971	$ 107,712	$ 23,464

Land		Roads, Bridges, and Tunnels		Other		Assets Under Construction		2021		2020	
$	47,268	$	481,902	$	48,868	$	13,705	**$**	**1,060,258**	$	1,028,993
	411		854		94		(8,611)		**21,879**		43,781
	-		-		-		-		**(10,516)**		(12,516)
	47,679		482,756		48,962		5,094		**1,071,621**		1,060,258
	-		(45,518)		(32,564)		-		**(255,966)**		(232,870)
	-		(13,256)		(3,293)		-		**(36,122)**		(35,320)
	-		-		-		-		**9,474**		12,224
	-		(58,774)		(35,857)		-		**(282,614)**		(255,966)
$	47,679	$	423,982	$	13,105	$	5,094	**$**	**789,007**	$	804,292


Photo: City of 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 $14.6 million in 2021 (2020 - $14.3 million).

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2021	2020	2019	2018	2017
Water rate in dollars (per cu. metre)	**$ 1.90**	$ 1.86	$ 1.82	$ 1.82	$ 1.78
Annual water pumped (million litres)	**72,703**	70,529	71,883	71,330	69,005
Water pumped in litres per capita per day	**258**	252	257	255	252
Average daily water pumped (million litres per day)	**199**	193	197	195	189
Maximum day water pumping rates (million litres per day)	**276**	254	253	262	236
Maximum hour water pumping rates (million litres per day)	**440**	383	374	365	342
Kilometres of aqueduct	**174.5**	174.5	174.5	174.5	174.5
Kilometres of feeder mains	**151.5**	151.5	151.5	151.6	151.6
Kilometres of water mains	**2,698.0**	2,691.6	2,689.5	2,679.4	2,659.8
Number of hydrants	**23,152**	23,107	22,928	22,785	22,376
Number of billed services	**216,021**	214,356	212,403	210,490	208,008

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2021	2020
ASSETS		
Current		
Cash	**$ 2**	$ 2
Due from General Revenue Fund (Note 4)	**30,103**	12,434
Accounts receivable (Note 3)	**28,689**	28,640
Inventories	**1,646**	1,601
Prepaid expenses	**-**	2
	60,440	42,679
Tangible capital assets (Note 5)	**993,707**	992,520
Deferred charges (Note 6)	**1,387**	1,480
	$ 1,055,534	$ 1,036,679
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 8,561**	$ 7,612
Current portion of long-term debt (Note 8)	**3,089**	3,080
	11,650	10,692
Long-term debt (Note 8)	**104,595**	109,914
	116,245	120,606
ACCUMULATED SURPLUS (Note 9)	**939,289**	916,073
	$ 1,055,534	$ 1,036,679

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)

	2021 Budget	2021 Actual	2020 Actual
REVENUES (Schedule 1)			
Sale of goods and services (Note 10)	**$ 133,276**	**$ 141,078**	$ 132,065
Interest	**2,349**	**2,384**	2,169
Government transfers and permits	**2,144**	**2,206**	1,746
Other	**321**	**754**	552
Total revenues	**138,090**	**146,422**	136,532
EXPENSES (Schedules 2 and 3)			
Water distribution	**49,286**	**47,871**	45,495
Debt and finance	**13,769**	**8,457**	8,464
Taxes, employee benefits and other (Note 11)	**7,358**	**7,181**	7,718
Engineering services	**4,074**	**3,832**	3,835
Finance and administration	**4,207**	**3,396**	3,356
Information systems and technology	**2,725**	**2,505**	2,446
Environmental standards	**1,705**	**1,633**	1,512
Customer services	**1,652**	**1,418**	1,391
Human resources	**1,091**	**1,055**	947
Total expenses from operations	**85,867**	**77,348**	75,164
Surplus for the year from operations	**52,223**	**69,074**	61,368
Transfers to other funds (Note 12)	**38,079**	**38,079**	36,094
Net surplus from operations after transfers to other funds	**14,144**	**30,995**	25,275
Net (deficit)/surplus from capital (Schedule 4)	**2,747**	**(7,779)**	(6,283)
NET SURPLUS FOR THE YEAR	**$ 16,891**	**23,216**	18,991
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**916,073**	897,082
ACCUMULATED SURPLUS, END OF YEAR		**$ 939,289**	$ 916,073

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 23,216**	$ 18,991
Non-cash items related to operations		
Amortization	**25,907**	25,318
Working capital from operations	**49,123**	44,309
Change in net working capital other than cash	**865**	(730)
	49,988	43,579
FINANCING		
Amortization of debenture discount	**93**	92
Debenture debt retired	**(253)**	(244)
Due from General Revenue Fund	**(17,669)**	(10,816)
Interest on funds on deposit with The Sinking Fund of the City of Winnipeg	**(2,229)**	(2,011)
Payments to The Sinking Fund for ourtstanding long-term debt	**(2,836)**	(2,836)
	(22,894)	(15,815)
INVESTING		
Purchase of tangible capital assets	**(27,094)**	(27,764)
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

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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*

	2021	2020
Water billings and other	**$ 29,089**	$ 29,040
Allowance for doubtful accounts	**(400)**	(400)
	$ 28,689	$ 28,640

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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

5. *Tangible Capital Assets*

	Net Book Value	
	2021	2020
Underground networks	**$ 674,230**	$ 670,444
Water pumping stations and reservoirs	**288,566**	294,138
Computer	**10,155**	10,182
Road and bridges	**8,913**	9,350
Assets under construction	**4,529**	2,065
Buildings	**4,046**	2,928
Land	**1,791**	1,791
Machinery and equipment	**1,477**	1,622
	$ 993,707	$ 992,520

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

During 2021 and 2020 there were no write-downs of tangible capital assets, and interim financing charges capitalized during 2021 were $124 thousand (2020 - $125 thousand). In addition, underground networks contributed to the City and recorded in the Waterworks System Fund totaled $1.9 million in 2021 (2020 - $1.6 million) and were capitalized at their fair value at the time of receipt.

6. *Deferred Charges*

	2021	2020
Deferred debenture discount	**$ 1,387**	$ 1,480

7. *Accounts Payable and Accrued Liabilities*

	2021	2020
Accrued debenture interest	**$ 3,807**	$ 3,807
Other accrued liabilities	**2,255**	1,901
Trade accounts payable	**1,092**	705
Deferred revenue and other	**758**	638
Performance deposits (miscellaneous capital holdbacks)	**649**	561
	$ 8,561	$ 7,612

8. *Long Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2021**	Amount of Debt 2020
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)					**(53,307)**	(48,242)
Net sinking fund debentures outstanding					**106,693**	111,758

Other long-term debt outstanding

	2021	2020
Canada Mortgage and Housing Corporation ("CMHC") debt, maturity in 2025, interest rate of 3.35%	**991**	1,236
	107,684	112,994
Current portion of long-term debt	**(3,089)**	(3,080)
	$ 104,595	$ 109,914

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

	2022	2023	2024	2025	2026	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 160,000
CMHC	253	261	270	207	-	-
	$ 253	$ 261	$ 270	$ 207	$ -	$ 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 (2020 - $8.5 million).

9. Accumulated Surplus

		2021		2020
Invested in tangible capital assets	**$**	**886,023**	$	879,526
Retained earnings		**53,266**		36,547
	$	**939,289**	$	916,073

10. Revenue

Effective January 1, 2021 the water rate was $1.90 per cubic metre (2020 - $1.86).

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 2021, tax paid to the General Revenue Fund was $3.2 million (2020 - $3.2 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, 2021 is $3.8 million (2020 - $3.9 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2021 is estimated at $1.6 million (2020 - $1.5 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. An actuarial valuation has estimated the unrecorded liability at December 31, 2021 at $2.2 million (2020 - $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, 2021 at $2.9 million (2020 - $3.2 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 (2020 - $3.7 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, 2020 and has disclosed an actuarial surplus.

General government charges

Included in expenses is $1.1 million (2020 - $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 $982 thousand (2020 - $977 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

Insurance and damage claims

Included in expenses is $84 thousand credit (2020 - $116 thousand credit) from the City of Winnipeg Insurance Reserve.

12. Transfers to Other Funds

The Waterworks System transfers to other funds are as follows:

	2021	2020
Transfer to Water Main Renewal Reserve	**$ 19,500**	$ 19,500
Utility dividend transfer to General Revenue	**14,637**	14,262
Transfer to Water Meter Renewal Reserve	**3,942**	2,332
	$ 38,079	$ 36,094

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)

	2021 Budget	2021 Actual	2020 Actual
Sale of goods and services			
Water sales	$ 133,062	$ 140,789	$ 131,844
Fire hydrant and other rentals	146	207	161
Sale of goods and services	68	82	60
	133,276	141,078	132,065
Interest			
Sinking Fund earnings	2,229	2,229	2,011
Capital construction interest	120	124	125
Interest	-	31	33
	2,349	2,384	2,169
Government transfers, permits and other			
Permits and fees	1,359	1,456	979
Provincial support transfer	785	750	767
	2,144	2,206	1,746
Other	321	754	552
Total revenues	$ 138,090	$ 146,422	$ 136,532

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Water treatment and distribution			
Water treatment plant	$ 20,786	$ 20,600	$ 18,874
Water main maintenance	20,389	19,278	18,674
General administration	2,556	2,710	2,475
Railway maintenance and operations	2,627	2,366	2,349
Emergency services	1,568	1,627	1,959
Stores - 552 Plinguet	513	537	459
Intake operation	597	519	459
Mechanical/civil/electrical maintenance allocation	166	162	158
Meter shop	84	72	88
	49,286	47,871	45,495
Corporate Division			
Debt and finance			
Long-term debt			
Interest	8,366	8,364	8,371
Finance charges	93	93	93
Principal	5,310	-	-
	13,769	8,457	8,464
Taxes, employee benefits and other			
Property taxes	3,598	3,604	3,606
General government charges	1,087	1,087	1,083
Rent	982	982	977
Provincial payroll tax	946	819	819
Employee benefits	905	803	868
Insurance and damage claims	619	653	723
Other services	221	56	32
Transfer from insurance reserve	-	(84)	(116)
Recoveries	(1,000)	(739)	(274)
	7,358	7,181	7,718

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Engineering services division			
Water planning	**1,444**	**1,358**	1,316
Design and construction	**481**	**683**	632
Drafting and graphics	**689**	**607**	628
Customer technical services	**445**	**353**	354
Administration	**563**	**320**	344
Asset management	**315**	**302**	331
Services development	**223**	**209**	193
Engineer designate support	**-**	**-**	37
Wastewater planning and projects	**(74)**	**-**	-
Land drainage and flood planning	**(12)**	**-**	-
	4,074	**3,832**	3,835
Finance and administration division			
Customer billing	**3,039**	**2,383**	2,373
Accounting services	**502**	**422**	402
Capital planning	**268**	**241**	235
Office of the Director	**163**	**165**	160
Rates and business analysis	**116**	**94**	94
Knowledge management	**100**	**91**	92
Landfill billing	**19**	**-**	-
	4,207	**3,396**	3,356
Information systems and technology division			
Support services	**1,170**	**1,089**	1,085
Major systems	**1,117**	**951**	913
Planning and design	**438**	**465**	448
	2,725	**2,505**	2,446
Environmental standards division			
Analytical services	**1,148**	**1,098**	976
Compliance	**402**	**372**	372
Administration	**155**	**163**	164
	1,705	**1,633**	1,512
Customer services division			
Customer relations	**1,150**	**1,007**	976
Administration	**314**	**269**	269
Communications	**188**	**142**	146
	1,652	**1,418**	1,391

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Human resources division			
Human resources	**527**	**501**	468
Work place health and safety	**191**	**195**	165
Timekeeping and payroll	**187**	**184**	172
Human resources training	**186**	**175**	142
	1,091	**1,055**	947
Total expenses from operations	**85,867**	**77,348**	75,164
Transfers to other funds (Note 12)			
Transfer to Water Main Renewal Reserve	**19,500**	**19,500**	19,500
Dividend transfer to General Revenue	**14,637**	**14,637**	14,262
Transfer to Water Meter Renewal Reserve	**3,942**	**3,942**	2,332
Total transfers to other funds	**38,079**	**38,079**	36,094
Total expenses	**$ 123,946**	**$ 115,427**	$ 111,258

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2021 Budget	**2021 Actual**	2020 Actual
Transfers	**$ 40,151**	**$ 40,068**	$ 38,045
Salaries	**42,998**	**38,730**	38,183
Goods and services	**38,998**	**37,689**	35,330
Interest on long-term debt	**8,459**	**8,457**	8,463
Employee benefits	**8,267**	**7,627**	7,529
Other expenses	**5,117**	**4,818**	4,956
Grants	**112**	**112**	112
Finance charges	**65**	**74**	63
Principal	**5,310**	**-**	-
Recoveries	**(25,531)**	**(22,148)**	(21,423)
Total expenses	**$ 123,946**	**$ 115,427**	$ 111,258

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2021 Actual	2020 Actual
Revenues		
Transfers		
Water Main Renewal Reserve	**$ 15,809**	$ 14,736
Sewage Disposal System	**387**	2,754
Provincial and Federal Capital	**-**	106
	16,196	17,596
Developer contributions-in-kind	**1,947**	1,568
Total revenue from capital	**18,143**	19,164
Expenses		
Amortization	**25,907**	25,318
Other expenses	**15**	129
Total expenses from capital	**25,922**	25,447
Net (deficit)/surplus from capital	**$ (7,779)**	$ (6,283)

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	$ 11,061	$ 51,366
Add: Additions during the year	-	1,248	70	1,486
Adjustment relating to 2019	-	-	-	-
Less: Disposals during the year	-	-	-	-
Balance, end of year	1,791	7,000	11,131	52,852
Accumulated amortization				
Balance, beginning of year	-	2,824	9,439	41,184
Add: Amortization	-	130	215	1,513
Adjustment relating to 2019	-	-	-	-
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	2,954	9,654	42,697
Net Book Value of Tangible Capital Assets	$ 1,791	$ 4,046	$ 1,477	$ 10,155

Infrastructure				Totals	
Underground Networks	Roads and Bridges	Water Pumping Stations and Reservoirs	Assets Under Construction	**2021**	2020
$ 981,700	$ 11,025	$ 433,099	$ 2,065	**$ 1,497,859**	$ 1,471,337
19,134	-	2,692	2,464	**27,094**	27,764
-	-	-	-	**-**	12
(3,536)	-	-		**(3,536)**	(1,242)
997,298	11,025	435,791	4,529	**1,521,417**	1,497,871
311,256	1,675	138,961	-	**505,339**	481,263
15,348	437	8,264	-	**25,907**	25,318
-	-	-	-	**-**	12
(3,536)	-	-	-	**(3,536)**	(1,242)
323,068	2,112	147,225	-	**527,710**	505,351
$ 674,230	$ 8,913	$ 288,566	$ 4,529	**$ 993,707**	$ 992,520

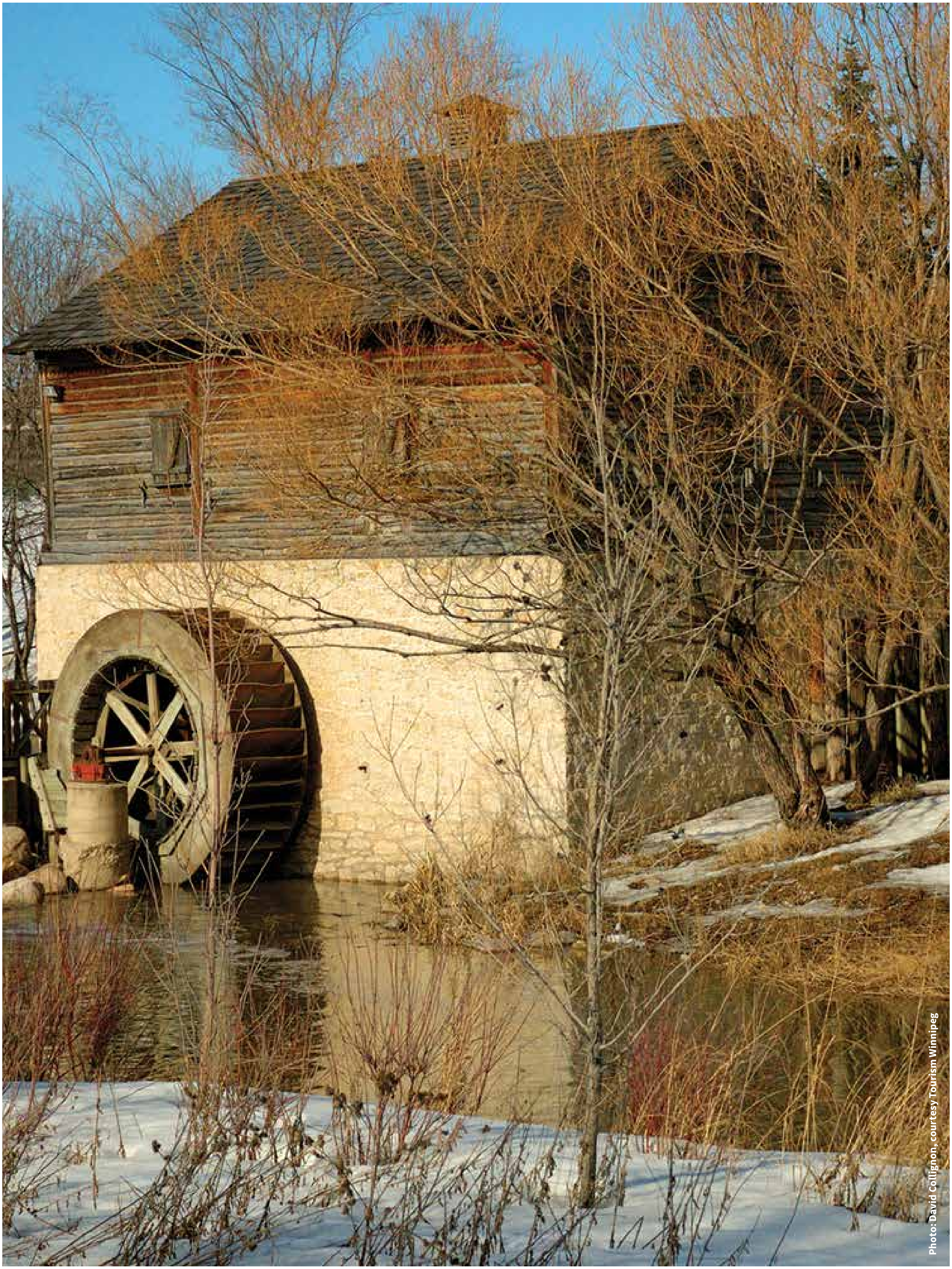

Photo: David Collignon, courtesy Tourism Winnipeg

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 2021, the NEWPCC Headworks Design Build was awarded, as well as a project for Interim Phosphorous Removal. The Biosolids ICIP application was approved by the Province of Manitoba and forwarded to the Federal government for their review.

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 $21.0 million in 2021 (2020 - $20.3 million).

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2021	2020	2019	2018	2017
Rate in dollars (per cubic meter)	**$ 2.86**	$ 2.81	$ 2.80	$ 2.80	$ 2.55
Annual sewage received (million litres)*	**82,275**	86,395	102,482	82,070	91,956
Daily sewage received (million litres)*	**225.0**	236.0	281.0	225.0	252.0
Kilometres of interceptor sewers	**135.4**	135.4	135.4	134.3	133.3
Kilometres of combined sewers	**1,006.7**	1,019.2	1,019.8	1,020.5	1,021.0
Kilometres of wastewater sewers	**1,535.7**	1,519.4	1,517.6	1,503.2	1,485.7
Number of lift stations	**75**	75	75	75	75
Number of billed sewer services	**215,919**	214,252	212,300	210,386	207,903

Note:
* Sewage received is dependent on both levels of precipitation and water conservation efforts.

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2021	2020
ASSETS		
Current		
Cash	**$ 126,816**	$ 1
Due from General Revenue Fund (Note 3)	**143,067**	103,738
Accounts receivable (Note 4)	**58,733**	55,990
Prepaid expenses	**86**	210
Inventory	**513**	572
	329,215	160,511
Long-term receivable	**3,347**	3,920
Tangible capital assets (Note 5)	**1,388,102**	1,338,501
	$ 1,720,664	$ 1,502,932
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 30,461**	$ 29,735
Current portion of long-term debt (Note 7)	**3,029**	3,029
	33,490	32,764
Deferred revenue	**148,615**	21,800
Other liabilities	**2,077**	2,488
Long-term debt (Note 7)	**153,456**	156,634
	337,638	213,686
ACCUMULATED SURPLUS (Note 9)	**1,383,026**	1,289,246
	$ 1,720,664	$ 1,502,932

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)

	2021 Budget	2021 Actual	2020 Actual
REVENUES (Schedule 1)			
Sewer services (Note 10)	**$ 191,309**	**$ 202,770**	$ 190,691
Government transfers, permits and other	**11,246**	**13,847**	12,700
Interest	**799**	**549**	490
Total revenues	**203,354**	**217,166**	203,881
EXPENSES (Schedules 2 and 3)			
Collection, interception and treatment	**54,534**	**53,369**	49,577
Taxes, employee benefits and other (Note 11)	**17,531**	**16,054**	16,064
Engineering services	**6,807**	**6,786**	5,985
Debt and finance	**8,745**	**4,513**	4,299
Finance and administration	**4,292**	**3,399**	3,369
Information systems and technology	**3,634**	**3,083**	3,015
Environmental standards	**3,174**	**2,832**	2,798
Customer services	**1,237**	**1,072**	1,042
Human resources	**1,015**	**965**	867
Office of Sustainability	**411**	**258**	426
Total expenses from operations	**101,380**	**92,331**	87,442
Surplus for the year from operations	**101,974**	**124,835**	116,439
Transfers to other funds (Note 12)	**69,479**	**80,563**	66,661
Net surplus from operations after transfer to other funds	**32,495**	**44,272**	49,778
Net surplus (deficit) from capital (Schedule 4)	**-**	**49,508**	(8,667)
Net surplus for the year	**$ 32,495**	**93,780**	41,111
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**1,289,246**	1,248,135
ACCUMULATED SURPLUS, END OF YEAR		**$ 1,383,026**	$ 1,289,246

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 93,780**	$ 41,111
Non-cash items related to operations		
Amortization	**26,426**	25,660
Loss on disposal of tangible capital assets	**-**	6
Working capital from operations	**120,206**	66,777
Change in net working capital other than cash	**125,143**	172
	245,349	66,949
FINANCING		
Due from General Revenue Fund	**(39,329)**	(63,676)
Debenture debt issued	**-**	59,034
Payments to The Sinking Fund for outstanding long-term debt	**(3,029)**	-
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg	**(149)**	-
	(42,507)	(4,642)
INVESTING		
Purchase of tangible capital assets	**(76,027)**	(62,307)
CASH, BEGINNING OF YEAR	**1**	1
CASH, END OF YEAR	**$ 126,816**	$ 1

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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:

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 2021 sewer rate includes a provision of 35 cents (2020 - 35 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, 2021, 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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

4. *Accounts Receivable*

	2021	2020
Trade Accounts	**$ 52,333**	$ 49,590
Government of Canada	**5,300**	5,300
Province of Manitoba	**1,100**	1,100
	$ 58,733	$ 55,990

5. *Tangible Capital Assets*

	Net Book Value 2021	2020
Underground networks	**$ 767,247**	$ 751,792
Assets under construction	**325,427**	323,925
Sewage treatment plants and lift stations	**291,370**	258,475
Land	**2,375**	2,375
Information technology	**986**	1,132
Land improvement	**344**	424
Buildings	**296**	307
Equipment	**57**	71
	$ 1,388,102	$ 1,338,501

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

During 2021 there was no write-down of tangible capital assets. Interim financing charges capitalized during 2021 were $260 thousand (2020 - $211 thousand). In addition, underground networks contributed to the City and recorded in the Sewage Disposal System Fund totaled $5.5 million in 2021 (2020 - $2 million) and were capitalized at their fair value at the time of receipt.

6. *Accounts Payable and Accrued Liabilities*

	2021	2020
Trade accounts payable	**$ 25,528**	$ 27,411
Other accrued liabilities	**3,742**	1,228
Performance deposits	**659**	564
Accrued debenture interest	**532**	532
	$ 30,461	$ 29,735

7. *Long-term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2021	2020
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**	59,034
					163,034	163,034
Equity in Sinking Fund (Note 7b)					**(6,549)**	(3,371)
Net Sinking fund debentures outstanding					**156,485**	159,663

7. Long-term Debt (continued)

Current portion of long-term debt	**(3,029)**	(3,029)
Net Long-Term Debt	**$ 153,456**	$ 156,634

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

	2022	2023	2024	2025	2026	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 $5.0 million (2020 - $4.2 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, 2021, prepaid expenses include $85 thousand on account of the City's payment of Direct Costs related to the PGS (2020 - $210 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*

	2021	2020
Appropriated	**$ 161,600**	$ 121,664
Unappropriated	**(10,190)**	(11,256)
Retained earnings	**151,410**	110,408
Invested in tangible capital assets	**1,231,616**	1,178,838
	$ 1,383,026	$ 1,289,246

10. *Sewer Services Revenue*

The sewer rate for 2021 was $2.86 per cubic meter (2020 - $2.81). The Environmental Projects Reserve contribution for 2021 was 35 cents per cubic meter (2020 - 35 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 2021, realty taxes paid and transferred to the General Revenue Fund were $11.6 million (2020 - $11.0 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, 2021 is $1.7 million (2020 - $1.7 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, 2021 is estimated at $1.2 million (2020 - $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, 2021 is estimated at $1.2 million (2020 - $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, 2021 at $1.2 million (2020 - $1.3 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 $1.9 million (2020 - $1.8 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, 2020 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 2021, this amounted to $0.9 million (2020 - $0.9 million) and was transferred to the General Revenue Fund.

Rent

Included in expenses is $1.2 million (2020 - $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 $18 thousand (2020 - $15 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:

	2021	2020
Transfer to Environmental Projects Reserve	**$ 21,427**	$ 20,711
Utility dividend transfer to General Revenue Fund	**21,044**	20,325
Transfer to Sewer System Rehabilitation Reserve	**20,000**	12,600
Transfer to Land Drainage System - Capital	**8,818**	5,180
Transfer to Land Drainage System - Operating	**5,332**	4,439
Transfer to Water Meter Renewal Reserve	**3,942**	2,332
Transfer to General Capital Fund	**-**	909
Transfer to Commitment Reserve	**-**	165
	$ 80,563	$ 66,661

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)

	2021 Budget	2021 Actual	2020 Actual
Sewer services	**$ 191,309**	**$ 202,770**	$ 190,691
Government transfers, permits and other			
Industrial waste surcharges	**4,500**	**5,807**	5,297
Hauled waste	**5,150**	**3,963**	4,523
Permits and fees	**400**	**1,957**	1,831
Other	**734**	**1,595**	644
Provincial transfers	**462**	**525**	405
	11,246	**13,847**	12,700
Interest			
Capitalized	**150**	**260**	211
Interest	**500**	**139**	204
Sinking Fund earnings	**149**	**150**	75
	799	**549**	490
Total revenues	**$ 203,354**	**$ 217,166**	$ 203,881

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Collection, interception and treatment			
North end sewage treatment plant	**$ 15,862**	**$ 15,996**	$ 13,991
Local sewer	**6,533**	**7,089**	6,256
South end sewage treatment plant	**8,025**	**6,349**	5,647
Sludge disposal	**6,282**	**6,003**	6,632
Interception system	**3,768**	**4,544**	4,292
Administration	**3,295**	**3,164**	2,860
Mechanical maintenance	**3,125**	**3,070**	3,037
Electrical maintenance/instrumentation	**2,753**	**2,671**	2,639
West end sewage treatment plant	**2,467**	**2,186**	2,102
Civil maintenance	**1,269**	**1,324**	1,208
Process control	**1,155**	**973**	913
	54,534	**53,369**	49,577
Taxes, employee benefits and other			
Property taxes	**11,896**	**11,568**	10,979
Miscellaneous	**2,344**	**1,705**	2,062
Rent	**1,189**	**1,189**	1,138
General government charges	**941**	**941**	936
Insurance and claims	**667**	**667**	610
Employee benefits	**562**	**480**	561
Provincial payroll tax	**432**	**414**	395
Recoveries	**(500)**	**(910)**	(617)
	17,531	**16,054**	16,064
Engineering services			
Sewer connections	**1,100**	**1,761**	1,119
Wastewater planning	**2,393**	**1,267**	2,051
Winnipeg Sewage Treatment Program	**-**	**1,009**	-
Design and construction	**896**	**683**	632
Drafting and graphic	**696**	**607**	628
Asset management	**525**	**527**	556
Customer technical services	**436**	**353**	354
Administrative services	**411**	**320**	344
Engineering services development	**230**	**209**	193
Land drainage and flood planning	**120**	**50**	50
Engineer designate support	**-**	**-**	58
	6,807	**6,786**	5,985

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Debt and finance			
Long-term debt interest	**$ 5,296**	**$ 4,498**	$ 3,869
Finance charges	**3,449**	**15**	430
	8,745	**4,513**	4,299
Finance and administration			
Customer accounts	**3,062**	**2,384**	2,378
Accounting services and administration	**612**	**555**	530
Capital planning	**265**	**227**	222
Rates / business analysis	**244**	**147**	152
Knowledge management	**109**	**86**	87
	4,292	**3,399**	3,369
Information systems and technology			
Support services	**1,855**	**1,494**	1,487
Planning and design	**1,134**	**951**	914
Major systems	**645**	**638**	614
	3,634	**3,083**	3,015
Environmental standards			
Analysis	**1,712**	**1,633**	1,603
Industrial waste	**1,151**	**912**	907
Administration	**176**	**163**	164
Compliance	**135**	**124**	124
	3,174	**2,832**	2,798
Customer services			
Customer relations	**1,159**	**1,008**	976
Administration	**35**	**33**	34
Communications	**43**	**31**	32
	1,237	**1,072**	1,042
Human resources			
Human resources	**489**	**458**	429
Workplace health and safety	**185**	**179**	151
Timekeeping and payroll	**171**	**169**	157
Human resources training	**170**	**159**	130
	1,015	**965**	867
Office of Sustainability	**411**	**258**	426
Total expenses from operations	**$ 101,380**	**$ 92,331**	$ 87,442

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Transfers to other funds (Note 12)			
Transfer to Environmental Projects Reserve	**$ 20,195**	**$ 21,427**	$ 20,711
Utility dividend transfer to General Revenue Fund	**21,044**	**21,044**	20,325
Transfer to Sewer System Rehabilitation Reserve	**16,000**	**20,000**	12,600
Transfer to Land Drainage System - Capital	**3,610**	**8,818**	5,180
Transfer to Land Drainage System - Operating	**4,688**	**5,332**	4,439
Transfer to Water Meter Renewal Reserve	**3,942**	**3,942**	2,332
Transfer to General Capital Fund	**-**	**-**	909
Transfer to Commitment Reserve	**-**	**-**	165
	69,479	**80,563**	66,661
Total expenses	**$ 170,859**	**$ 172,894**	$ 154,103

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2021 Budget	**2021 Actual**	2020 Actual
Transfers to other funds	**$ 69,479**	**$ 80,563**	$ 66,661
Goods and services	**56,657**	**53,300**	49,983
Salaries	**20,360**	**20,100**	19,293
Other expenses	**13,858**	**13,328**	12,583
Interest on long-term debt	**5,295**	**4,498**	3,870
Employee benefits	**3,911**	**3,770**	3,640
Finance charges	**3,449**	**15**	430
Recoveries	**(2,150)**	**(2,680)**	(2,357)
Total expenses	**$ 170,859**	**$ 172,894**	$ 154,103

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 4

NET SURPLUS (DEFICIT) FROM CAPITAL

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

	2021 Actual	2020 Actual
Revenues		
Transfers		
Environmental Projects Reserve	**$ 70,672**	$ 22,488
Sewer System Rehabilitation Reserve	**23,827**	15,651
General Capital Fund	**46**	1,706
Provincial and Federal capital transfers	**-**	815
Transfer from other funds	**-**	200
	94,545	40,860
Developer contributions-in-kind	**5,466**	2,047
Other Capital Funding (Developer Revenue)	**108**	-
Total revenues from capital	**100,119**	42,907
Expenses		
Amortization	**26,426**	25,660
Transfer to Land Drainage System	**22,911**	19,483
Capital maintenance	**887**	3,677
Transfer to Waterworks System	**387**	2,754
Loss on disposal of tangible capital assets	**-**	-
Total expenses from capital	**50,611**	51,574
Net surplus (deficit) from capital	**$ 49,508**	$ (8,667)

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	$ 2,375	806	989	526	1,761
Add: Additions during the year	-	-	-	-	8
Less: Disposals during the year	-	-	(15)	-	-
Balance, end of year	2,375	806	974	526	1,769
Accumulated amortization					
Balance, beginning of year	-	381	682	456	629
Add: Amortization	-	81	11	13	154
Less: Accumulated amortization on disposals	-	-	(15)	-	-
Balance, end of year	-	462	678	469	783
Net Book Value of Tangible Capital Assets	$ 2,375	$ 344	296	$ 57	$ 986

Schedule 5

Infrastructure			Totals	
Underground Networks	Sewage Treatment Plants and Lift Stations	Assets Under Construction	**2021**	2020
1,179,352	479,270	323,925	**$ 1,989,004**	$ 1,926,806
32,307	42,210	1,502	**76,027**	62,307
(261)	-	-	**(276)**	(109)
1,211,398	521,480	325,427	**2,064,755**	1,989,004
427,561	220,794	-	**650,503**	624,946
16,851	9,316	-	**26,426**	25,660
(261)	-	-	**(276)**	(103)
444,151	230,110	-	**676,653**	650,503
$ 767,247	$ 291,370	$ 325,427	**$ 1,388,102**	$ 1,338,501

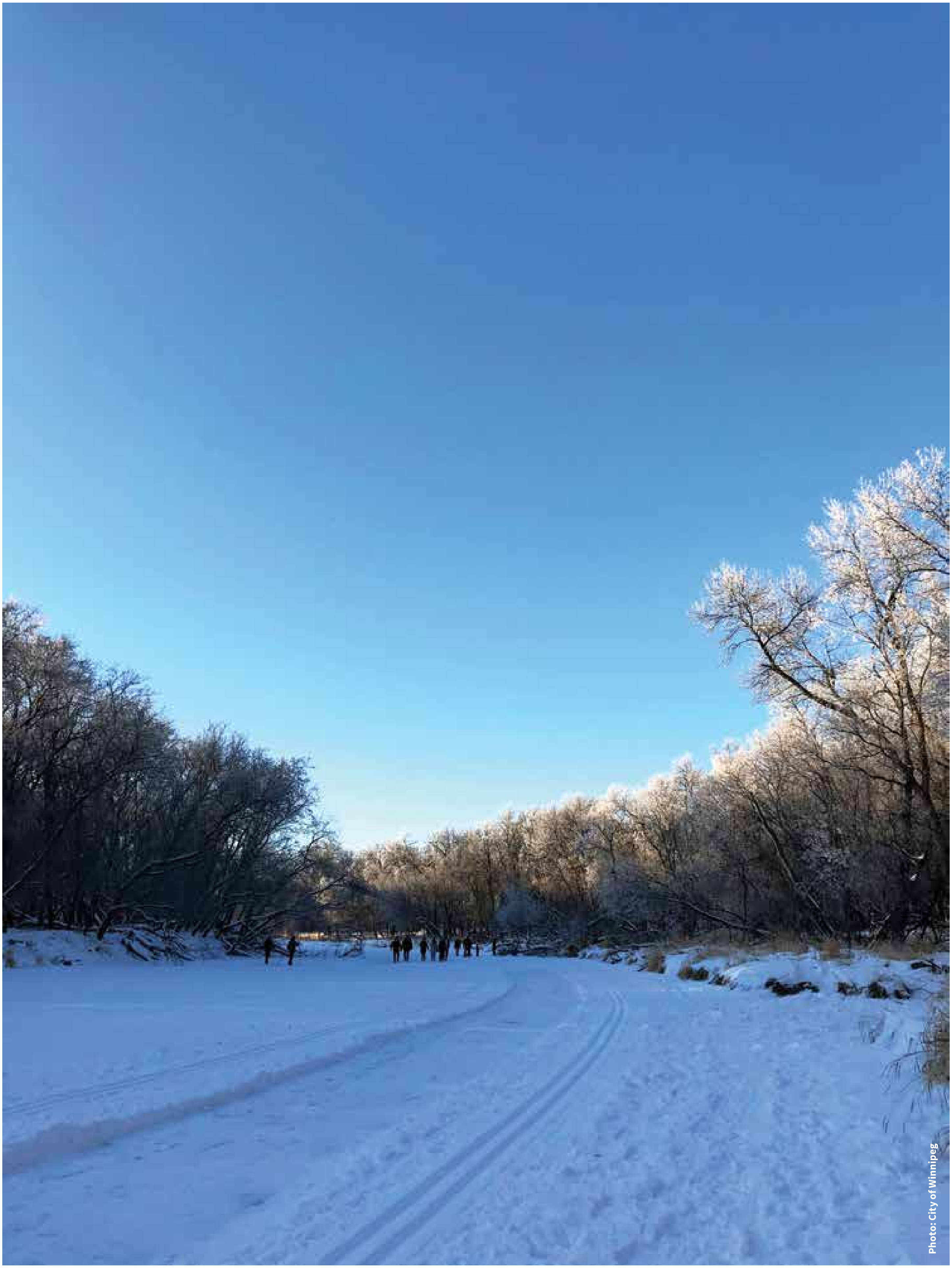

Photo: City of Winnipeg

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 $83.00 per tonne (2020 - $81.00).

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 2021, the City realized $23.4 million in revenue (2020 - $16.0 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 2021 this fee is $0.1808 per day (2020 - $0.1781). 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)

	2021	2020	2019	2018	2017
Solid Waste (tonnes)					
Single family residential	**131,097**	138,420	121,982	119,837	120,300
Multi-family and small commercial	**53,833**	56,150	52,068	52,204	51,909
Large commercial / industrial	**98,225**	87,441	90,276	86,601	91,591
Other	**29,643**	60,509	52,252	71,438	88,891
Charitable organization	**2,747**	2,426	2,522	2,484	2,635
Total landfill tonnage	**315,545**	344,946	319,100	332,564	355,326
Residential small loads Brady 4R Depot Number of loads	**116,836**	119,517	93,090	82,722	69,658
Residential small loads Other 4R Depots (1) Number of loads	**136,060**	131,646	96,328	72,063	18,836
Compostable yard waste Total tonnage	**30,165**	37,252	31,525	33,041	28,528
Recyclables (tonnes)					
Blue cart	**44,736**	45,694	45,367	47,054	47,701
Depots/apartments	**5,559**	5,317	5,489	5,499	6,476
Total recyclables	**50,295**	51,011	50,856	52,553	54,177
Leachate removed Total kilolitres	**57,493**	79,276	49,687	39,541	53,930

(1) 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)

	2021	2020
ASSETS		
Current		
Cash	**$ 440**	$ 193
Due from General Revenue Fund (Note 3)	**8,801**	6,638
Accounts receivable (Note 4)	**11,933**	10,384
	21,174	17,215
Tangible capital assets (Note 5)	**47,079**	48,341
	$ 68,253	$ 65,556
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 4,450**	$ 3,841
Current portion of long-term debt (Note 7)	**914**	2,286
	5,364	6,127
Long-term debt (Note 7)	**22,095**	23,044
	27,459	29,171
ACCUMULATED SURPLUS (Note 8)	**40,794**	36,385
	$ 68,253	$ 65,556

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)

	2021 Budget	2021 Actual	2020 Actual
REVENUES (Schedule 1)			
Sales of services and regulatory fees	**$ 45,820**	**$ 53,804**	$ 46,703
Government transfers and other	**4,687**	**4,203**	4,969
Interest	**222**	**242**	114
Total revenues	**50,729**	**58,249**	51,786
EXPENSES (Schedules 2 and 3)			
Solid waste operations	**47,969**	**42,855**	42,718
Debt and finance	**3,114**	**793**	855
Employee benefits, taxes and other (Note 9)	**653**	**508**	585
Total expenses from operations	**51,736**	**44,156**	44,158
Surplus (deficit) for the year from operations	**(1,007)**	**14,093**	7,628
Transfers to other funds (Note 10)	**305**	**6,816**	345
Surplus (deficit) from operations after transfers to other funds	**(1,312)**	**7,277**	7,283
Net (deficit) surplus from capital (Schedule 4)	**131**	**(2,868)**	802
Net surplus (deficit) for the year	**$ (1,181)**	**4,409**	8,085
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**36,385**	28,300
ACCUMULATED SURPLUS, END OF YEAR		**$ 40,794**	$ 36,385

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 4,409**	$ 8,085
Non-cash items related to operations		
Amortization	**3,344**	3,207
Loss on disposal of tangible capital assets	**-**	141
Working capital from operations	**7,753**	11,433
Change in net working capital other than cash	**(940)**	424
	6,813	11,857
FINANCING		
Due from General Revenue Fund	**(2,163)**	(3,798)
Repayment of loan	**(2,049)**	(2,199)
Payments to The Sinking Fund for outstanding debt	**(237)**	(237)
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg ("The Sinking Fund")	**(35)**	(25)
	(4,484)	(6,259)
INVESTING		
Purchase of tangible capital assets	**(2,082)**	(5,521)
Increase in cash	**247**	77
Cash position, beginning of year	**193**	116
Cash position, end of year	**$ 440**	$ 193

See accompanying notes and schedules to the financial statements

(all tabular amounts are in thousands of dollars, unless otherwise noted)

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, 2021, 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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

4. *Accounts Receivable*

	2021	2020
Landfill tipping, recycling and waste diversion	**$ 12,173**	$ 10,624
Allowance for doubtful accounts	**(240)**	(240)
	$ 11,933	$ 10,384

5. *Tangible Capital Assets*

	Net Book Value 2021	2020
Land	**$ 803**	$ 803
Land improvements	**29,267**	28,693
Building and improvements	**14,407**	15,132
Machinery and equipment	**2,120**	3,186
Information technology	**321**	324
	46,918	48,138
Assets under construction	**161**	203
	$ 47,079	$ 48,341

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

During the year, there were no write-downs of tangible capital assets (2020 - $nil).
Interim financing charges capitalized during 2021 were $31 thousand (2020 - $23 thousand).

6. *Accounts Payable and Accrued Liabilities*

	2021	2020
Trade accounts payable	**$ 2,476**	$ 1,548
Waste Reduction and Recycling Support Levy	**1,677**	1,791
Other accrued liabilities	**256**	461
Accrued debenture interest payable	**41**	41
	$ 4,450	$ 3,841

7. *Long-Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2021	2020
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)					**(1,055)**	(783)
Net Sinking Fund Debentures outstanding					**12,031**	12,303

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%	**$ 10,978**	$ 11,634
TD Commercial Bank loan with a maturity date of November 13, 2021 and an interest rate of 2.63%	**-**	1,393
	10,978	13,027
Total Debt Outstanding	**23,009**	25,330
Current portion of debentures	**(237)**	(237)
Current portion of loan	**(677)**	(2,049)
Current Portion of Debt	**(914)**	(2,286)
Long-term Debt	**$ 22,095**	$ 23,044

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

	2022	2023	2024	2025	2026	2027 and Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 13,086
Other debt	677	698	719	742	766	7,376
	$ 677	$ 698	$ 719	$ 742	$ 766	$ 20,462

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 $0.8 million (2020 - $0.9 million).

8. Accumulated Surplus

	2021	2020
Appropriated	**$ 3,768**	$ 2,277
Unappropriated	**12,954**	11,096
Retained earnings	**16,722**	13,373
Invested in tangible capital assets	**24,072**	23,012
	$ 40,794	$ 36,385

9. *Employee Benefits, Taxes and Other*

Property taxes

Property taxes represent full taxes paid to The City of Winnipeg General Revenue Fund. In 2021, the amount incurred was $55 thousand (2020 - $58 thousand).

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, 2021 is $358 thousand (2020 - $386 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, 2021 is estimated at $487 thousand (2020 - $919 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, 2021 at $280 thousand (2020 - $270 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, 2021 at $199 thousand (2020 - $208 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 2021, $424 thousand (2020 - $455 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, 2020 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 2021 this amounted to $140 thousand (2020 - $140 thousand) and was transferred to the General Revenue Fund.

Rent

Included in various expense categories is an amount of $206 thousand (2020 - $205 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

10. *Transfers to Other Funds*

	2021	2020
Transfer to Waste Diversion Reserve	**$ 6,500**	$ -
Transfer to Landfill Rehabilitation Reserve	**316**	345
Total Transfers to Other Funds	**$ 6,816**	$ 345

11. Related Party Transactions

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

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 1

REVENUES

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

	2021 Budget	2021 Actual	2020 Actual
Sales of services and regulatory fees			
Recycling	**$ 16,730**	**$ 23,382**	$ 16,009
Landfill tipping fees	**14,707**	**15,193**	15,776
Waste diversion user fee	**13,247**	**13,784**	13,375
Small load fees	**1,136**	**1,445**	1,543
	45,820	**53,804**	46,703
Government transfers and other			
Waste reduction support	**4,245**	**3,693**	4,515
Provincial support	**442**	**510**	454
	4,687	**4,203**	4,969
Interest			
Late payment charges and returned payments	**97**	**164**	62
Sinking fund earnings	**35**	**35**	25
Interest capitalized	**90**	**31**	23
Interest	**-**	**12**	4
	222	**242**	114
Total revenues	**$ 50,729**	**$ 58,249**	$ 51,786

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Solid waste operations			
Recycling	**$ 23,262**	**$ 22,783**	$ 22,103
Waste minimization	**11,197**	**8,668**	8,936
Brady Road Resource Management Facility	**10,110**	**8,194**	8,405
Landfill and environmental	**2,281**	**1,744**	2,140
Administration	**231**	**734**	400
Support services	**888**	**732**	734
	47,969	**42,855**	42,718
Debt and finance			
Interest on long-term debt	**793**	**793**	855
Principal	**2,321**	**-**	-
	3,114	**793**	855
Employee benefits, taxes and other			
Employee benefits	**307**	**172**	241
General government charges	**140**	**140**	140
Provincial payroll tax	**121**	**117**	123
Property taxes	**61**	**54**	58
Insurance and damage claims	**22**	**22**	20
Other	**2**	**3**	3
	653	**508**	585
Total Expenses from Operations	**51,736**	**44,156**	44,158
Transfers to other funds (Note 10)			
Transfer to Waste Diversion Reserve	**-**	**6,500**	-
Transfer to Landfill Rehabilitation Reserve	**305**	**316**	345
	305	**6,816**	345
Total expenses	**$ 52,041**	**$ 50,972**	$ 44,503

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 3

EXPENSES BY OBJECT

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

	2021 Budget	2021 Actual	2020 Actual
Goods and services	**$ 41,197**	**$ 36,575**	$ 36,708
Transfers	**305**	**6,816**	345
Salaries	**5,580**	**4,629**	4,891
Employee benefits	**1,224**	**984**	1,033
Interest on long-term debt	**3,114**	**792**	855
Finance charges	**170**	**171**	145
Recoveries	**(295)**	**(23)**	(232)
Other expenses	**746**	**1,028**	758
Total expenses	**$ 52,041**	**$ 50,972**	$ 44,503

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 4

(DEFICIT) SURPLUS FROM CAPITAL

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

	2021 Actual	2020 Actual
Revenues		
Provincial and Federal Support	**$ 882**	$ 658
Transfer from Landfill Rehabilitation Reserve Fund	**484**	3,392
Transfer from Waste Diversion Reserve Fund	**364**	487
Other Revenue	**64**	20
Proceeds from sale of assets	**-**	13
Total revenues from capital	**1,794**	4,570
Expenses		
Amortization	**3,344**	3,207
Capital maintenance	**695**	13
Capital studies and other equipment	**623**	548
Total expenses from capital	**4,662**	3,768
Net (deficit) surplus from capital	**$ (2,868)**	$ 802

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	$ 803	$ 38,779	$ 18,311	$ 13,702
Add: Additions (completions) during the year	-	2,071	-	-
Less: Disposals during the year	-	-	-	-
Balance, end of year	803	40,850	18,311	13,702
Accumulated amortization				
Balance, beginning of year	-	10,086	3,179	10,516
Add: Amortization	-	1,497	725	1,066
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	11,583	3,904	11,582
Net Book Value of Tangible Capital Assets	$ 803	$ 29,267	$ 14,407	$ 2,120

		Totals	
Information Technology	**Assets Under Construction**	**2021**	2020
$ 625	**$ 203**	**$ 72,423**	$ 67,156
53	**(42)**	**2,082**	5,521
-	**-**	**-**	(254)
678	**161**	**74,505**	72,423
301	**-**	**24,082**	20,988
56	**-**	**3,344**	3,207
-	**-**	**-**	(113)
357	**-**	**27,426**	24,082
$ 321	**$ 161**	**$ 47,079**	$ 48,341

Photo: 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:	**2021**	2020	2019	2018	2017
Number of stormwater retention basins	**109**	105	101	102	92
Number of permanent 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	**1,276**	1,263	1,260	1,243	1,218
Kilometers of storm relief mains	**177**	184	183	184	188
Peak river elevations (>8.5 feet) - spring	**7.38**	18.95	18.33	15.67	19.31
Peak river elevations (>8.5 feet) - summer	**7.06**	14.48	12.53	7.61	7.15
Meters of city owned riverbank protected (1) annually	**1,400**	-	-	150	70
Number of waterway permits issued	**127**	145	123	136	116

Note:

1 1050 meters for Wellington Crescent and 350 meters for Lyndale Drive

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2021	2020
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 21,900**	$ 18,690
Accounts receivable	**160**	1,256
	22,060	19,946
Long-term receivable (Note 3b)	**282**	1,849
Tangible capital assets (Note 4)	**924,152**	905,389
	$ 946,494	$ 927,184
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 5,535**	$ 5,035
Current portion of long-term debt (Note 6)	**273**	266
	5,808	5,301
Deferred Revenue	**16,669**	13,574
Long-term debt (Note 6)	**1,480**	1,753
	23,957	20,628
ACCUMULATED SURPLUS (Note 7)	**922,537**	906,556
	$ 946,494	$ 927,184

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)

	2021 Budget	2021 Actual	2020 Actual
REVENUES (Schedule 1)			
Transfer from Sewage Disposal (Note 8)	**$ 4,688**	$ **5,332**	$ 4,439
Government transfers, permits and other	**300**	**382**	433
Interest	**-**	**16**	59
Total revenues	**4,988**	**5,730**	4,931
EXPENSES (Schedules 2 and 3)			
Local land drainage maintenance	**2,032**	**3,087**	2,310
Support services allocation	**1,195**	**1,214**	1,189
Flood pumping stations	**988**	**731**	833
Storm water retention	**402**	**595**	474
Debt and finance	**321**	**57**	62
Lot grades	**50**	**46**	50
Flood costs	**-**	**-**	13
Total expenses from operations	**4,988**	**5,730**	4,931
Surplus for the year from operations	**-**	**-**	-
Net surplus from capital (Schedule 4)	**-**	**15,981**	11,260
Net surplus for the year	**$ -**	**15,981**	11,260
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**906,556**	895,296
ACCUMULATED SURPLUS, END OF YEAR		**$ 922,537**	$ 906,556

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 15,981**	$ 11,260
Non-cash items related to operations		
Amortization	**19,885**	19,442
Working capital from operations	**35,866**	30,702
Change in net working capital other than cash	**4,691**	402
	40,557	31,104
FINANCING		
Due from General Revenue Fund	**(3,210)**	(2,253)
Due from General Capital Fund	**1,567**	1,370
Payment to loan	**(266)**	(259)
	(1,909)	(1,142)
INVESTING		
Purchase of tangible capital assets	**(38,648)**	(29,962)
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, 2021
(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, 2021, 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, 2021 effective interest rate was 0.2% (2020 - 0.2%)

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 **2021**	Net Book Value 2020
Land	**$ 881**	$ 881
Land improvement	**206**	250
Information technology	**1,146**	1,420
Underground networks	**905,073**	886,633
Sewage treatment plants and lift stations	**16,802**	16,170
Assets under construction	**44**	35
	$ 924,152	$ 905,389

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 $6.8 million (2020 - $2.9 million) and were capitalized at their fair value at the time of receipt.

5. *Accounts Payable and Accrued Liabilities*

	2021	2020
Performance deposits	**$ 4,408**	$ 3,871
Trade accounts payable	**1,127**	1,164
	$ 5,535	$ 5,035

6. *Long-term Debt*

	2021	2020
Other debt outstanding		
TD Commercial Bank loan with a maturity date of December 22, 2027 and an interest rate of 2.87%	**$ 1,753**	$ 2,019
Total Debt Outstanding	**1,753**	2,019
Current portion of debentures	**-**	-
Current portion of long-term debt	**(273)**	(266)
Current Portion of Debt	**(273)**	(266)
Net Long-Term Debt	**$ 1,480**	$ 1,753

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

	2022	2023	2024	2025	2026	Thereafter
Other debt	$ 273	$ 281	$ 287	$ 299	$ 306	$ 307

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 $0.05 million (2020 - $0.06 million).

7. *Accumulated Surplus*

	2021	2020
Invested in tangible capital assets	**$ 922,716**	$ 906,514
Retained earnings	**(179)**	42
	$ 922,537	$ 906,556

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, 2021.

Insurance and damage claims

Included in expenses is $11.7 thousand (2020 - $10.6 thousand) 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)

	2021 Budget	2021 Actual	2020 Actual
Transfer from Sewage Disposal System	**$ 4,688**	**$ 5,332**	$ 4,439
Government transfers, permits and other			
Building lot grade permits	**300**	**382**	279
Provincial grants - other	**-**	**-**	154
	300	**382**	433
Interest	**-**	**16**	59
Total revenues	**$ 4,988**	**$ 5,730**	$ 4,931

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 2

EXPENSES

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

	2021 Budget	2021 Actual	2020 Actual
Collection, interception and treatment			
Local land drainage maintenance	$ 2,032	$ 3,087	$ 2,310
Support services allocation	1,195	1,214	1,189
Flood pumping stations	988	731	833
Storm water retention	402	595	474
Lot grades	50	46	50
Flood costs	-	-	13
	4,667	5,673	4,869
Debt and finance			
Long-term debt interest	55	57	62
Finance charges	266	-	-
	321	57	62
Total expenses from operations	$ 4,988	$ 5,730	$ 4,931

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2021 Budget	**2021 Actual**	2020 Actual
Goods and services	**$ 4,665**	**$ 5,682**	$ 4,877
Interest on long-term debt	**55**	**57**	62
Salaries	**2**	**3**	3
Amortization/sinking fund	**266**	**-**	-
Other expenses	**-**	**(12)**	(11)
Total expenses	**$ 4,988**	**$ 5,730**	$ 4,931

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2021 Actual	2020 Actual
Revenues		
Transfer from Sewage Disposal System	**$ 31,729**	$ 24,663
Transfer utility capital - allocated	**5,789**	4,781
Transfer utility capital - unallocated	**(8,818)**	(4,980)
Transfer from General Capital Fund	**-**	2,282
	28,700	26,746
Developer contributions-in-kind	**6,824**	2,903
Provincial capital grants	**344**	1,256
	7,168	4,159
Total revenues from capital	**35,868**	30,905
Expenses		
Amortization	**19,885**	19,442
Contracts Construction & Maintenance (WIP Expense)	**2**	3
Transfer to Sewage Disposal System	**-**	200
Total expenses from capital	**19,887**	19,645
Net surplus from capital	**$ 15,981**	$ 11,260

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**	**$ 440**	**$ 5,217**
Add: Additions (completions) during the year	**-**	**-**	**-**
Less: Disposals during the year	**-**	**-**	**-**
Balance, end of year	**881**	**440**	**5,217**
Accumulated amortization			
Balance, beginning of year	**-**	**190**	**3,798**
Add: Amortization	**-**	**44**	**273**
Less: Accumulated amortization on disposals	**-**	**-**	**-**
Balance, end of year	**-**	**234**	**4,071**
Net Book Value of Tangible Capital Assets	**$ 881**	**$ 206**	**$ 1,146**

Schedule 5

Infrastructure			Totals	
Underground Networks	**Lift Stations**	**Assets Under Construction**	**2021**	2020
$ 1,400,674	**$ 25,512**	**$ 36**	**$ 1,432,760**	$ 1,402,797
37,552	**1,088**	**8**	**38,648**	29,962
-	**-**	**-**	**-**	-
1,438,226	**26,600**	**44**	**1,471,408**	1,432,759
514,043	**9,340**	**-**	**527,371**	507,928
19,110	**458**	**-**	**19,885**	19,442
-	**-**	**-**	**-**	-
533,153	**9,798**	**-**	**547,256**	527,370
$ 905,073	**$ 16,802**	**$ 44**	**$ 924,152**	$ 905,389

Photo: Simeon Rusnak, courtesy Tourism Winnipeg

2021 Special Operating Agencies

Detailed Financial Statements

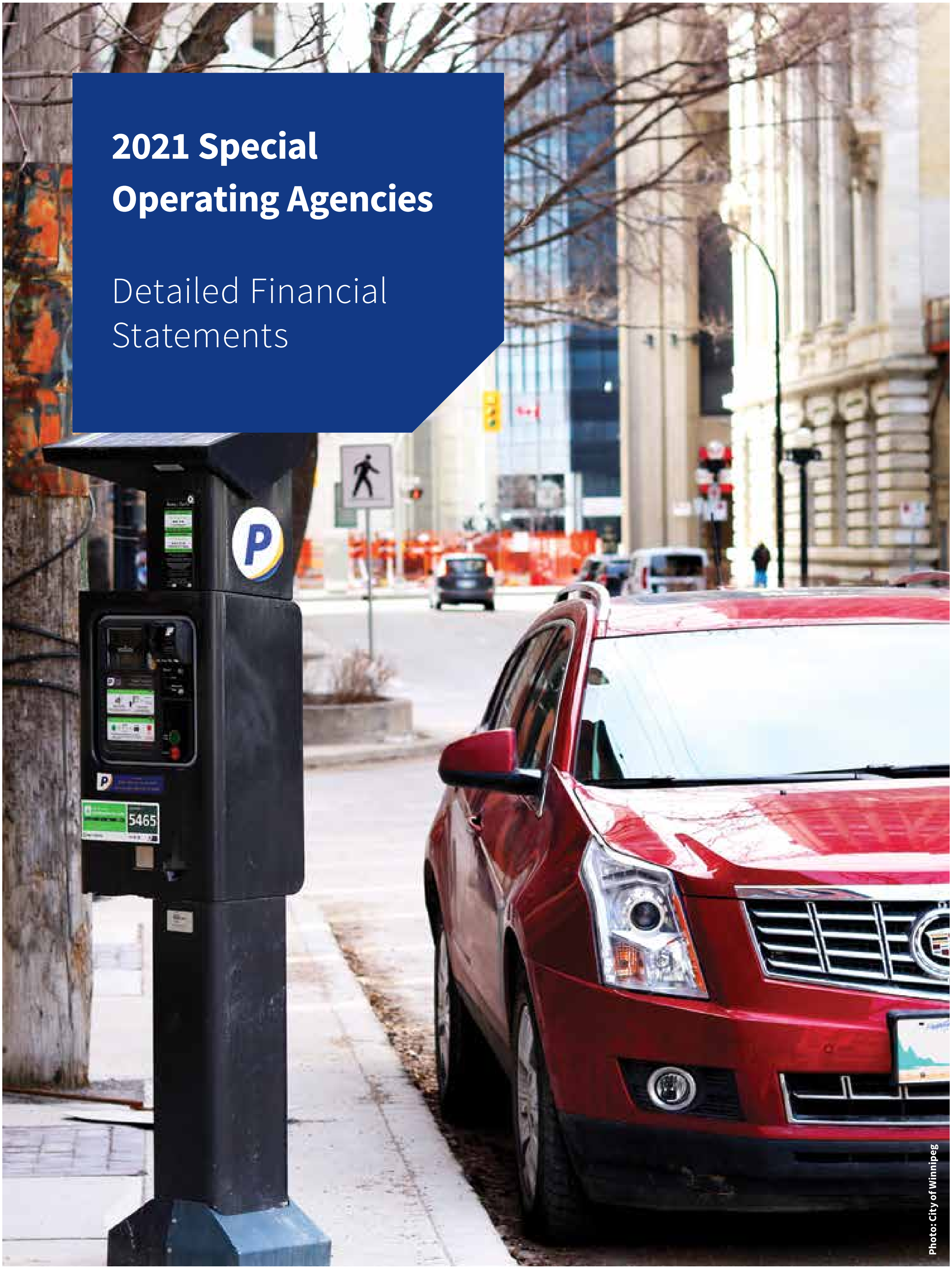

Photo: City of Winnipeg

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31

	2021	2020
FINANCIAL ASSETS		
Cash	**$ 50,449**	$ 17,182
Due from the City of Winnipeg - General Revenue Fund (Note 3)	**3,592,507**	2,956,942
	3,642,956	2,974,124
LIABILITIES		
Accounts payable and accrued liabilities	**247,776**	229,460
Deferred revenue	**1,669,539**	1,570,551
Vacation and overtime payable	**90,456**	103,611
Retirement allowances and compensated absences (Note 4a)	**169,000**	155,000
	2,176,771	2,058,622
NET FINANCIAL ASSETS	**1,466,185**	915,502
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	**-**	4,795
ACCUMULATED SURPLUS (Note 6)	**$ 1,466,185**	$ 920,297

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 2021	Actual 2021	Actual 2020
REVENUES			
Regulation fees	**$ 2,419,558**	**$ 2,515,614**	$ 2,380,647
Transfer (Note 8)	**1,271,219**	**1,271,219**	771,219
Sales of goods and services	**67,300**	**52,384**	72,326
Government transfers	**27,259**	**27,309**	27,992
Other revenue	**126,000**	**181,345**	172,733
Total Revenues	**3,911,336**	**4,047,871**	3,424,917
EXPENSES			
Salaries and employee benefits	**2,027,358**	**1,781,081**	1,698,779
Grants, transfers and other	**833,893**	**837,544**	835,495
Services (Note 9)	**283,618**	**234,950**	254,813
Administrative expenses (Note 9)	**226,726**	**226,726**	226,364
Rent (Note 9)	**205,167**	**205,167**	205,167
Materials, parts and supplies	**131,606**	**148,794**	152,979
Debt and finance charges	**38,602**	**50,812**	47,724
Assets and purchases	**9,229**	**12,114**	21,614
Amortization	**5,000**	**4,795**	6,849
Total Expenses	**3,761,199**	**3,501,983**	3,449,784
Surplus/(Deficiency) of Revenues Over Expenses	**$ 150,137**	**545,888**	(24,867)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**920,297**	945,164
ACCUMULATED SURPLUS, END OF YEAR (Note 6)		**$ 1,466,185**	$ 920,297

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:

	2021	2020
OPERATING		
Surplus (deficiency) of revenues over expenses	**$ 545,888**	$ (24,867)
Non-cash charges to operations		
Amortization	**4,795**	6,849
Retirement allowances and compensated absences	**14,000**	14,000
	564,683	(4,018)
Net change in non-cash working capital balances related to operations	**104,149**	52,735
Cash provided by operating activities	**668,832**	48,717
FINANCING		
Change in due from The City of Winnipeg - General Revenue Fund	**(635,565)**	(49,234)
Increase (decrease) in cash	**33,267**	(517)
CASH, BEGINNING OF YEAR	**17,182**	17,699
CASH, END OF YEAR	**$ 50,449**	$ 17,182

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 2021	Actual 2021	Actual 2020
Surplus (Deficiency) of Revenues Over Expenses	**$ 150,137**	**$ 545,888**	$ (24,867)
Amortization of tangible capital assets	**5,000**	**4,795**	6,849
INCREASE (DECREASE) IN NET FINANCIAL *ASSETS*	**155,137**	**550,683**	(18,018)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**915,502**	**915,502**	933,520
NET FINANCIAL ASSETS, END OF YEAR	**$ 1,070,639**	**$ 1,466,185**	$ 915,502

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, 2021

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, 2021, 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, 2021 effective interest rate was 0.2% (2020 - 0.2%).

4. *Employee Benefits*

a) Retirement allowances and compensated absences

	2021	2020
Retirement allowances - accrued benefit liability	**$ 96,000**	$ 91,000
Compensated absences	**73,000**	64,000
	$ 169,000	$ 155,000

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 (2020 - 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 obligation was calculated as of July 31, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2021 using updated 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:

	2021		2020	
	Retirement allowances	**Compensated absences**	Retirement allowances	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 41,000**	**$ 61,000**	$ 52,000	$ 74,000
Current service cost	**6,000**	**13,000**	5,000	11,000
Interest cost	**1,000**	**1,000**	1,000	2,000
Benefit payments	**-**	**(6,000)**	-	(7,000)
Net actuarial (gain)	**(7,000)**	**(3,000)**	(17,000)	(19,000)
Balance, end of year	**41,000**	**66,000**	41,000	61,000
Unamortized net actuarial loss	**55,000**	**7,000**	50,000	3,000
Accrued benefit liability	**$ 96,000**	**$ 73,000**	$ 91,000	$ 64,000
Benefit expenses:				
Current service cost	**$ 6,000**	**$ 13,000**	$ 5,000	$ 11,000
Interest cost	**1,000**	**1,000**	1,000	2,000
Amortization of net actuarial (gain) loss	**(2,000)**	**1,000**	-	2,000
	$ 5,000	**$ 15,000**	$ 6,000	$ 15,000
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 91,000**	**$ 64,000**	$ 85,000	$ 56,000
Benefit expense	**5,000**	**15,000**	6,000	15,000
Benefit payments	**-**	**(6,000)**	-	(7,000)
Balance, end of year	**$ 96,000**	**$ 73,000**	$ 91,000	$ 64,000

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

	2021	2020
Valuation interest rate	**2.40%**	1.80%
General increases in pay	**2.50%**	2.50%
Expected average remaining service life	**19 years**	19 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 $142,529 (2020 - $133,374) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2020 and has disclosed an actuarial surplus.

5. Tangible Capital Assets

	Net Book Value **2021**	Net Book Value 2020
Computer equipment	**$ -**	$ 4,795

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

6. Accumulated Surplus

	Actual 2021	Actual 2020
Invested in tangible capital assets	**$ -**	$ 4,795
Operating	**1,466,185**	915,502
	$ 1,466,185	$ 920,297

7. Commitments

The Agency and the Winnipeg Humane Society entered into a contract effective January 1, 2022 to December 31, 2024. 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 $822,273 per year.

8. Transfer from The City of Winnipeg

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

2017	$ 1,319,574
2018	1,295,396
2019	771,219
2020	771,219
2021	1,271,219

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 (2020 - $205,167) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $146,860 (2020 - $146,860). Also included are lease costs of $57,005 (2020 - $87,143) to The City of Winnipeg Fleet Management - Special Operating Agency and $79,866 (2020 - $79,504) 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	2021 Total	2020 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	**172,055**	**121,375**	**52,911**	**66,818**	**413,159**	406,310
Add:						
Amortization	**4,795**	**-**	**-**	**-**	**4,795**	6,849
Less:						
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**176,850**	**121,375**	**52,911**	**66,818**	**417,954**	413,159
Net Book Value of Tangible Capital Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ 4,795

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)

	2021	2020
FINANCIAL ASSETS		
Accounts receivable (Note 3)	**$ 160**	$ 129
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Notes 4 and 9)	**1,442**	3,343
Accounts payable and accrued liabilities	**205**	66
Deferred revenue	**196**	168
Debt (Note 5)	**2,662**	2,707
Accrued employee benefits (Note 6a)	**183**	155
	4,688	6,439
NET FINANCIAL LIABILITIES	**(4,528)**	(6,310)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**22,672**	22,650
Inventories	**31**	32
	22,703	22,682
ACCUMULATED SURPLUS (Note 8)	**$ 18,175**	$ 16,372

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 2021	Actual 2021	Actual 2020
REVENUES			
Green fees	**$ 1,853**	**$ 2,817**	$ 2,437
Transfer from The City of Winnipeg - General Revenue Fund (Note 9)	**730**	**730**	730
Equipment rentals	**421**	**711**	603
Net revenue from leasing operations	**190**	**307**	207
Merchandise sales	**61**	**108**	87
Transfer from Sewage Disposal System Fund	**-**	**103**	12
Concessions	**44**	**61**	58
Transfer from Land Dedication Reserve Fund	**-**	**-**	31
Transfer from General Capital Fund	**-**	**-**	10
Other	**48**	**53**	67
Total Revenues	**3,347**	**4,890**	4,242
EXPENSES			
Salaries and employee benefits (Note 6)	**1,554**	**1,420**	1,274
Services (Note 9)	**560**	**850**	664
Amortization	**243**	**245**	237
Supplies	**224**	**426**	235
Interest (Notes 4 and 5)	**66**	**6**	25
Other	**46**	**140**	71
Total Expenses	**2,693**	**3,087**	2,506
Annual Surplus	**$ 654**	**1,803**	1,736
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**16,372**	14,636
ACCUMULATED SURPLUS, END OF YEAR		**$ 18,175**	$ 16,372

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 1,803**	$ 1,736
Non-cash charges to operations		
Amortization	**245**	237
Retirement allowance and compensated absences	**13**	21
	2,061	1,994
Net change in non-cash working capital balances related to operations	**152**	(27)
Cash provided by operating activities	**2,213**	1,967
CAPITAL		
Acquisition of tangible capital assets	**(267)**	(181)
Proceeds on disposal of tangible capital assets	**-**	10
Cash used in capital activities	**(267)**	(171)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(1,901)**	(1,753)
Repayment of debt - The City of Winnipeg	**(45)**	(43)
Cash used in financing activities	**(1,946)**	(1,796)
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 2021	Actual 2021	Actual 2020
ANNUAL SURPLUS	**$ 654**	**$ 1,803**	$ 1,736
Amortization of tangible capital assets	**243**	**245**	237
Acquisition of tangible capital assets	**(145)**	**(267)**	(181)
Proceeds on disposal of tangible capital assets	**-**	**-**	10
Change in inventories and prepaid expenses	**(1)**	**1**	21
DECREASE IN NET FINANCIAL LIABILITIES	**751**	**1,782**	1,823
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(7,335)**	**(6,310)**	(8,133)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (6,584)**	**$ (4,528)**	$ (6,310)

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, 2021
(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, 2021, 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 $93 thousand (2020 - $76 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*

		2021		2020
Trade accounts receivable	**$**	**160**	$	129
Allowance for doubtful accounts		**-**		-
	$	**160**	$	129

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 of Canada rate. The December 31, 2021 effective interest rate was 0.20% (2020 - 0.20%).

Interest paid to The City of Winnipeg - General Revenue Fund was $6 thousand (2020 - $25 thousand).

5. *Debt*

		2021		2020
The City of Winnipeg - General Revenue Fund				
Start-up loan, non-interest bearing	**$**	**2,662**	$	2,707

a) Principal repayments due within the next five years and thereafter are as follows:

2022	$	48
2023		51
2024		55
2025		58
2026		61
Thereafter		2,389
	$	2,662

6. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

		2021		2020
Retirement allowance - accrued liability	**$**	**53**	$	50
Vacation		**53**		38
Compensated absences		**77**		67
	$	**183**	$	155

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 (2020 - 13.1 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, 2021 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:

	2021		2020	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 44**	**$ 94**	$ 94	$ 91
Current service cost	**5**	**14**	6	11
Interest cost	**1**	**2**	2	3
Benefit payments	**(3)**	**(12)**	(1)	(9)
Net actuarial (gain)	**(3)**	**(5)**	(57)	(2)
Balance, end of year	**44**	**93**	44	94
Unamortized net actuarial gain (loss)	**9**	**(16)**	6	(27)
Accrued benefit liability	**$ 53**	**$ 77**	$ 50	$ 67
Benefit expense consists of the following:				
Current service cost	**$ 5**	**$ 14**	$ 6	$ 11
Interest cost	**1**	**2**	2	3
Amortization of net actuarial loss	**-**	**6**	3	6
	$ 6	**$ 22**	$ 11	$ 20
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 50**	**$ 67**	$ 40	$ 56
Benefits expense	**6**	**22**	11	20
Benefits payments	**(3)**	**(12)**	(1)	(9)
Balance, end of year	**$ 53**	**$ 77**	$ 50	$ 67

The significant actuarial assumptions adopted in measuring the retirement allowance and compensated absences obligations for the year ended December 31 are as follows:

	2021	2020
Valuation interest rate	**2.40%**	1.80%
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, $98 thousand (2020 - $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, 2020 and it has an actuarial surplus.

7. *Tangible Capital Assets*

	Net Book Value	
	2021	2020
Land	**$ 20,376**	$ 20,376
Building	**1,274**	1,206
Golf course improvements	**820**	856
Equipment	**202**	212
	$ 22,672	$ 22,650

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

8. *Accumulated Surplus*

	Budget 2021	**Actual 2021**	Actual 2020
Invested in tangible capital assets	**$ 2,023**	**$ 2,097**	$ 2,075
Allocated equity	**155**	**210**	257
Contributed surplus	**20,575**	**20,575**	20,575
Operating	**(6,684)**	**(4,707)**	(6,535)
	$ 16,069	**$ 18,175**	$ 16,372

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 $71 thousand (2020 - $37 thousand) has been charged by City of Winnipeg Departments for miscellaneous services. No amount (2020 - nil) has been charged for the cost of financial, legal, 311, information technology and human resource support services provided by City of Winnipeg Departments;

b) An amount of $319 thousand (2020 - $286 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)

c) An amount of $181 thousand (2020 - $103 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.

d) An amount of $730 thousand (2020 - $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
2022	$ 24
2023	24
2024	24
2025	24
2026	24
2027 and thereafter	327
	$ 447

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 2021	Total 2020
Cost						
Balance, beginning of year	$ 20,376	3,026	1,379	1,697	$ 26,478	$ 26,307
Add:						
Additions (reclasses) during the year	-	193	24	50	267	181
Less:						
Disposals during the year	-	-	-	-	-	(10)
Balance, end of year	20,376	3,219	1,403	1,747	26,745	26,478
Accumulated amortization						
Balance, beginning of year	-	1,820	1,167	841	3,828	3,591
Add:						
Amortization	-	125	34	86	245	237
Balance, end of year	-	1,945	1,201	927	4,073	3,828
Net Book Value of Tangible Capital Assets	$ 20,376	$ 1,274	$ 202	$ 820	$ 22,672	$ 22,650

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2021	2020
FINANCIAL ASSETS		
Cash	**$ 1**	$ 1
Accounts receivable	**923**	304
	924	305
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 3)	**8,679**	340
Accounts payable and accrued liabilities	**3,119**	3,145
Debt (Note 4)	**42,293**	47,061
Accrued employee benefits (Note 5a)	**2,100**	2,112
	56,191	52,658
NET FINANCIAL LIABILITIES	**(55,267)**	(52,353)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**76,152**	73,609
Inventories	**1,686**	1,598
Prepaid expenses	**572**	615
	78,410	75,822
ACCUMULATED SURPLUS (Note 7)	**$ 23,143**	$ 23,469

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 2021	Actual 2021	Actual 2020
REVENUES			
Fleet leases	**$ 26,592**	**$ 24,631**	$ 26,002
Services and parts revenue (Schedule 1)	**9,614**	**8,230**	8,792
Fuel sales	**8,440**	**8,177**	6,290
Rental income	**4,783**	**5,087**	5,119
Gain on sale of tangible capital assets	**800**	**710**	1,287
Total Revenues (Note 8a)	**50,229**	**46,835**	47,490
EXPENSES			
Amortization	**15,443**	**15,281**	15,368
Supplies	**11,537**	**10,626**	9,266
Services	**10,397**	**9,889**	9,827
Salaries and employee benefits	**9,646**	**9,151**	9,914
Interest (Notes 3 and 4)	**1,402**	**1,107**	1,224
Other expenses	**1,100**	**1,015**	1,220
Total Expenses	**49,525**	**47,069**	46,819
Annual (Deficit) Surplus Before Other	**704**	**(234)**	671
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 8d)	**92**	**92**	92
Annual (Deficit) Surplus	**$ 612**	**(326)**	579
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**23,469**	22,890
ACCUMULATED SURPLUS, END OF YEAR		**$ 23,143**	$ 23,469

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual (Deficit) Surplus	**$ (326)**	$ 579
Non-cash charges to operations		
Amortization	**15,281**	15,368
Gain on sale of tangible capital assets	**(710)**	(1,287)
	14,245	14,660
Net change in non-cash working capital balances related to operations	**(702)**	991
Cash provided by operating activities	**13,543**	15,651
CAPITAL		
Acquisition of tangible capital assets	**(18,107)**	(15,880)
Proceeds on disposal of tangible capital assets	**993**	1,812
Cash used in capital activities	**(17,114)**	(14,068)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**8,339**	(1,688)
Proceeds from term loans	**5,900**	10,000
Repayment of term loans	**(10,668)**	(9,895)
Cash provided by (used) in financing activities	**3,571**	(1,583)
Decrease in cash	**-**	-
CASH, BEGINNING OF YEAR	**1**	1
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 2021	**Actual 2021**	Actual 2020
ANNUAL (DEFICIT) SURPLUS	**$ 612**	**$ (326)**	$ 579
Amortization of tangible capital assets	**15,443**	**15,281**	15,368
Proceeds on disposal of tangible capital assets	**800**	**993**	1,812
Change in inventories and prepaid expenses	**150**	**(45)**	192
Gain on sale of tangible capital assets	**(800)**	**(710)**	(1,287)
Acquisition of tangible capital assets	**(18,334)**	**(18,107)**	(15,880)
(INCREASE) DECREASE IN NET FINANCIAL LIABILITIES	**(2,129)**	**(2,914)**	784
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(53,226)**	**(52,353)**	(53,137)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (55,355)**	**$ (55,267)**	$ (52,353)

See accompanying notes and schedules to the financial statements.

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(all tabular amounts are in thousands of dollars, unless otherwise noted)

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, 2021, 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, 2021 effective interest rate was 0.20% (2020 - 0.20%). 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 $5 thousand (2020 - $12 thousand). Interest received from The City of Winnipeg - General Revenue Fund is $nil thousand (2020 - $1 thousand).

4. *Debt*

Lender	Maturity Date	Interest Rate	2021	2020
The Toronto-Dominion Bank (Note 4b)	**2021 - 2035**	1.48% - 3.46%	**$ 19,066**	$ 23,862
Bank of Montreal (Note 4b)	**2021 - 2034**	2.38% - 2.92%	**13,357**	15,947
Royal Bank of Canada (Note 4b)	**2021 - 2031**	1.36% - 3.19%	**9,692**	7,074
			42,115	46,883
The City of Winnipeg - non-interest bearing, no repayment schedule			**178**	178
			$ 42,293	$ 47,061

4. Debt (continued)

a) Principal repayments due within the next five years and thereafter are as follows:

2022	$	10,477
2023		8,842
2024		6,928
2025		5,324
2026		4,011
Thereafter		6,711
	$	42,293

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, 2021, $42,115 thousand (2020 - $46,883 thousand) was outstanding under these facilities. The effective interest rate at December 31, 2021 was 2.48% (2020 - 2.59%).

c) Cash paid for interest during the year is $1,115 thousand (2020 - $1,220 thousand).

5. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

		2021		2020
Retirement allowance - accrued liability	**$**	**932**	$	960
Vacation		**721**		740
Compensated absences		**447**		412
	$	**2,100**	$	2,112

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 (2020 - 11.3 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, 2021 using year-end assumptions.

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

5. *Accrued Employee Benefits (continued)*

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

	2021		2020	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 734**	**$ 532**	$ 714	$ 556
Current service cost	**50**	**61**	48	64
Interest cost	**13**	**10**	19	15
Benefit payments	**(72)**	**(60)**	(42)	(55)
Net actuarial (gain)/ loss	**(53)**	**(24)**	(5)	(48)
Balance, end of year	**672**	**519**	734	532
Unamortized net actuarial gain/(loss)	**260**	**(72)**	226	(120)
Accrued benefit liability	**$ 932**	**$ 447**	$ 960	$ 412
Benefit expense consists of the following:				
Current service cost	**$ 50**	**$ 61**	$ 48	$ 64
Interest cost	**13**	**10**	19	15
Amortization of net actuarial (gain)/loss	**(19)**	**24**	(16)	26
	$ 44	**$ 95**	$ 51	$ 105
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 960**	**$ 412**	$ 951	$ 362
Benefits expense	**44**	**95**	51	105
Benefits payments	**(72)**	**(60)**	(42)	(55)
Balance, end of year	**$ 932**	**$ 447**	$ 960	$ 412

The significant actuarial assumptions adopted in measuring the retirement allowance and compensated absences obligations for the year ended December 31 are as follows:

	2021	2020
Valuation interest rate	**2.40%**	1.80%
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.

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, $740 thousand (2020 - $815 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, 2020 and it has an actuarial surplus.

6. *Tangible Capital Assets*

	Net Book Value 2021	2020
Fleet assets	**$ 69,756**	$ 67,204
Equipment	**3,414**	3,501
Buildings	**2,592**	2,514
Land	**390**	390
	$ 76,152	$ 73,609

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 $2,579 thousand (2020 - $4,677 thousand) which is included above.

7. *Accumulated Surplus*

	Budget 2021	Actual 2021	Actual 2020
Contributed surplus	**$ 11,425**	**$ 11,425**	$ 11,425
Invested in tangible capital assets	**26,234**	**25,358**	26,386
Operating	**(13,588)**	**(13,640)**	(14,342)
	$ 24,071	**$ 23,143**	$ 23,469

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 $44,936 thousand and (2020 - $45,364 thousand) to The City of Winnipeg.

b) An amount of $274 thousand (2020 - $302 thousand) has been transferred to the General Revenue Fund for miscellaneous services.

c) An amount of $715 thousand (2020 - $847 thousand) has been transferred to the Municipal Accommodations Fund for the rental of office and garage space, building and leasehold improvements, and miscellaneous services.

8. *Related Party Transactions (continued)*

d) An amount of $92 thousand (2020 - $92 thousand) has been transferred to the General Revenue Fund as a return on investment.

e) An amount of $11 thousand (2020 - nil) has been transferred to the Parking Services Agency for the surface parking lot service.

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:

2022	$ 16,052
2023	12,968
2024	10,818
2025	8,291
2036	5,772
Thereafter	19,417
	$ 73,318

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 2021	Actual 2021	Actual 2020
Consumables and corrective maintenance	**$ 5,403**	**$ 4,525**	$ 4,802
Insurance revenue	**2,152**	**1,667**	1,941
Manufacturing sales	**830**	**678**	1,048
Power tools	**701**	**702**	688
Other	**354**	**495**	145
Provincial support grant	**174**	**163**	168
	$ 9,614	**$ 8,230**	$ 8,792

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 2021	Total 2020
Cost						
Balance, beginning of year	$ 390	$ 5,007	$ 174,260	$ 9,905	$ 189,562	$ 183,825
Add:						
Additions during the year	-	285	17,365	457	18,107	15,880
Less:						
Disposals during the year	-	-	(7,570)	(49)	(7,619)	(10,143)
Balance, end of year	390	5,292	184,055	10,313	200,050	189,562
Accumulated amortization						
Balance, beginning of year	-	2,493	107,056	6,404	115,953	110,203
Add:						
Amortization	-	207	14,530	544	15,281	15,368
Less:						
Accumulated amortization on disposals	-	-	(7,287)	(49)	(7,336)	(9,618)
Balance, end of year	-	2,700	114,299	6,899	123,898	115,953
Net Book Value of Tangible Capital Assets	$ 390	$ 2,592	$ 69,756	$ 3,414	$ 76,152	$ 73,609

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)

	2021	2020
FINANCIAL ASSETS		
Cash	**$ -**	$ 111
Due from The City of Winnipeg - General Revenue Fund (Note 3)	**2,481**	7,879
Accounts receivable	**3,342**	2,599
	5,823	10,589
LIABILITIES		
Accounts payable and accrued liabilities	**856**	634
Deferred revenue	**1,246**	981
Debt (Note 4)	**3,918**	3,918
Accrued employee benefits (Note 5)	**649**	609
	6,669	6,142
NET FINANCIAL (LIABILITIES)/ ASSETS	**(846)**	4,447
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**4,652**	5,084
Inventories	**159**	202
Prepaid expenses	**3**	4
	4,814	5,290
ACCUMULATED SURPLUS (Note 7)	**$ 3,968**	$ 9,737

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 2021	Actual 2021	Actual 2020
REVENUES			
Enforcement	$ **6,709**	$ **5,826**	$ 4,845
Meters	**6,017**	**4,062**	4,937
Vehicles for hire permits and fees	**1,010**	**1,279**	1,247
Parking fees (Note 8c)			
Surface parking lots	**1,520**	**1,125**	1,334
Millennium Library parkade	**1,050**	**1,008**	1,118
Special events	**235**	**180**	162
Interest received (Note 3)	**25**	**8**	39
Sundry	**276**	**214**	302
Total Revenues	**16,842**	**13,702**	13,984
EXPENSES			
Salaries and employee benefits (Note 5)	**5,133**	**4,098**	4,221
Services (Notes 8b, d, and i)			
Enforcement - contracts	**2,546**	**2,260**	2,560
Meters	**1,638**	**1,195**	1,407
Utilities	**341**	**303**	311
Vehicles for Hire	**325**	**290**	341
Parkade management	**335**	**256**	266
Special events	**100**	**34**	10
Other services (Note 8f)	**1,267**	**632**	623
Provision for bad debts	**1,234**	**1,448**	1,304
Amortization	**826**	**728**	751
Materials, parts and supplies	**1,919**	**652**	562
Debt and finance charges	**207**	**185**	201
Recoveries	**(3)**	**(25)**	(23)
Other (Notes 8a, e, g, h and j)	**1,414**	**1,330**	1,537
Total Expenses	**17,282**	**13,386**	14,071
Annual Surplus (Deficit) before Other	**(440)**	**316**	(87)
OTHER			
Transfer from The City of Winnipeg - Federal Safe Restart Funding	**-**	**-**	(7,735)
Transfer to The City of Winnipeg - General Revenue Fund (Note 8l)	**6,085**	**6,085**	11,050
Annual Deficit	**(6,525)**	**(5,769)**	(3,402)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**9,737**	**9,737**	13,139
ACCUMULATED SURPLUS, END OF YEAR	$ **3,212**	$ **3,968**	$ 9,737

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)

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual deficit	**$ (5,769)**	$ (3,402)
Non-cash items related to operations		
Amortization	**728**	751
	(5,041)	(2,651)
Net change in non-cash working capital balances related to operations	**(172)**	415
Cash used in operating activities	**(5,213)**	(2,236)
FINANCING		
Change in due from/to The City of Winnipeg - General Revenue Fund	**5,398**	2,366
Cash provided by financing activities	**5,398**	2,366
CAPITAL		
Purchase of tangible capital assets	**(296)**	(71)
Cash used in capital activities	**(296)**	(71)
(DECREASE) INCREASE IN CASH	**(111)**	59
CASH, BEGINNING OF YEAR	**111**	52
CASH, END OF YEAR	**$ -**	$ 111

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 (LIABILITIES)/ ASSETS

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

	Budget 2021	Actual 2021	Actual 2020
ANNUAL DEFICIT	**$ (6,525)**	**$ (5,769)**	$ (3,402)
Amortization of tangible capital assets	**826**	**728**	751
Change in inventories and prepaid expenses	**-**	**44**	58
Acquisition of tangible capital assets	**(193)**	**(296)**	(71)
DECREASE IN NET DEBT	**(5,892)**	**(5,293)**	(2,664)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**4,447**	**4,447**	7,111
NET FINANCIAL (LIABILITIES)/ASSETS, END OF YEAR	**$ (1,445)**	**$ (846)**	$ 4,447

See accompanying notes and schedule to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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.

2. *Significant Accounting Policies (continued)*

b) Deferred revenue

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.

c) Non-financial assets

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

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, 2021 effective interest rate was 0.20% (2020 - 0.20%).

Interest received from The City of Winnipeg - General Revenue Fund on the line of credit was $8 thousand for the year (2020 - $39 thousand).

4. Debt

	2021	2020
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 (2020 - $nil).

5. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

	2021	2020
Vacation	**$ 378**	$ 368
Retirement allowance - accrued benefit liability	**162**	109
Compensated absences	**109**	147
	$ 649	$ 624

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 years (2020 - 16 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.

5. *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, 2021 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:

	2021		2020	
	Retirement Allowance	**Compensated Absences**	Retirement Allowance	Compensated Absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 180**	**$ 181**	$ 161	$ 141
Current service cost	**18**	**22**	12	17
Interest cost	**3**	**3**	4	4
Benefit payments	**(8)**	**(19)**	(40)	(15)
Net actuarial (gain)/loss	**(17)**	**(9)**	43	34
Balance, end of year	**176**	**178**	180	181
Unamortized net actuarial (loss)/gain	**(14)**	**(69)**	(33)	(87)
Accrued benefit liability	**$ 162**	**$ 109**	$ 147	$ 94
Benefit expense:				
Current service cost	**$ 18**	**$ 22**	$ 12	$ 17
Interest cost	**3**	**3**	4	4
Amortization of net actuarial loss/(gain)	**2**	**9**	(2)	6
	$ 23	**$ 34**	$ 14	$ 27
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 147**	**$ 94**	$ 173	$ 82
Benefit expense	**23**	**34**	14	27
Benefit payments	**(8)**	**(19)**	(40)	(15)
	$ 162	**$ 109**	$ 147	$ 94

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

	2021	2020
Valuation discount rate	**2.40%**	1.80%
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, $337 thousand (2020 - $358 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, 2020 and it has an actuarial surplus.

6. Tangible Capital Assets

	Net Book Value **2021**	Net Book Value 2020
Land	**$ 73**	$ 73
Parkades	**3,563**	3,868
Authority assets		
Leasehold improvements	**190**	215
Parking surfaces	**132**	150
	322	365
Equipment		
Meters and pay stations	**77**	128
Equipment	**325**	488
Computer equipment	**65**	99
Office furniture and equipment	**6**	12
Vehicles	**221**	51
	694	778
	$ 4,652	$ 5,084

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

7. Accumulated Surplus

	Budget 2021	**Actual 2021**	Actual 2020
Restricted funds for future investment	**$ 184**	**$ 184**	$ 184
Invested in tangible capital assets	**459**	**659**	1,091
Contributed surplus	**73**	**73**	73
Operating	**2,497**	**3,052**	8,389
	$ 3,213	**$ 3,968**	$ 9,737

8. 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 $358 thousand (2020 - $356 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 $317 thousand (2020 - $323 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 $802 thousand (2020 - $892 thousand) to the City.

8. Related Party Transactions (continued)

d) In Services, an amount of $324 thousand (2020 - $322 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for the rental of office space.

e) An amount of $104 thousand (2020 - $102 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 $67 thousand (2020 - $82 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for services provided at the various locations.

g) An amount of $185 thousand (2020 - $184 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of 311 services.

h) An amount of $465 thousand (2020 - $402 thousand) has been transferred to the various City of Winnipeg departments for non-parking penalties issued under the Municipal By-Law Enforcement Act and collected on their behalf.

i) In Services, an amount of $48 thousand (2020 - $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 (2020 - $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 (2020 - $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 $6,085 thousand (2020 - $11,050 thousand) has been transferred to The City of Winnipeg General Revenue Fund as a return on investment.

m) An amount of $nil thousand (2020 - $7,735) was transferred from the City of Winnipeg as part of Federal Safe Restart program to allow to continue to deliver services to citizens.

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 2021	Total 2020
Cost						
Balance, beginning of year	**$ 73**	**$ 6,443**	**$ 1,161**	**$ 13,770**	**$ 21,447**	$ 22,623
Add:						
Additions during the year	**-**		**-**	**296**	**296**	71
Less:						
Disposal of tangible capital assets	**-**		**-**		**-**	(1,247)
Balance, end of year	**73**	**6,443**	**1,161**	**14,066**	**21,743**	21,447
Accumulated amortization						
Balance, beginning of year	**-**	**2,575**	**796**	**12,992**	**16,363**	16,859
Add:						
Amortization	**-**	**305**	**43**	**380**	**728**	751
Less:						
Accumulated amortization on disposals	**-**		**-**		**-**	(1,247)
Balance, end of year	**-**	**2,880**	**839**	**13,372**	**17,091**	16,363
Net Book Value of Tangible Capital Assets	**$ 73**	**$ 3,563**	**$ 322**	**$ 694**	**$ 4,652**	$ 5,084

Photo: Brian Gould, courtesy Tourism Winnipeg

2021 Wholly Owned Corporations

Detailed Financial Statements

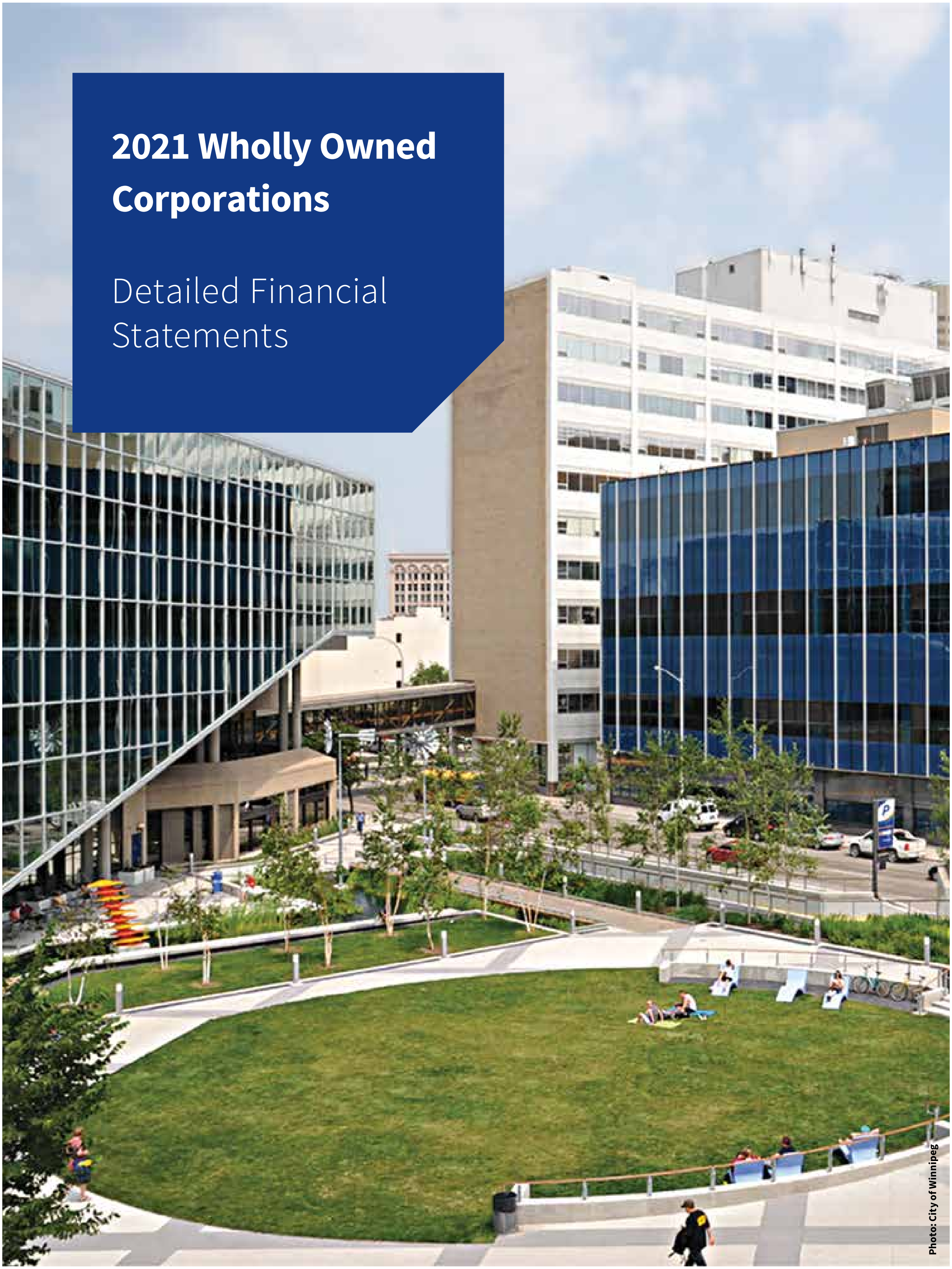

Photo: City of Winnipeg

THE CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 991,588**	$ 1,185,456
Accounts receivable (Note 17)	**2,660,358**	695,394
Inventory	**76,058**	77,382
Prepaid expenses	**64,773**	83,520
	3,792,777	2,041,752
Tangible capital assets (Note 3)	**152,513,188**	159,988,003
	$ 156,305,965	$ 162,029,755
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,848,133**	$ 1,122,249
Interest payable	**465,647**	476,336
Customer deposits and unearned revenue	**1,851,395**	1,460,205
Demand loan - expansion (Note 8)	**10,620,000**	12,470,000
Current portion of long-term debt - expansion (Note 10)	**367,029**	352,777
Due to City of Winnipeg (Note 11)	**10,557,717**	9,369,313
	25,709,921	25,250,880
Deferred funding - wall cladding replacement and stabilization (Note 4)	**307,410**	637,369
Deferred funding - roof replacement (Note 5)	**1,832,189**	1,957,824
Deferred funding - expansion (Note 6)	**120,156,055**	125,110,944
Deferred funding - hybrid equipment (Note 7)	**149,651**	-
Long-term debt - expansion (Note 10)	**15,000,856**	15,367,885
	163,156,082	168,324,902
Commitments (Note 21)		
FUND BALANCES		
Operating fund	**681,129**	(1,475,383)
Internally restricted fund	**1,440,474**	1,140,474
Invested in capital assets (Note 13)	**(8,971,720)**	(5,960,238)
	(6,850,117)	(6,295,147)
	$ 156,305,965	$ 162,029,755

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	Internally Restricted Fund	Invested in Capital Assets Fund	**2021 Total**	2020 Total
Fund balances, beginning of year	$ (1,475,383)	$ 1,140,474	$ (5,960,238)	**$ (6,295,147)**	$ (1,744,911)
Deficiency of revenue over expenses	2,716,365	-	(3,271,335)	**(554,970)**	(4,550,236)
Capital assets purchased from operations	(259,853)	-	259,853	-	-
Capital assets purchased from restricted fund	(300,000)	300,000	-	-	-
Change in fund balance	2,156,512	300,000	(3,011,482)	**(554,970)**	(4,550,236)
Fund balances, end of year	$ 681,129	$ 1,440,474	$ (8,971,720)	**$ (6,850,117)**	$ (6,295,147)

THE CONVENTION CENTRE CORPORATION
STATEMENT OF OPERATIONS
For the year ended December 31

	2021	2020
Operating revenue	$ **10,982,475**	$ 4,633,422
Operating costs	**2,997,270**	1,649,706
Net operating revenue	**7,985,205**	2,983,716
General Operating Grant (Note 14)		
City of Winnipeg	**1,500,000**	1,500,000
Province of Manitoba	**763,000**	763,000
	2,263,000	2,263,000
	10,248,205	5,246,716
Expenses		
Accounting and financial services and human resources	**777,636**	792,129
Administration	**1,785,814**	1,776,261
Building maintenance (Note 16)	**4,127,614**	3,719,112
Client services	**977,980**	977,404
Sales and promotion	**636,072**	712,490
Security	**735,274**	738,568
	9,040,390	8,715,964
Other Item		
Government COVID-19 support	**1,508,550**	1,409,365
Operating fund excess (deficiency) of revenue over expenses	**2,716,365**	(2,059,883)
Capital fund		
City of Winnipeg debt servicing grant (Note 14)	**-**	1,000,000
Recognition of deferred funding related to capital assets (Note 3)	**5,410,483**	5,410,483
Amortization of tangible capital assets	**(7,884,318)**	(8,061,785)
Interest on demand loan and long-term debt	**(797,500)**	(839,051)
Capital fund deficiency of revenue over expenses	**(3,271,335)**	(2,490,353)
Deficiency of revenue over expenses	$ **(554,970)**	$ (4,550,236)

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF CASH FLOWS
For the year ended December 31

	2021	2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Deficiency of revenue over expenses	**$ (554,970)**	$ (4,550,236)
Adjustments for non-cash items		
Amortization of tangible capital assets	**7,884,318**	8,061,785
Amortization of deferred funding	**(5,410,483)**	(5,410,483)
	1,918,865	(1,898,934)
Changes in non-cash working capital balances		
Accounts receivable	**(1,964,964)**	2,589,157
Inventory	**1,324**	169,048
Prepaid expenses	**18,748**	3,661
Accounts payable and accrued liabilities	**725,884**	(2,181,120)
Interest payable	**(10,689)**	(10,274)
Customer deposits and unearned revenue	**391,190**	(23,273)
Net cash provided by (used in) operating activities	**1,080,358**	(1,351,735)
CASH FLOW USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(409,504)**	(934,186)
Deferred funding - hybrid equipment	**149,651**	-
Net cash used in capital activities	**(259,853)**	(934,186)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		
Advances from City of Winnipeg	**1,188,404**	690,355
Demand loan - expansion advance (repayment)	**(1,850,000)**	2,220,000
Long-term debt repayment	**(352,777)**	(339,078)
Net cash (used in) provided by financing activities	**(1,014,373)**	2,571,277
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(193,868)**	285,356
Cash and cash equivalents, beginning of year	**1,185,456**	900,100
Cash and cash equivalents, end of year	**$ 991,588**	$ 1,185,456

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2021

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). Due to the City of Winnipeg's control over the Corporation, 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. 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 expenses 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.

Internally Restricted Fund

The Restricted Fund represents net assets that are internally restricted by Board resolution for future expenditures of major repairs and replacements on capital assets or debt repayments.

Invested in Capital Assets Fund

This fund represents the unamortized investment in capital assets net of amounts funded by grants, demand loan and long-term debt. The Invested in Capital Assets 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.

Employee Future Benefits

The Corporation contributes to a defined benefits pension plan through the City of Winnipeg Civic Employees Defined benefit Plan. Contributions to this plan are expensed in the year of contribution.

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.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Initial Measurement

The Corporation recognizes a financial asset or a financial liability on the statement of financial position when, and only when, it becomes a party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at cost.

The Corporation's financial instruments consist of cash 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 significantly impacted the Corporation. On December 21, 2021 in response to the Omicron variant, public health orders have returned which will negatively impact the operating results of the corporation.

The Corporation is currently assessing the rapidly changing environment as a result of the Omicron variant and recent changes to restrictions.

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 9). The credit facility was unutilized as at December 31, 2021. The Corporation will be working to extend the maturity date on the facility.

2. *Going Concern (continued)*

- Reviewed all opportunities for government programs for COVID-19 relief resulted in additional government COVID-19 support received of $1,508,550 in 2021.

The Corporation has forecasted that if the COVID-19 pandemic and public health orders do not improve during 2022, there would be sufficient room in the $7,500,000 Line of Credit to cover all necessary cash flows to December 31, 2022. 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	**2021 Net Book Value**	2020 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	31,990,170	**135,042,240**	140,609,987
Equipment	5,538,426	3,184,906	**2,353,520**	2,907,363
IT equipment	3,148,652	1,790,235	**1,358,417**	1,673,282
Major capital expenditures	2,000,000	2,000,000	**-**	-
Major repair and replacement	20,945,167	16,489,235	**4,455,932**	5,038,698
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	1,308,691	**1,832,189**	1,957,824
Wall cladding replacement	6,599,175	6,291,765	**307,410**	637,369
	$ 220,568,190	$ 68,055,002	**$ 152,513,188**	$ 159,988,003

Amortization Expenses

	2021	2020
Expansion		
Building	**$ 5,567,747**	$ 5,567,747
Equipment	**553,843**	553,843
IT equipment	**314,865**	314,865
Major repair and replacement	**992,270**	1,169,736
Roof replacement	**125,635**	125,635
Wall cladding replacement	**329,958**	329,959
	$ 7,884,318	$ 8,061,785

3. Tangible Capital Assets (continued)

Recognition of Deferred Contributions Related to Capital Assets

	2021	2020
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:

	2021	2020
Balance, beginning of year	**$ 637,369**	$ 967,328
Amount amortized to revenue	**(329,959)**	(329,959)
Balance, end of year	**$ 307,410**	$ 637,369

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:

	2021	2020
Balance, beginning of year	**$ 1,957,824**	$ 2,083,459
Amount amortized to revenue	**(125,635)**	(125,635)
Balance, end of year	**$ 1,832,189**	$ 1,957,824

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 assets. Deferred funding - expansion at December 31 are as follows:

	2021	2020
Balance, beginning of year	**$ 125,110,944**	$ 130,065,833
Amount amortized to revenue	**(4,954,889)**	(4,954,889)
Balance, end of year	**$ 120,156,055**	$ 125,110,944

7. Deferred Funding - Hybrid Equipment

During the 2021 year, the Corporation entered into a grant agreement with Prairies Economic Development Canada in the amount of $200,000 for the purpose of upgrading the digital infrastructure. During the 2021, the Corporation received $149,651, in relation to this grant for the purchase of hybrid equipment.

The funding received was deferred until the completion of the project and will be amortized on the same basis as the related asset. Deferred funding - hybrid equipment as December 31 is as follows:

	2021	2020
Balance, end of year	**$ 149,651**	$ -

8. 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, 2021), maturing December 31, 2023. The balance drawn against this credit agreement at year-end is $10,620,000 ($12,470,000 in 2020).

9. Demand Operating Loan

The Corporation has a demand operating loan credit facility from the Royal Bank of Canada of $250,000, which bears interest at the bank's prime rate and is secured by a general security agreement. The balance at December 31, 2021 and December 31, 2020 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, 2021, the credit facility was unutilized.

10. Long-term Debt - Expansion

		2021		2020
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 $17,000,000.	**$**	**15,367,885**	$	15,720,662
Less current portion		**(367,029)**		(352,777)
	$	**15,000,856**	$	15,367,885

Principal repayments for the next five years and thereafter are as follows:

2022		367,029
2023		381,857
2024		397,284
2025		413,335
2026		430,033
Thereafter		13,378,347
	$	15,367,885

11. Due to the City of Winnipeg

Balances due to the City of Winnipeg are non-interest bearing and due on demand.

12. Inter-fund Loan

The balance in the inter-fund loan from the Operating Fund to Invested in Capital Assets Fund at December 31, 2021 is $2,028,356 ($205,793 in 2020). This loan is non-interest bearing.

13. Invested in Capital Assets

		2021		2020
Capital assets	**$**	**152,513,188**	$	159,988,003
Amounts financed by:				
Deferred funding - expansion		**(120,156,055)**		(125,110,944)
Deferred funding - roof replacement		**(1,832,189)**		(1,957,824)
Deferred funding - wall cladding		**(307,410)**		(637,369)
Deferred funding - hybrid equipment		**(149,651)**		-
Demand loan - expansion		**(10,620,000)**		(12,470,000)
Due to City of Winnipeg		**(10,557,717)**		(9,369,313)
Inter-fund loan from operating fund (Note 12)		**(2,028,354)**		(205,793)
Interest payable		**(465,647)**		(476,336)
Long-term debt - expansion		**(15,367,885)**		(15,720,662)
	$	**(8,971,720)**	$	(5,960,238)

13. Invested in Capital Assets (continued)

	2021	2020
Changes in Net Assets Invested in Capital Assets		
Deficiency of revenue over expenses	**$ (3,271,335)**	$ (2,490,353)
Purchase of capital assets - non-expansion	**409,504**	934,186
Due to City of Winnipeg - net	**(1,188,404)**	(690,355)
Deferred contributions received	**(149,651)**	-
Demand loan - expansion	**1,850,000**	(2,220,000)
Capital Funding - City of Winnipeg	**-**	(1,000,000)
Long-term debt - expansion	**1,160,966**	1,188,404
Holdback	**-**	45,616
Interfund loan from operating fund	**(1,822,562)**	2,079,746
	$ (3,011,482)	$ (2,152,756)

14. 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

	2021	2020
City of Winnipeg	**$ 1,500,000**	$ 1,500,000
Province of Manitoba (Note 15)	**763,000**	763,000
	$ 2,263,000	$ 2,263,000

Capital Fund

	2021	2020
City of Winnipeg	**$ -**	$ 1,000,000

15. Funding from the Province of Manitoba - Partners for Economic Growth (PEG)

On September 28, 2020, 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 June 4, 2021 and the second installment was received on October 27, 2021. The $763,000 relates to the Province of Manitoba's 2021/2022 fiscal year, representing the period April 1, 2021 to December 31, 2021. The final payment of $152,600 has been included in accounts receivable.

15. Funding from the Province of Manitoba - Partners for Economic Growth (PEG) (continued)

The use of funds provided by the 2021/2022 PEG funding are as follows:

	Recognized 2021	To be recognized 2022	Total
Utilities			
Gas	**$ 238,682**	$ -	$ 238,682
Electricity	**524,318**	-	524,318
	$ 763,000	$ -	$ 763,000

16. Utilities Expense

The following utility expenses are included in building maintenance:

	2021	2020
Gas	**$ 499,713**	$ 394,099
Electricity	**949,479**	784,549
Water	**133,382**	64,166
	$ 1,582,574	$ 1,242,814

17. Related Party Transactions

The Corporation received grants and contributions from the City of Winnipeg (Notes 4, 5, 6, 8, and 15), and has a the payable to the City of Winnipeg (Note 11).

Transactions with related parties 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.

18. Significant Transactions

Operating revenues of $7,908,461 were received from the Province of Manitoba related to events held at the RBC Convention Centre.

19. 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.

19. Financial Instruments Risk Disclosures (continued)

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, 2021.

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.

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.

19. Financial Instruments Risk Disclosures (continued)

As at December 31, 2021, the Corporation's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Due within One Year	Due past One Year
Accounts payable and accrued liabilities	$ 1,848,133	$ -
Demand loan - expansion	10,620,000	-
Interest payable	465,647	-
Long-term debt - expansion (Note 10)	367,029	15,000,856
Due to City of Winnipeg	10,557,717	-
	$ 23,858,526	$ 15,000,856

20. Comparison to Budgeted Results - Operating Fund

	Actual	Budget (Unaudited)	Variance
Operating revenue	**$ 10,982,475**	$ 5,379,884	$ 5,602,591
Operating cost	**2,997,270**	2,095,176	902,094
Net operating revenue	**7,985,205**	3,284,708	4,700,497
General operating grants	**2,263,000**	2,263,000	-
	10,248,205	5,547,708	4,700,497
Expenditures	**(9,040,390)**	(9,394,341)	353,951
Other item - Government COVID-19 Support	**1,508,550**	510,000	998,550
Operating fund excess (deficiency) of revenue over expenses	**2,716,365**	(3,336,633)	6,052,998
Capital asset additions not included in expenditures above	**(259,853)**	-	(259,853)
Transfer to restricted fund	**(300,000)**	-	(300,000)
Excess (deficiency) of revenue over expenses after capital purchases	**$ 2,156,512**	$ (3,336,633)	$ 5,493,145

21. Commitments

The Corporation has entered into various contracts and other commitments that expire at different periods between 2023 and 2026. Future minimum payments in aggregate for each of the next four years are as follows:

2022	$	1,561,553
2023		14,606
2024		14,606
2025		14,606

22. 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 2021 were $345,609 ($366,568 in 2020).

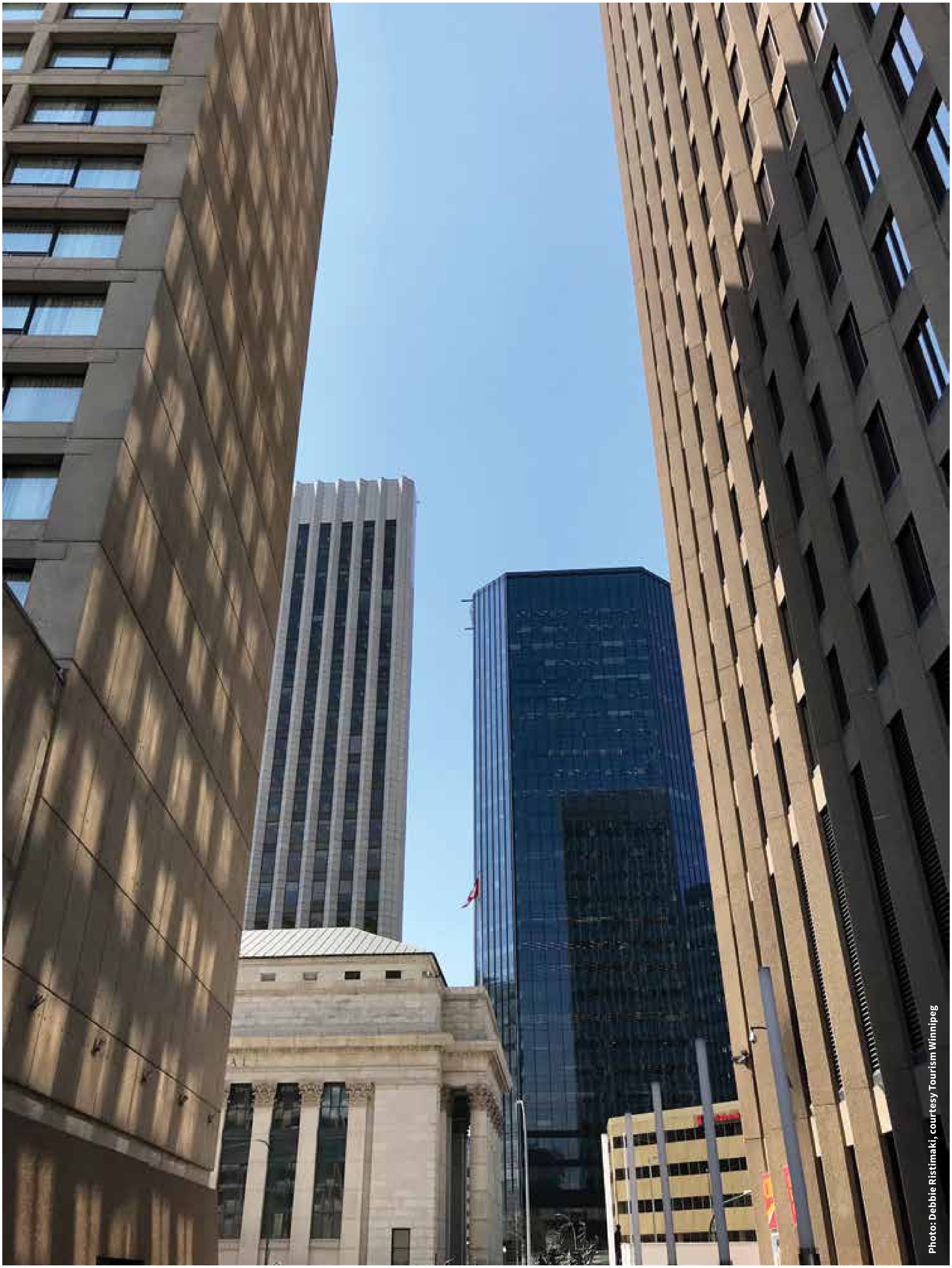

Photo: Debbie Ristimaki, courtesy Tourism Winnipeg

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021, with comparative information for 2020

	2021	2020
ASSETS		
Current Assets		
Cash	$ **6,097,404**	$ 6,480,532
Accounts receivable (Note 3)	**1,519,797**	1,396,059
Prepaid expenses	**50,852**	2,223
Property held for resale (Note 4)	**415,403**	-
Current portion of mortgages receivable (Note 5)	**2,815,341**	2,165,077
Current portion of loans receivable (Note 6)	**707,814**	718,314
Current portion of SHED project receivable (Note 7)	**289,083**	523,508
	11,895,694	11,285,713
Mortgages receivable (Note 5)	**735,448**	1,573,483
SHED project receivable (Note 7)	**946,658**	3,595,265
Capital assets (Note 8)	**3,545,699**	3,822,269
	$ **17,123,499**	$ 20,276,730
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ **215,518**	$ 190,822
Current portion of long-term debt (Note 10)	**491,909**	717,656
	707,427	908,478
Long-term debt (Note 10)	**3,041,417**	5,895,174
Forgivable loans (Note 11)	**1,655,757**	2,008,304
Deferred contributions (Note 12)		
Expenses of future periods	**3,629,949**	3,636,441
Capital assets	**1,452,662**	1,336,457
	5,082,611	4,972,898
NET ASSETS		
Invested in capital assets (Note 14)	**437,280**	477,508
Unrestricted	**6,199,007**	6,014,368
	6,636,287	6,491,876
Commitments (Note 13)		
	$ **17,123,499**	$ 20,276,730

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2021, with comparative information for 2020

	2021 Total	2020 Total
Revenue		
Rental properties (Note 15)	**$ 392,841**	$ 423,108
Interest	**78,524**	152,276
SHED project (Note 15)	**593,890**	246,225
Designated grants (Note 12)	**307,579**	389,658
Commissions	**7,500**	-
Gain on sale of property held for resale (Note 4)	**-**	1,357,246
Other (Note 15)	**864,338**	7,192
	2,244,672	2,575,705
Expenditures		
General operations	**682,839**	717,369
Rental properties	**359,339**	313,145
SHED project expenditures	**593,890**	246,225
Grants	**279,743**	389,658
Projects	**142,190**	851,883
	2,058,001	2,518,280
Excess of revenue over expenditures before the undernoted	**$ 186,671**	$ 57,425
Amortization	**(278,602)**	(278,789)
Amortization of deferred contributions (Note 12)	**236,342**	236,342
Excess of revenue over expenditures	**$ 144,411**	$ 14,978

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2021, with comparative information for 2020

	Invested in Capital Assets	Unrestricted	Total
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**
Excess (deficiency) of revenue over expenditures	**(42,260)**	**186,671**	**144,411**
Transfer for purchase of capital assets (Note 14)	**2,032**	**(2,032)**	**-**
Balance, December 31, 2021	**$ 437,280**	**$ 6,199,007**	**$ 6,636,287**

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
OPERATING ACTIVITIES:		
Excess of revenue over expenditures for the year	**$ 144,411**	$ 14,978
Adjustments for:		
Amortization of capital assets	**278,602**	278,789
Amortization of deferred contributions	**(236,342)**	(236,342)
Gain on disposal of property held for resale	**-**	(1,357,246)
	186,671	(1,299,821)
Changes in non-cash working capital balances:		
Accounts receivable	**(48,984)**	(247,468)
Prepaid expenses	**(48,629)**	130
Accounts payable and accrued liabilities	**24,696**	(434,099)
Increase in deferred contributions related to expenses of future periods	**(81,246)**	217,205
	32,508	(1,764,053)
CAPITAL ACTIVITIES:		
Purchase of capital assets	**(2,032)**	(1,281)
Additions to property held for sale	**(415,403)**	-
Proceed from sale of property held for resale, net of mortgages receivable of nil (2020 - $2,480,500) and accounts receivable of nil (2020 - $2,811,760)	**-**	6,108,612
	(417,435)	6,107,331
INVESTING ACTIVITIES:		
Principal repaid on mortgages receivable	**187,771**	872,902
Principal repaid on loans receivable	**10,500**	31,153
Principal repaid on SHED project receivable	**2,883,032**	500,159
	3,081,303	1,404,214
FINANCING ACTIVITIES:		
Repayment of long-term debt	**(3,079,504)**	(688,502)
Increase (decrease) in cash	**(383,128)**	5,058,990
Cash, beginning year	**6,480,532**	1,421,542
Cash, end of year	**$ 6,097,404**	$ 6,480,532

See accompanying notes to consolidated financial statements.

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., 10091576 Manitoba Ltd.. 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*

	2021	2020
Trade and other receivables (Note 15)	**$ 528,848**	$ 694,360
Grants receivable - the City	**990,949**	701,699
	$ 1,519,797	$ 1,396,059

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, 2021, the Corporation has available the option to acquire five 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, Paulin Street with an optioned area of 13,700sf and Lot 33, Plan 32416 on MacDonald Avenue.

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 the fiscal 2021, the Corporation acquired a heritage building at 284 William Avenue for $19,000 and incurred development costs during the year of $396,403. The Corporation's intention is to complete the redevelopment in fiscal 2022 and resell the property.

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 for $110,000 (Note 5), resulting in a gain on disposal of $196,012.

5. *Mortgages receivable*

	2021	2020
Mortgages receivable	**$ 3,570,789**	$ 3,758,560
Allowance for doubtful loans	**(20,000)**	(20,000)
	3,550,789	3,738,560
Current portion of mortgages receivable	**2,815,341**	2,165,077
	$ 735,448	$ 1,573,483

Mortgages receivable at December 31, 2021 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 $958,275 (2020 - $1,152,423) 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 % (2020 - non-interest bearing to 4.47 %) and are both fixed and variable in reference to the prime interest rate of lending at the time of loan disbursement.

5. Mortgages receivable (continued)

Mortgage principal receipts are expected as follows:

2022	$	2,815,341
2023		211,893
2024		221,365
2025		231,260
2026		90,930
	$	3,570,789

6. Loans receivable

Loans receivable at December 31, 2021 are repayable during fiscal 2022. Loans receivable are secured by an assignment of Heritage Tax Credits or other forms of security. The loans receivable outstanding at December 31, 2021 are non-interest bearing (2020 - 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 SHED Project receivable at December 31, 2021 of $1,235,741 (2020 - $4,118,773) includes $1,018,361 (2020 - $2,059,386) receivable form the City and $217,380 (2020 - $2,059,387) receivable from the Province.

SHED project principal receipts are expected as follows:

2022	$	289,083
2023		300,591
2024		312,331
2025		324,991
2026		8,745
	$	1,235,741

8. Capital assets

				2021	2020
	Cost	**Accumulated Amortization**	**Net Book Value**		Net Book Value
Buildings	**$ 6,140,734**	**$ 2,677,059**	**$ 3,463,675**		$ 3,701,788
Computer equipment	**143,700**	**141,918**	**1,782**		1,322
Furniture and fixtures	**70,015**	**70,015**	**-**		453
Leasehold improvements	**632,045**	**551,803**	**80,242**		118,706
	$ 6,986,494	**$ 3,440,795**	**$ 3,545,699**		$ 3,822,269

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 (2020 - $10,400,000). The line of credit bears interest at Royal Bank prime rate minus 1.0% [1.45% as at December 31, 2021 (2020 - 1.45%)]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, 2021 (2020 - nil).

10. *Long-term debt*

	2021	2020
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 $2,600,000	**$ 867,343**	$ 1,061,492
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	**2,665,983**	2,943,997
Term loan, interest at 3.98%	**-**	2,607,341
	3,533,326	6,612,830
Current portion of long-term debt	**491,909**	717,656
	$ 3,041,417	$ 5,895,174

Principal repayments for the next five years are as follows:

2022	$ 491,909
2023	512,484
2024	533,695
2025	556,251
2026	337,929
Thereafter	1,101,058
	$ 3,533,326

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. During the year ended December 31, 2021, the Corporation repaid the remaining balance owing on the 3.98% term loan through proceeds received from the Province on the SHED receivable (Note 7).

11. *Forgivable loans*

The details of forgivable loans are as follows:

		2021		2020
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	**$**	**830,555**	$	990,555
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		**825,202**		1,017,749
	$	**1,655,757**	$	2,008,304

The forgiveness schedule for the forgivable loans until maturity is as follows:

2022	$	352,547
2023		352,547
2024		352,547
2025		352,547
2026		245,569
	$	1,655,757

At December 31, 2021 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:

		2021		2020
Balance, beginning of year	**$**	**3,636,441**	$	3,691,940
Grants receivable		**289,251**		334,159
Amounts recognized as revenue in the year		**(295,743)**		(389,658)
Balance, end of year	**$**	**3,629,949**	$	3,636,441

12. *Deferred contributions (continued)*

Deferred contributions related to the following projects:

	2021	2020
Gail Parvin Hammerquist	$ **3,622,938**	$ 3,613,430
North Main Economic Development Program Grant	**2,600**	2,600
Province of Manitoba - Downtown Winnipeg ground floor activation strategy grant	**4,411**	20,411
	$ **3,629,949**	$ 3,636,441

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.

	2021	2020
Balance, beginning of year	$ **1,336,457**	$ 1,220,252
Contributions transferred from forgivable loans	**352,547**	352,547
Amount amortized to revenue in the year	**(236,342)**	(236,342)
Balance, end of year	$ **1,452,662**	$ 1,336,457

13. *Commitments*

The Corporation has made commitments for leases with minimum annual lease payments as follows:

2022	$ 42,489
2023	17,704

14. *Invested in capital assets*

Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	$ **3,545,699**	$ 3,822,269
Forgivable loans	**(1,655,757)**	(2,008,304)
Deferred contributions	**(1,452,662)**	(1,336,457)
	$ **437,280**	$ 477,508

14. *Invested in capital assets (continued)*

Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Excess (deficiency) of revenue over expenditures:		
Amortization of deferred contributions	**$ 236,342**	$ 236,342
Amortization of capital assets	**(278,602)**	(278,789)
Gain on sale of disposal of property held for sale	**-**	1,357,246
Write-down of property held for resale	**-**	-
	(42,260)	1,314,799
Purchase of capital assets	**2,032**	1,281
Repurchase of property held for resale	**-**	-
Contributions for previous years purchase of capital assets	**-**	-
Proceeds from disposal of property held for sale	**-**	(3,406,852)
	$ (40,228)	$ (2,090,772)

15. *Related party transactions and balances*

The following table summarizes the Corporation's related party transactions and balances with the City of Winnipeg for the year:

	2021	2020
Consolidated statement of operations		
Revenue:		
Downtown Residential Development grant	**$ 30,279**	$ 30,279
SHED project grant	**112,689**	123,113
Expenditures:		
Property taxes	**36,580**	86,047
Consolidated statement of financial position		
Accounts receivable	**990,949**	701,699
Mortgages receivable	**958,275**	1,152,423
Loan receivable	**391,537**	391,537
SHED project receivable	**1,018,361**	2,059,386
Deferred contributions expenses of future periods - Gail Parvin Hammerquist grants	**289,251**	214,497

The Corporation exercises significant influence over Market Lands Inc. (Market Lands) by virtue of its ability to appoint some of Market Land's Board of Directors. Market Lands was established during fiscal 2021 to redevelop the Exchange District within downtown Winnipeg. Market Lands was incorporated without share capital on February 25, 2021 and is registered as a non-Profit organization under the Income Tax Act. During the year ended December 31, 2021, upon formation of Market Lands, the Corporation recovered $849,671 of expenditures incurred by the Corporation prior to December 31, 2020 on the development. At December 31, 2021, the Corporation has a receivable from Market Lands of $389,751.

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.

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.

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.

Credit risk:

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.

16. *Financial instrument risks (continued)*

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.

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, 2021, the Province owes the Corporation $nil (2020 - $636,186) for costs incurred by the Corporation under the EWND Program which is included in accounts receivable on the statement of financial position.

17. Programs under administration (continued)

The assets and liabilities that are administered by the Corporation under the DRDG Program is as follows:

		2021		2020
Assets:				
DRDG TIF receivable - the City	**$**	**12,983,529**	$	14,071,517
Liabilities:				
Loans payable	**$**	**12,983,529**	$	14,071,517

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.

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF OPERATIONS

Year Ended December 31

	2021	2020
REVENUES		
City of Winnipeg (Note 5)	**$ 4,228,179**	$ 4,111,241
City of Winnipeg - Museum Grant Funds	**258,570**	258,570
Arts Development (Note 5)	**14,000**	-
Interest income	**6,145**	15,249
Other income	**2,350**	4,398
	4,509,244	4,389,458
EXPENSES		
Program expenses (Schedule of expenses)	**3,989,985**	3,829,185
Administrative expenses (Schedule of expenses)	**506,116**	511,211
	4,496,101	4,340,396
OTHER PROJECTS		
Public Art revenues (Note 5)	**173,442**	617,729
Public Art expenses (Schedule of expenses)	**(173,442)**	(617,729)
	-	-
EXCESS OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	**13,143**	49,062
AMORTIZATION	**-**	(453)
EXCESS OF REVENUES OVER EXPENSES	**$ 13,143**	$ 48,609

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31

	Unrestricted	Internally Restricted	**Total 2021**	Total 2020
Net assets, beginning of year	$ 131,321	$ 363,560	**$ 494,881**	$ 446,272
Excess of revenues over expenses	13,143	-	**13,143**	48,609
Transfer (Note 6)	(12,749)	12,749	**-**	-
Net assets, end of year	$ 131,715	$ 376,309	**$ 508,024**	$ 494,881

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

December 31

	2021	2020
ASSETS		
Current		
Cash	**$ 1,743,904**	$ 1,829,101
Receivables	**-**	5,000
Public Service Bodies' Rebate receivable	**3,860**	10,048
Prepaid expenses	**3,426**	3,154
	$ 1,751,190	$ 1,847,303
LIABILITIES		
Current		
Payables and accruals	**$ 7,200**	$ 16,346
Holdbacks (Note 4)	**207,028**	222,084
Deferred contributions (Note 5)	**1,028,938**	1,113,992
	1,243,166	1,352,422
NET ASSETS		
Unrestricted (Note 7)	**131,715**	131,321
Internally restricted (Note 7)	**376,309**	363,560
	508,024	494,881
	$ 1,751,190	$ 1,847,303

Commitment (Note 8)

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CASH FLOWS

Year Ended December 31

	2021	2020
Cash derived from (applied to):		
OPERATING		
Excess of revenues over expenses	**$ 13,143**	$ 48,609
Amortization	**-**	453
	13,143	49,062
Change in non-cash working capital		
Receivables	**5,000**	(3,769)
Public Service Bodies' Rebate receivable	**6,188**	(436)
Prepaid expenses	**(272)**	(390)
Payables and accruals	**(9,146)**	8,846
Holdbacks	**(15,056)**	(26,726)
Deferred contributions	**(85,054)**	(192,077)
NET DECREASE IN CASH	**(85,197)**	(165,490)
CASH BALANCE		
Beginning of year	**1,829,101**	1,994,591
End of year	**$ 1,743,904**	$ 1,829,101

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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	2021 Net Book Value	2020 Net Book Value
Office equipment	**$ 6,574**	**$ 6,574**	**$ -**	$ -
Furniture and fixtures	**34,243**	**34,243**	**-**	-
Computer equipment	**5,091**	**5,091**	**-**	-
Leasehold improvements	**104,258**	**104,258**	**-**	-
	$ 150,166	**$ 150,166**	**$ -**	$ -

Equipment and leasehold improvements are fully amortized.

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:

	2021	2020
Youth WITH ART	**$ 128,123**	$ 114,286
Individual Artist grants	**52,400**	59,435
Project grants	**14,770**	11,703
Arts Development	**8,000**	18,000
Professional Development grants	**3,735**	-
Indigenous Arts Leaders Fellowship	**-**	13,875
Multi-year grants	**-**	4,785
	$ 207,028	$ 222,084

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)

	2021	2020
Public Art		
Deferred contributions, beginning of year	**$ 1,029,446**	$ 1,291,069
Contributions		
City of Winnipeg Public Art Allocation	**140,063**	303,827
Assiniboine Park Conservancy	**3,150**	-
Other	**67**	-
The Winnipeg Foundation	**-**	30,000
Plenary Road Winnipeg	**-**	22,279
Transferred to revenue	**(173,442)**	(617,729)
Decrease during the year	**(30,162)**	(261,623)
Deferred contributions, end of year	**$ 999,284**	$ 1,029,446
Operating Funds		
Deferred contributions, beginning of year	**84,546**	-
Contribution		
City of Winnipeg - Indigenous Arts leaders Fellowship	**-**	45,000
City of Winnipeg - Nuit Blanche	**-**	25,546
RBC Foundation	**-**	15,000
Transferred to revenue	**(54,892)**	-
(Decrease) increase during the year	**(54,892)**	84,546
Deferred contributions, end of year	**29,654**	84,546
Total deferred contributions, end of year	**$ 1,028,938**	$ 1,113,992

The following provides a breakdown by project of the unexpended balance for Public Art:

	2021	2020
Public Art Projects		
Broadway Light-based Sculptures	**$ 188,131**	$ 188,131
Waverley Underpass	**159,627**	161,216
WITH ART: Community Arts Projects	**139,065**	150,322
Studio to Site	**132,000**	132,000
Public Art Contingency	**98,937**	44,046
Maintenance	**80,341**	63,567
Temporary Installations	**52,282**	79,997
Biz Banner Collaboration	**40,000**	-
Poetry in Public	**34,995**	35,120
South Sherbrook/Cornish Library	**24,798**	26,341
Public Education and Outreach	**24,300**	27,157
Southwest Rapid Transit	**22,308**	22,308
Indigenous Digital Strategies	**2,500**	2,500
1919 Streetcar	**-**	69,327
Kildonan Park	**-**	21,639
Air Canada Park Indigenous Artists Project	**-**	5,775
	$ 999,284	$ 1,029,446

6. Transfers

During the year, $12,749 (2020 - $Nil) was transferred from unrestricted net assets to internally restricted net assets. Detailed as follows:

$25,000 (2020 - $Nil) was transferred from unrestricted net assets to internally restricted net assets to be used towards the update and improvement of Winnipeg Arts Council's website.

$12,251 (2020 - $19,221) was transferred from internally restricted net assets to unrestricted net assets. Specifically, $6,353 was transferred to cover the digitization of the grant application process and $5,898 was transferred to cover website costs.

7. Net assets

Internally restricted net assets

	2021	2020
Cash flow assistance	**$ 100,000**	$ 100,000
Internally restricted net assets	**276,309**	263,560
	$ 376,309	$ 363,560

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.

8. Commitment

The Organization entered into a lease agreement for office space, which expires on January 31, 2027. The Organization's minimum annual lease payments total $31,524.

9. 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.

10. 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, 2021, the Organization's cumulative contributions to the Endowment Fund totaled $140,000 (2020 - $140,000) with a cumulative matching grant contribution of $39,486 (2020 - $38,371) from The Winnipeg Foundation. The market value of the Endowment Fund at December 31, 2021 is $289,363 (2020 - $256,397).

11. 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.

WINNIPEG ARTS COUNCIL INC.

SCHEDULE OF EXPENSES

Year ended December 31

		2021		2020
PROGRAM EXPENSES				
Multi-year grants	**$**	**3,189,707**	$	3,200,908
Individual Artist grants		**244,200**		222,435
Museum grants		**240,900**		240,900
Project grants		**129,945**		74,000
Arts Development		**68,809**		30,454
Professional development grants		**29,571**		6,250
Youth WITH ART		**25,000**		24,957
Indigenous Arts Leaders Fellowship		**22,846**		-
Jury honoraria and expenses		**18,062**		14,631
Poet Laureate		**9,306**		5,650
Carol Shields Winnipeg Book Award		**6,750**		6,750
Translation services		**4,889**		2,250
	$	**3,989,985**	$	3,829,185
ADMINISTRATIVE EXPENSES				
Salaries and benefits	**$**	**382,002**	$	379,359
Rent and utilities		**60,690**		61,749
Supplies and other office expenses		**34,733**		32,215
Professional and consultant fees		**10,096**		26,421
Website upgrade		**5,898**		-
Telecommunications		**5,150**		4,859
Professional development, membership and conferences		**3,146**		2,762
Board and committee meetings		**2,624**		1,630
Hospitality and promotion		**1,777**		2,216
	$	**506,116**	$	511,211
PUBLIC ART EXPENSES				
Program administration	**$**	**75,000**	$	75,000
Artwork commission/production		**42,367**		397,291
Professional services		**25,470**		68,570
Public education		**25,316**		56,775
Maintenance		**3,289**		11,433
Artwork development		**2,000**		8,556
Selection process		**-**		104
	$	**173,442**	$	617,729

See accompanying notes to the financial statements

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2021	2020
ASSETS		
Current assets		
Cash	**$ 61,062**	$ 67,914
Guaranteed investment certificate (Note 3)	**5,005**	5,058
GST receivable	**883**	585
Prepaid expenses	**-**	396
	$ 66,950	$ 73,953
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 664**	$ 2,524
Deferred contributions (Note 5)	**14,922**	20,065
	15,586	22,589
NET ASSETS		
Unrestricted	**51,364**	51,364
	$ 66,950	$ 73,953

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

Year ended December 31

	2021	2020
REVENUE		
City of Winnipeg operating grant	**$ 76,527**	$ 51,319
Interest and other revenue	**7**	86
	76,534	51,405
EXPENDITURES		
Administrative	**21,174**	17,606
Development and research	**9,660**	4,713
Projects	**21,747**	13,428
Promotion and advertising	**7,953**	3,658
Sponsorship	**16,000**	12,000
	76,534	51,405
DIFFERENCE BETWEEN REVENUE AND EXPENDITURES	**$ -**	$ -

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2021	2020
Net assets, beginning of year	**$ 51,364**	$ 51,364
Difference between revenue and expenditures	**-**	-
Net assets, end of year	**$ 51,364**	$ 51,364

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

December 31

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ -**	$ -
Change in non-cash working capital		
GST receivable	**(298)**	154
Prepaid expenses	**396**	1,470
Accounts payables and accrued liabilities	**(1,860)**	2,418
Deferred contributions	**(5,143)**	20,065
	(6,905)	24,107
CASHFLOW FROM INVESTING ACTIVITIES		
Change in guaranteed investment certificate	**53**	10
Change in cash	**(6,852)**	24,117
CASH, beginning of year	**67,914**	43,797
CASH, end of year	**$ 61,062**	$ 67,914

WINNIPEG PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021

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 $nil in office equipment that was expensed in the statement of operations (2020 - $1,723).

3. *Guaranteed investment certificate:*

The Organization purchased a guaranteed investment certificate that matures January 12, 2022 (2020 - January 12, 2021) and bears interest at 0.10% (2020 - 1.20%).

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.

	2021	2020
Balance beginning of year	**$ 20,065**	$ -
Contributions received	**71,384**	71,384
Contributions recognized	**(76,527)**	(51,319)
Balance, end of year	**$ 14,922**	$ 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. COVID-19:

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, 2021 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.

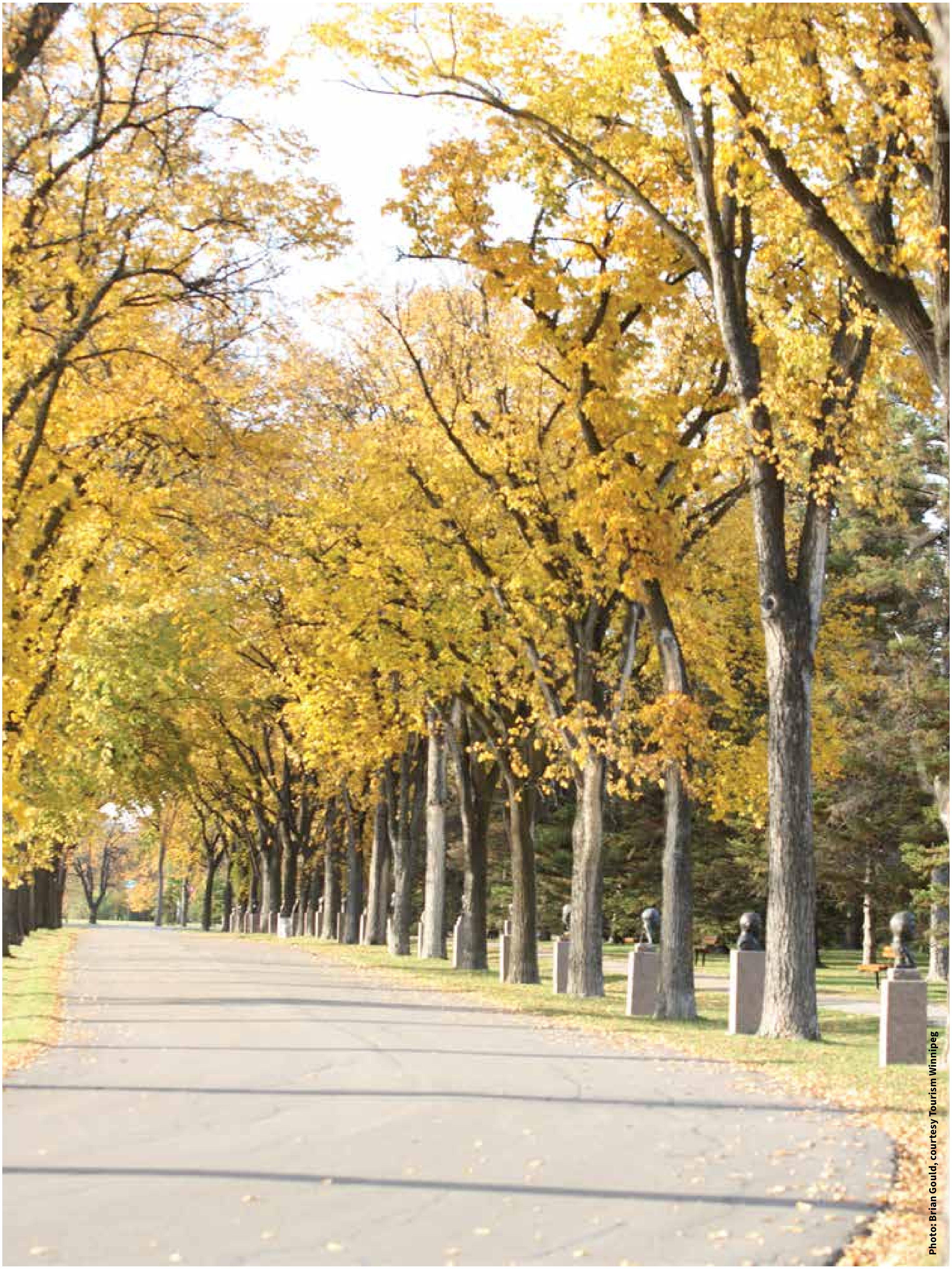

Photo: Brian Gould, courtesy Tourism Winnipeg

ASSINIBOINE PARK CONSERVANCY INC.

BALANCE SHEET

December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	**$ 27,009,302**	$ 16,765,857
Accounts receivable	**1,609,147**	1,219,347
Government grants receivable	**3,150,000**	-
Government remittances receivable	**128,771**	145,228
Inventory	**333,092**	368,539
Prepaid expenses	**465,139**	729,743
	32,695,451	19,228,714
ACCOUNTS RECEIVABLE	**45,000**	110,000
CAPITAL ASSETS (Note 4)	**194,362,102**	179,320,242
ART COLLECTIONS (Note 5)	**14,058,344**	14,057,344
EMPLOYEE BENEFITS RECEIVABLE (Note 6)	**162,351**	156,053
	$ 241,323,248	$ 212,872,353
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 9,730,802**	$ 7,789,664
Deferred contributions - operating (Note 7)	**712,800**	589,177
Deferred revenue	**1,346,694**	639,799
Notes payable (Note 8)	**3,121,000**	2,624,632
	14,911,296	11,643,272
ADVANCE FROM PROVINCE OF MANITOBA (Note 9)	**6,858,239**	-
DEFERRED REVEUE	**45,000**	110,000
DEFERRED CONTRIBUTIONS - CAPTIAL (Note 10)	**198,311,842**	183,400,839
ACCRUED EMPLOYEE BENEFITS (Note 6)	**106,825**	100,527
	220,233,202	195,254,638
COMMITMENTS (Note 18)		
CONTINGENCY (Note 19)		
NET ASSETS		
Restricted (Notes 2(c) and 5)	**14,058,344**	14,057,344
Internally Restricted (Notes 2(f) and 14)	**7,015,000**	3,540,000
Unrestricted	**16,702**	20,371
	21,090,046	17,617,715
	$ 241,323,248	$ 212,872,353

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2021

	2021	2020
REVENUE		
City of Winnipeg (Note 11)	**$ 11,710,000**	$ 11,327,000
Other operating grants (Note 13)	**369,786**	284,000
Gifts and sponsorships (Note 12 and 13)	**1,775,533**	1,088,411
Amortization of deferred contributions	**6,730,107**	6,812,962
Interest and other income	**129,055**	106,830
Park revenues	**12,073,175**	6,260,835
	32,787,656	25,880,038
Direct costs of park revenues (Note 11)	**6,686,215**	4,256,965
EXPENSE	**26,101,441**	21,623,073
Administration (Note 11)	**1,782,777**	1,200,650
Amortization of capital assets	**6,426,446**	6,574,590
Insurance	**218,853**	188,292
Interest	**17,689**	27,778
Operations (Note 11)	**2,747,867**	2,024,745
Utilities (Note 11)	**1,434,180**	1,313,874
Wages, benefits and contract services (Note 11)	**13,079,342**	12,047,058
Donation to Winnipeg Foundation - ParkShare (Note 12)	**3,513**	1,417
	25,710,667	23,378,404
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE BEFORE OTHER INCOME	**390,774**	(1,755,331)
OTHER INCOME		
Canada Emergency Wage Subsidy	**3,080,557**	4,931,465
EXCESS OF REVENUE OVER EXPENSE	**$ 3,471,331**	$ 3,176,134

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2021

	2021				2020
	Restricted Net Assets	**Internally Restricted Net Assets**	**Unrestricted Net Assets**	**Total**	Total
Balance, beginning of year	**$ 14,057,344**	**$ 3,540,000**	**$ 20,371**	**$ 17,617,715**	$ 14,441,581
Gifts of art (Note 5)	**1,000**	**-**	**-**	**1,000**	
Excess of revenue over expense	**-**	**-**	**3,471,331**	**3,471,331**	3,176,134
Interfund transfers (Note 14)	**-**	**3,475,000**	**(3,475,000)**	**-**	-
Balance, end of year	**$ 14,058,344**	**$ 7,015,000**	**$ 16,702**	**$ 21,090,046**	$ 17,617,715

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expense	**$ 3,471,331**	$ 3,176,134
Items not affecting cash:		
Amortization of capital assets	**6,426,446**	6,574,590
Amortization of deferred contributions	**(6,730,107)**	(6,812,962)
	3,167,670	2,937,762
Changes in non-cash operating working capital items:		
Accounts receivable	**(324,800)**	528,267
Government grants receivable	**(3,150,000)**	4,047,723
Government remittances receivable	**16,457**	23,235
Inventory	**35,447**	16,863
Prepaid expenses	**264,604**	(351,016)
Accounts payable and accrued liabilities	**1,543,674**	(87,663)
Deferred revenue	**641,895**	429,799
Deferred contributions - operating	**123,623**	(494,063)
	2,318,570	7,050,907
FINANCING ACTIVITIES		
Deferred contributions - capital	**18,499,349**	17,149,611
Proceeds from notes payable	**8,975,000**	1,415,000
Repayment of notes payable	**(8,478,632)**	(735,671)
Advance from Province of Manitoba	**10,000,000**	-
Change in employee benefits receivable	**(6,298)**	55,778
Change in accrued employee benefits	**6,298**	(43,806)
	28,995,717	17,840,912
INVESTING ACTIVITIES		
Acquisition of capital assets	**(21,070,842)**	(25,166,570)
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	**10,243,445**	(274,751)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	**16,765,857**	17,040,608
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	**$ 27,009,302**	$ 16,765,857

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 fifty year Lease and Funding Agreement with the Conservancy which came into effect on October 1, 2010, the City retains ownership of the Park and all of its assets. Under this Agreement, the City provides 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. Key components of the financial statements requiring the Conservancy to make estimates included in these financial statements are the determination of the useful lives of the capital assets. 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 Conservancy.

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 $5,615,212 (2020 - $4,580,905)

4. *Capital Assets*

	2021			2020
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Park facility improvements	**$ 116,616,192**	**$ 29,966,484**	**$ 86,649,708**	$ 84,481,490
Grounds improvements	**12,498,478**	**9,332,971**	**3,165,507**	3,851,024
Park equipment and systems	**24,201,121**	**18,930,347**	**5,270,774**	4,145,019
Moving equipment	**2,745,481**	**1,837,910**	**907,571**	1,161,768
Construction in progress	**98,368,542**	**-**	**98,368,542**	85,680,941
	$ 254,429,814	**$ 60,067,712**	**$ 194,362,102**	$ 179,320,242

The Province of Manitoba ("the Province") 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 4,073 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". For the year ending December 31, 2021, the Conservancy was the recipient of a gift-in-kind donation valued at $1,000 that increased the art collections. The Conservancy did not dispose of any works of art during the year ending December 31, 2021.

	2021	2020
Legacy art collections	**$ 13,559,652**	$ 13,559,652
Other art collections	**498,692**	497,692
	$ 14,058,344	$ 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 $106,825 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 2022 and therefore the receivable and liability are both recorded as long-term.

	2021	2020
Vacation pay receivable	**$ 55,526**	$ 55,526
Sick pay severance receivable	**106,825**	100,527
	$ 162,351	$ 156,053

7. Deferred Contributions - Operating

The balance in current deferred contributions - operating at December 31, 2021 represents $107,336 (2020 - $106,931) of externally designated funds to be used to offset 2022 operating costs, $17,832 (2020 - $59,699) of externally designated funds to be used to offset repairs and maintenance in Leo Mol Gardens, $246,495 (2020 - $187,961) of funds to be used to offset 2022 costs for education and accessibility and $341,137 (2020 - $234,586) of funds to be used to offset 2022 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, 2021, the amount owing on the loan is $3,121,000 (2020 - $2,624,632). 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, 2021 the Conservancy had not drawn on this credit facility.

Interest on these loans is at prime less 0.75%.

9. Advance from Province of Manitoba

The Conservancy received a $10 million contribution from the Province of Manitoba for the development of the Canada's Diversity Gardens project (the "Project"). The terms of this contribution included a matching requirement whereby the Conservancy is entitled to keep $1 of the contribution for every $2 in additional funds raised for the Project. In the event that the conservancy does not raise the full amount of additional funding by March 31, 2023, the Conservancy will be required to repay the unmatched funding.
As of December 31, 2021, the amount of unmatched funding which would be required to be repaid is $6,858,239.

10. Deferred Contributions - Capital

During the year, the Conservancy received contributions totaling $21,641,110 (2020 - $17,149,611) 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.

	2021	2020
Balance, beginning of year	**$ 183,400,839**	$ 173,064,190
Contributions received	**18,499,349**	17,149,611
Advance from the Province of Manitoba	**10,000,000**	-
Advance from the Province of Manitoba - Unmatched	**(6,858,239)**	-
Amortization of deferred contributions	**(6,730,107)**	(6,812,962)
Balance, end of year	**$ 198,311,842**	$ 183,400,839

Pledges made by donors are not recognized as contributions until received from the donor in cash or in kind.

11. City of Winnipeg

The City of Winnipeg is a significant operating partner of the Conservancy, providing a significant portion of its operating funding in 2021 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, 2021 are as follows:

11. *City of Winnipeg (continued)*

City of Winnipeg balances

As described in Note 6, as at December 31, 2021, the Conservancy has a long-term receivable of $162,351 (2020 - $156,053) from the City relating to employee benefits for CUPE 500 employees who were previously employed by the City. The Conservancy also has $126,867 (2020 - $114,896) included in accounts receivable as at December 31, 2021 related to these employee benefits.

Included in accounts payable and accrued liabilities on December 31, 2021, are amounts due to the City of $47,487 (2020 - $32,427).

City of Winnipeg transactions

During the year, the Conservancy recognized funding received from the City into operating revenue of $11,710,000 (2020 - $11,327,000).

Additionally, during the year, the Conservancy received capital contributions of $5,100,000 (2020 - $4,600,000) 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 $2,869 (2020 - $17,220). Included in insurance are liability settlements paid to the City in the amount of $1,750 (2020 - $nil). Included in operations expense are waste disposal, horticulture, maintenance and fleet costs paid to the City of $74,935 (2020 - $75,462). Included in utilities expense are water costs paid to the City of $587,531 (2020 - $425,823). Included in wages, benefits and contract services are pension plan benefit costs paid to the City of $nil (2020 - $109,892).

12. *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, 2021. 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 on October 1 each year. The Conservancy receives an annual income distribution based on the Winnipeg 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 on December 31 are as follows:

	2021	2020
Lyric Program Fund	**$ 97,822**	$ 92,213
Assiniboine Park Bandshell Inc. Fund	**325,779**	307,096
Assiniboine Park Zoo Endowment Fund	**24,474**	23,071
Leo Mol Sculpture Garden Fund	**356,227**	335,795
Assiniboine Park Conservancy Fund	**69,261**	65,211
ParkShare Endowment Fund	**1,017,563**	903,008
	$ 1,891,126	$ 1,726,394

12. *Endowments Held by the Winnipeg Foundation (continued)*

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.

During the year, The Winnipeg Foundation distributed $40,045 (2020 - $38,717) in income to the Conservancy from these Funds. In addition, $39,983 (2020 - $32,519) in income for the ParkShare Endowment Fund was capitalized. During the year, Assiniboine Park Conservancy Inc. transferred $3,513 (2020 - $1,417) to The Winnipeg Foundation in gifts received from donors in support of the ParkShare Endowment Fund.

13. *Conservation and Research*

During the year, $118,043 (2020 - $149,647) in deferred Conservation and Research grants and restricted gifts were included in revenue to offset current year Conservation and Research expenses of $118,043 (2020 - $149,647). In addition, operating funds were used to support Conservation and Research activities including animal rescue, research, salaries and supplies in the amount of $325,322 (2020 - $235,390).

In the current year, the Conservancy fundraised and paid funds directly to other Conservation organizations as follows:

	2021	2020
Red Panda Network	**$ 2,595**	$ 1,361
Snow Leopard Trust	**1,540**	3,643
	$ 4,135	$ 5,004

14. *Interfund Transfers and Internally Restricted New Assets*

In the current year, $3,475,000 (2020 - $3,175,000) in 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.

15. *Capital Management*

The objective of the Board of Directors of Assiniboine Park Conservancy Inc., when managing capital, is to safeguard the ability of the Conservancy to continue as a going concern. The Board of Directors considers capital management in two components: First, for the Conservancy's capital activities, capital is raised through government contributions and private sector fundraising. Authorization of capital projects is provided as funding for each redevelopment project is confirmed. Second, for the Conservancy's operating activities, the Board seeks to operate with a modest surplus annually so that sufficient net assets are retained to manage the risk inherent in the Conservancy's expanding operations. The Board of Directors manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

16. Non-Monetary Transactions

During the year, the Conservancy received amounts for operating purposes of $79,436 (2020 - $60,616) without consideration.

The transactions were recorded at the fair value of the goods or services received.

17. 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 $781,795 (2020 - $767,854).

18. 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, 2021, 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.

Total contract values committed to undersigned agreements as at December 31, 2021, is $8,952,261 (2020 - $19,295,763). These amounts are to be paid over the construction period of the projects which are expected to be completed in 2022.

19. Contingency

As of December 31, 2021, 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 outcome, nor the possible settlement amounts from these matters, and therefore no adjustment or recoverable amount has been recorded in the financial statements.

20. Financial Instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, the majority of 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 arises on 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.

21. 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. 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.

22. Comparative figures

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

2021
Other

Detailed Financial Statements

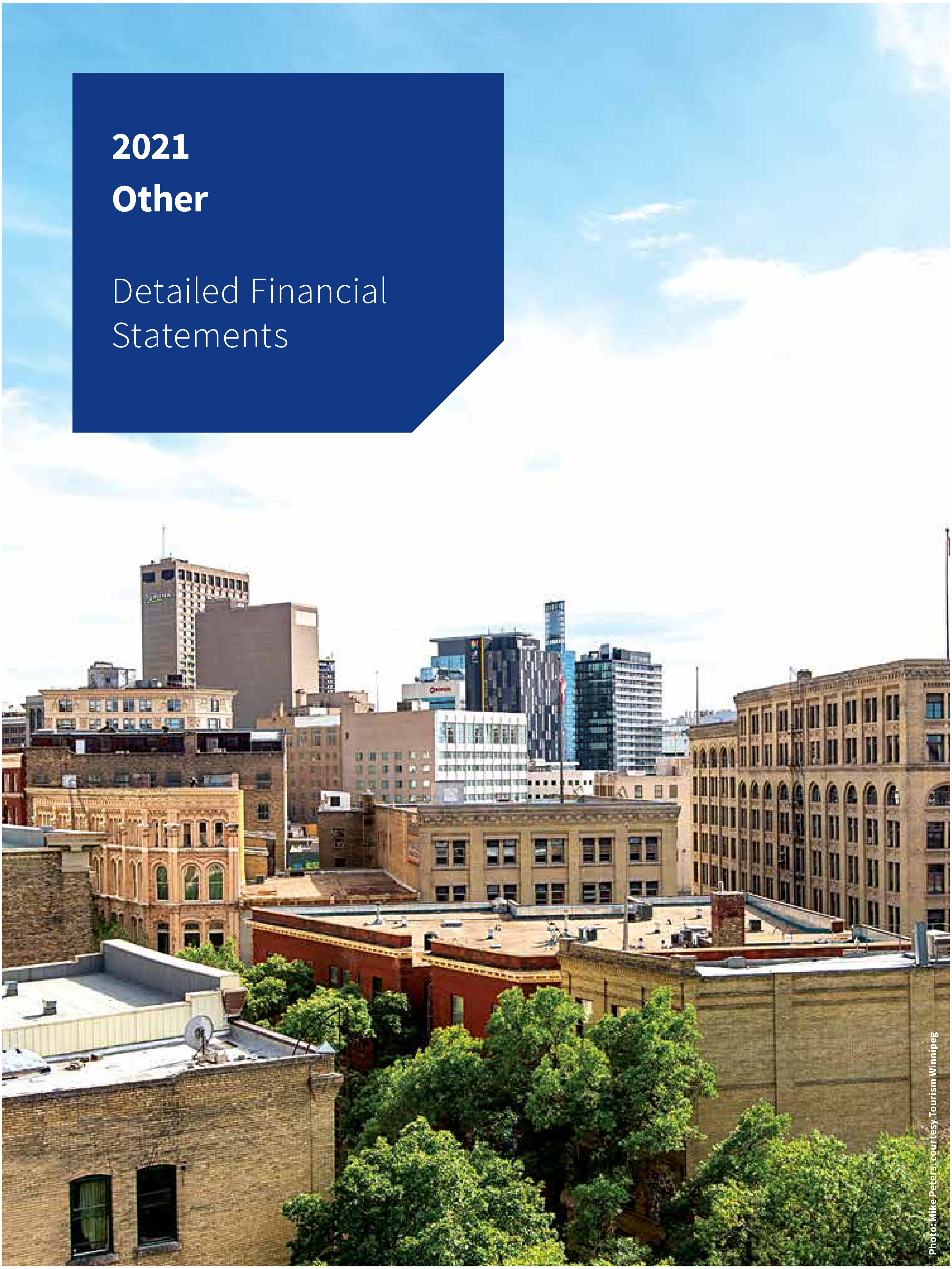

Photo: Mike Peters, courtesy Tourism Winnipeg

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021 with comparative information for 2020

		2021		2020
ASSETS				
Current assets:				
Cash	**$**	**505,544**	$	458,042
Investments (Note 3)		**2,588,777**		3,698,777
Accounts receivable		**492,828**		447,810
Prepaid expenses		**410,740**		52,762
		3,997,889		4,657,391
Capital assets (Note 4)		**806,568**		676,842
	$	**4,804,457**	$	5,334,233
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**181,901**	$	213,591
Deferred rent		**54,957**		58,132
Deferred lease inducement		**219,663**		219,795
Deferred contributions:				
Future expenses (Note 5)		**759,206**		1,533,913
		1,215,727		2,025,431
Net assets:				
Invested in capital assets		**806,568**		676,842
Unrestricted		**2,082,162**		1,931,960
Internally restricted:				
Appropriated for sustainability reserve (Note 6)		**700,000**		700,000
		3,588,730		3,308,802
Commitments (Note 7)				
	$	**4,804,457**	$	5,334,233

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31, 2021 with comparative information for 2020

		2021		2020
REVENUE				
Funding:				
The City of Winnipeg	**$**	**2,170,273**	$	3,122,716
Province of Manitoba (Note 11)		**1,764,000**		1,754,000
Government of Canada		**1,123,504**		1,017,346
Partnerships and investors contributions		**1,902,941**		1,211,968
Interest		**12,120**		45,740
		6,972,838		7,151,770
EXPENDITURES				
Initiatives and marketing		**1,981,181**		2,167,938
Personnel		**3,905,359**		3,954,280
Administrative		**445,224**		473,574
Occupancy and facilities		**361,146**		353,289
		6,692,910		6,949,081
EXCESS OF REVENUE OVER EXPENDITURES	**$**	**279,928**	$	202,689

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2021 with comparative information for 2020

	Invested in Capital Assets	Unrestricted	Internally restricted	2021 Total	2020 Total
Balances, beginning of year	$ 676,842	$ 1,931,960	$ 700,000	**$ 3,308,802**	$ 3,106,113
Excess (deficiency) of revenue over expenditures	(151,460)	431,388	-	**279,928**	202,689
Transfer for acquisition of capital assets	281,186	(281,186)	-	**-**	-
Balances, end of year	$ 806,568	$ 2,082,162	$ 700,000	**$ 3,588,730**	$ 3,308,802

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2021 with comparative information for 2020

	2021	2020
Cash provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 279,928**	$ 202,689
Items not involving cash:		
Amortization of capital assets	**151,460**	139,757
Amortization of deferred rent	**(3,175)**	4,240
Amortization of deferred lease inducements	**(42,515)**	(35,638)
Change in non-cash operating working capital:		
Accounts receivable	**(45,018)**	(115,345)
Prepaid expenses	**(357,978)**	91,665
Accounts payable and accrued liabilities	**(31,690)**	(207,416)
Net increase (decrease) in deferred contributions future expenses	**(774,707)**	884,219
	(823,695)	964,171
CAPITAL ACTIVITIES		
Purchase of capital assets	**(281,186)**	(272,927)
Tenant inducements	**42,383**	-
	(238,803)	(272,927)
INVESTING ACTIVITIES		
Investments, net	**1,110,000**	(403,379)
INCREASE IN CASH	**47,502**	287,865
CASH, beginning of year	**458,042**	170,177
CASH, end of year	**$ 505,544**	$ 458,042

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2021

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 (the "City") and the Province of Manitoba (the "Province") 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, 2021 (2020 - nil) and therefore a statement of re-measurement gains and losses is not required to be included in these financial statements.

2. *Significant accounting policies (continued):*

b) Financial instruments (continued):

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.

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 - 5 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.

2. *Significant accounting policies (continued):*

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 (2020 - $588,777) and guaranteed investment certificates aggregating $2,000,000 (2020 - $3,110,000). The fair value of investments has been determined using Level 1 of the fair value hierarchy.

4. *Capital assets:*

	Cost	Accumulated Amortization	**2021 Net Book Value**	2020 Net Book Value
Computer hardware and software	$ 528,707	$ 214,555	**$ 314,152**	$ 54,194
Office furniture and fixtures	251,780	194,493	**57,287**	89,407
Leasehold improvements	1,038,460	603,331	**435,129**	533,241
	$ 1,818,947	$ 1,012,379	**$ 806,568**	$ 676,842

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.

	2021	2020
Balance, beginning of year	**$ 1,533,913**	$ 649,694
Amounts received during the year	**2,057,279**	3,534,081
	3,591,192	4,183,775
Less: amounts recognized as revenue in the year	**(2,831,986)**	(2,649,862)
Balance, end of year	**$ 759,206**	$ 1,533,913

Deferred contributions for future expenses are related to the following initiatives:

	2021	2020
Province of Manitoba PEG Funding	**$ 400**	$ 318,800
Western Economic Diversification projects	**-**	424,623
Tourism Winnipeg Partner initiatives	**548,172**	541,083
Our Winnipeg Initiative	**41,451**	66,451
Open data project	**99,183**	112,956
Winnipeg Branding initiative	**70,000**	70,000
	$ 759,206	$ 1,533,913

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:

2022	$	181,740
2023		185,267
2024		186,837
2025		186,837
2026		186,837

8. Segregated funds:

a) Special Event Marketing 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.

		2021		2020
Special event marketing fund:				
Balance, beginning of year	**$**	**1,603,161**	$	1,388,288
Funds received during the year		**-**		699,227
Funds used during the year		**(164,917)**		(393,123)
Interest earned		**3,982**		8,769
Administration fee		**-**		(100,000)
Balance, end of year, and amount of funds held	**$**	**1,442,226**	$	1,603,161

The funds of $1,442,226 held on December 31, 2021 have been committed towards meetings and conventions planned during fiscal 2022. The timing for certain scheduled events is uncertain due to the COVID-19 pandemic and many events previously scheduled for 2022 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.

8. *Segregated funds (continued):*

a) Special Event Marketing Fund (continued):

The commitments related to future years are:

2022	$	814,861
2023		2,376,879
2024		568,652

b) Workforce Development & Skills Initiative:

During the year, the Province established the *Long-Term Recovery Fund* to be administered by the Manitoba Chamber of Commerce for the purpose of financially assisting and supporting the long-term recovery and adaptation of Manitoba businesses impacted by COVID-19. As part of this fund, the Organization agreed to develop and deliver the "*Workforce Development & Skills Initiative*" (Also known as the Retrain Manitoba Program).

The Organization hold funds that are segregated for the Retrain Manitoba Program. The program is funded by the Province through the Manitoba Chamber of Commerce in a separate account for the grants issued through the program. Payments to this fund are based on advances received by The Manitoba Chamber of Commerce.

The balance of this fund and the income and expenditures associated with the fund are not included in these financial statements.

	2021	2020
Retrain Manitoba Program:		
Balance, beginning of year	**$ -**	$ -
Funds received during the year	**7,000,000**	-
Funds disbursed during the year	**(5,942,326)**	-
Balance, end of year, and amount of funds held	**$ 1,057,674**	$ -

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, 2021 is the carrying value of these assets.

At December 31, 2021, the amount of accounts receivable past due, net of the allowance for doubtful accounts, is $39,655 (2020 $28,958)

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 2020.

9. Financial risks (continued):

(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 2022.

There have been no significant changes to the liquidity risk exposure from 2020.

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 $114,971 (2020 - $124,873).

11. Funding from the Province of Manitoba

During fiscal 2021, the Organization received funding under the Province of Manitoba's Industry Partnerships program, with total revenue recognized during fiscal 2021 of $1,594,000 (2020 - $1,594,000). The amount is represented by $637,600 recognized relating to the Province's 2020/21 fiscal year (April 1, 2020 to March 31, 2021), and $956,400 of revenue from the Province's 2021/22 current fiscal year (April 1, 2021 to March 31, 2022).

During the year, the Organization entered into a formal funding agreement with the Province for the funding to be received for the Province's 2021/22 fiscal year. The agreement includes the payment of three installments. The first installment was received on June 18, 2021 and the second installment was received on October 29, 2021. During the year the Organization recognized $956,400 of the Province's 2021/22 funding, representing the period April 1, 2021 to December 31, 2021. The remainder of the 2021/22 funding will be recognized January 1, 2022 to March 31, 2022 including the final payment of $318,800 once the Province's reporting requirements are considered to be met.

The use of the funds provided by the 2021/22 Industry Partnership Program funding are as follows:

	Recognized in 2021	To be recognized in 2022	Total
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

During fiscal 2021, the Organization also received $160,000 from the Province for a Data Warehouse project and $10,000 for another project which is separate from the Industry Partnership's Program funding. This combined with the Industry Partnership Program funding provides for total revenue from the Province of $1,764,000 (2020 - $1,754,000) for the year ended December 31, 2021.


Photo: Dan Harper, courtesy Tourism Winnipeg

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

His Worship the Mayor
and Members of the Council
of the City of Winnipeg

Ladies and Gentlemen:

Pursuant to the requirements of **The City of Winnipeg Charter**, the Sinking Fund Trustees submit the 2021 audited financial statements of the Sinking Fund Trustees of The City of Winnipeg (the "Fund").

You will note in the financial statements that the Fund reported no net income or accumulated surplus for the year ended and as at December 31, 2021.

The total reserve for retirement of debenture debt is $60,000,000 as at December 31, 2021 (2020 - $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)

	2021	2020
ASSETS		
Cash (note 3)	**$ 6**	$ 7
Accrued interest receivable	**1,474**	1,474
Investment in debentures (note 4)	**60,000**	60,000
	$ 61,480	$ 61,481
LIABILITIES AND RESERVE		
Due to City of Winnipeg (note 8)	**$ 1**	$ -
Accrued interest payable (note 5)	**1,474**	1,474
Accrued liabilities	**5**	7
	1,480	1,481
Reserve for retirement of debenture debt (note 6)	**60,000**	60,000
	$ 61,480	$ 61,481

See accompanying notes 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)

	2021	2020
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)	**3**	8
	3	8
Administration expenses	**3**	8
Net income for the year	**$ -**	$ -

See accompanying notes 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)

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Change in non-cash operating accounts	**$ (1)**	$ 7
(Decrease) increase in cash and short-term investments	**(1)**	7
Cash and short-term investments, beginning of period	**7**	-
Cash, end of period	**$ 6**	$ 7

See accompanying notes to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2021
(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:

	2021		2020	
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, 2021 the Fund's maximum credit risk exposure at fair market value was $60 million (2020 - $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, 2021 amounted to $60 million (2020 - $60 million).

b) Pay all principal and interest received on the Manitoba Hydro debentures to the City of Winnipeg for the payment of principal and interest on the Winnipeg Hydro portion of the City of Winnipeg's debt.

5. *Purchase of Winnipeg Hydro by Manitoba Hydro (continued)*

Accrued interest receivable and identical offsetting accrued interest payable on the Manitoba Hydro debentures amounted to $1.5 million at December 31, 2021 (2020 - $1.5 million).

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, 2021 the reserve for retirement of debenture debt is allocated towards Sinking Fund debentures as follows:

Maturity Year	Amortized Cost		Maturity Value
	Hydro Portion	Total	
2029	$ 60,000	$ 60,000	$ 60,000

As at December 31, 2021, the reserve for retirement of debenture debt includes $60 million (2020 - $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, 2021, the Fund and the City of Winnipeg entered into the following transactions:

The Fund paid $3.5 million (2020 - $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 $3 thousand (2020 - $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, 2021, the amount due to the City of Winnipeg is $1 thousand (2020 - $nil).

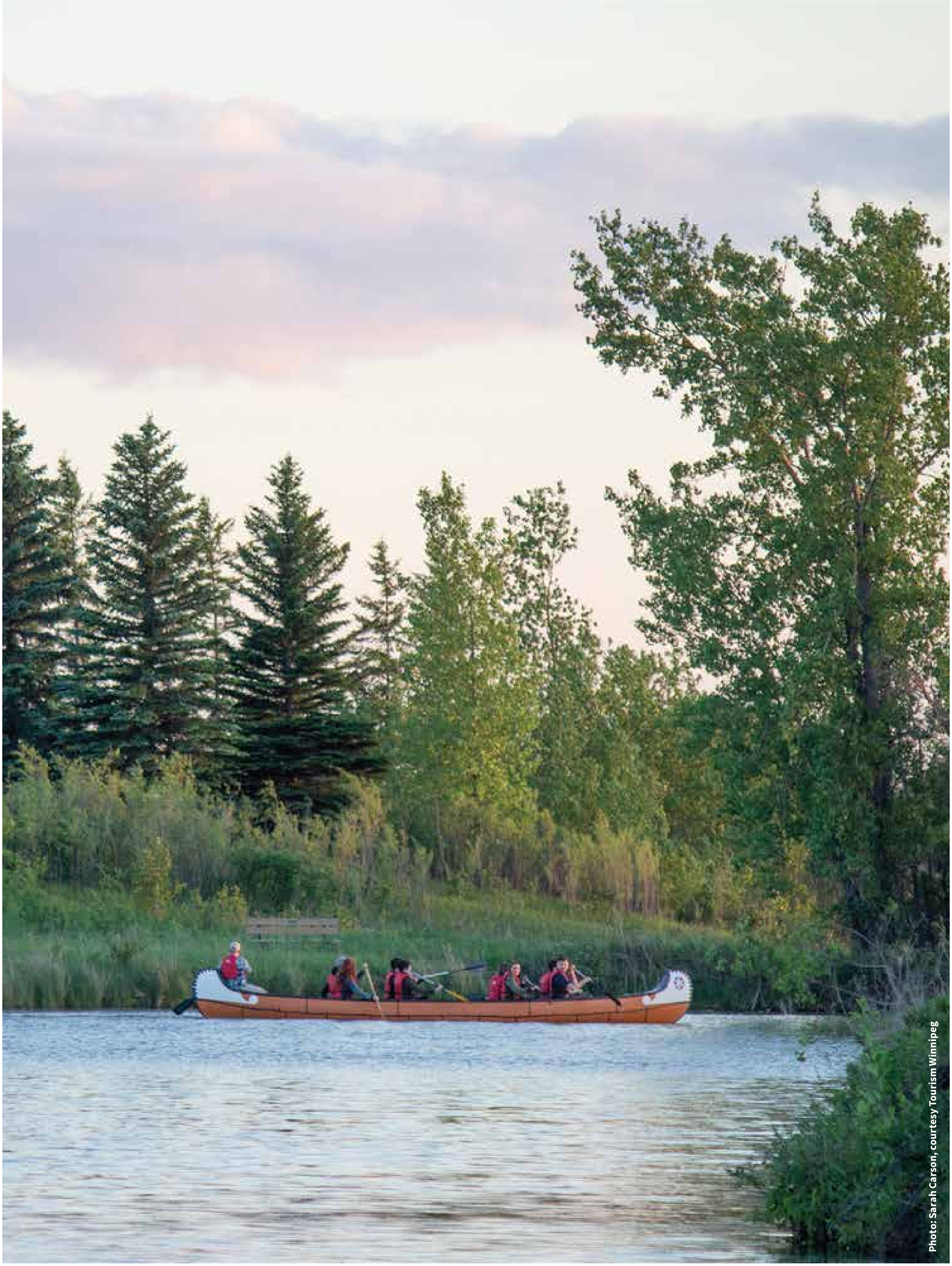

Photo: Sarah Carson, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
SINKING FUND

STATEMENT OF FINANCIAL POSITION

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

	2021	2020
ASSETS		
Investment in bonds and debentures (Schedule 1)	**$ 238,476**	$ 223,980
Call loans - Sinking Fund (Note 3)	**9,046**	(66)
Call loans - Premium Offset Account (Note 3)	**432**	5,627
Accrued interest receivable	**1,440**	1,543
	$ 249,394	$ 231,084
LIABILITIES		
Premium on Long Term Debt (Note 5)	**$ 109,475**	$ 113,265
RESERVE		
Reserve for retirement of debenture debt	**132,050**	112,882
Premium Account (Surplus)/Deficit	**7,869**	4,937
	$ 249,394	$ 231,084

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)

	2021	2020
Balance, beginning of year	**$ 112,882**	$ 98,786
Add:		
Installments - General Revenue Fund	**6,359**	6,189
Installments - Sewage Disposal System	**3,029**	1,848
Installments - Waterworks System	**2,836**	2,836
Installments - Reserves	**1,681**	1,484
Installments - Transit System	**1,518**	1,438
Installments - Municipal Accommodations	**739**	666
Installments - Solid Waste Disposal System	**237**	237
Interest income- Sinking Fund	**3,632**	3,286
Interest income- Premium Account	**1,134**	1,096
Interest income - Call Fund Interest	**3**	5
Gain on sale of assets- Premium Account	**1,143**	-
Gain on sale of assets- Sinking Fund	**34**	185
Premium Account (Surplus)/Deficit	**(2,932)**	(4,937)
	132,295	113,119
Deduct:		
Transfer to General Revenue Fund - investment management fees	**245**	237
Balance, end of year	**$ 132,050**	$ 112,882

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SINKING FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021
(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, 2021, 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") and the Premium Offset Account 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, 2021 was 2.65% (2020 - 2.24%).

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2021 are as follows:

Term To Maturity	**Par Value**	**Book Value**
Greater than five years	$ 219,961	$ 238,476

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, 2021 the Fund's maximum credit risk exposure at fair market value was $263,777 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.

6. *Comparative Figures*

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

THE CITY OF WINNIPEG
SINKING FUND

Schedule 1

SCHEDULE OF INVESTMENTS

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

	2021					2020	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	Book Value	%
Investment in bonds and debentures							
Sinking Fund							
Other Municipalities	**$ 76,254**	**$ 84,475**	**33**	**$ 78,635**	**33**	$ 62,663	28
City of Winnipeg	**25,769**	**34,248**	**14**	**30,890**	**13**	31,044	14
Provincial and Provincial guaranteed	**13,100**	**13,305**	**5**	**12,570**	**5**	17,699	8
Premium Offset Account							
Other Municipalities	**43,300**	**48,145**	**19**	**45,884**	**19**	37,981	17
City of Winnipeg	**34,038**	**45,574**	**18**	**43,002**	**18**	43,248	19
Provincial and Provincial guaranteed	**27,500**	**27,111**	**11**	**27,495**	**12**	31,345	14
	$ 219,961	**$ 252,858**	**100**	**$ 238,476**	**100**	$ 223,980	100

THE CITY OF WINNIPEG
SINKING FUND

Schedule 2

SCHEDULE OF INTEREST INCOME

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

	2021	2020
Interest on bonds and debentures- Premium Account	**$ 1,134**	$ 1,096
Interest on bonds and debentures- Sinking Fund	**3,632**	3,286
Call fund interest	**3**	5
	$ 4,769	$ 4,387

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	2021	2020
ASSETS		
Current		
Cash	**$ 2,757,295**	$ 2,484,440
Short-term investments	**2,589,168**	2,105,667
Accounts receivables (Note 4)	**1,081,320**	858,019
Inventory	**36,523**	4,616
Current portion of receivable from developers (Note 5)	**161,078**	153,316
Prepaids and other	**263,155**	274,896
	6,888,539	5,880,954
Non-current		
Property and equipment (Note 6)	**15,095,886**	15,607,629
Investments in properties and infrastructure enhancements (Note 7)	**58,874,640**	60,888,835
Receivable from developers (Note 5)	**451,904**	612,982
	$ 81,310,969	$ 82,990,400
LIABILITIES		
Current		
Trade and other payables (Note 8)	**$ 3,170,107**	$ 2,965,498
Funds held in trust	**128,771**	121,316
Deferred revenue	**279,528**	339,229
Current portion of long-term debt (Note 9)	**530,811**	501,545
Current portion of lease liabilities (Note 13)	**130,462**	145,643
	4,239,679	4,073,231
Non-current		
Long-term debt (Note 9)	**7,830,958**	8,361,769
Lease liabilities (Note 13)	**458,948**	589,410
Prepaid land rents	**594,440**	602,526
Deferred contributions	**8,717,645**	9,680,622
	21,841,670	23,307,558
EQUITY		
Share capital (Note 10)	**3**	3
Contributed surplus	**39,310,266**	39,310,266
Donated land (Note 12)	**8,000,000**	8,000,000
Retained earnings	**12,159,030**	12,372,573
	59,469,299	59,682,842
	$ 81,310,969	$ 82,990,400

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, 2021

	2021	2020
REVENUE		
The Forks Market	**$ 3,605,734**	$ 6,278,745
Parking	**3,539,260**	8,100,223
Lease	**1,346,901**	1,332,012
Events, sponsorship, grants and recoveries	**2,217,903**	1,081,458
Rental	**520,267**	515,915
Investment income	**95,426**	122,097
	11,325,491	17,430,450
EXPENSES		
The Forks Market	**2,599,577**	3,907,330
Parking	**2,371,581**	3,317,322
General and administrative	**1,618,926**	2,398,870
The Forks site and events	**1,650,545**	1,936,712
Security services	**512,392**	495,275
Marketing and communications	**53,970**	469,000
Planning and development	**196,320**	252,623
Rental	**161,213**	161,881
Investment costs	**3,788**	3,788
Prior year expenses (recoveries)	**(82,238)**	235,551
	9,086,074	13,178,352
OPERATING INCOME BEFORE THE FOLLOWING	**2,239,417**	4,252,098
OTHER EXPENSES (INCOME)		
Interest on long-term debt	**487,570**	515,365
(Gain) loss on short-term investments	**(429,854)**	135,582
Loss on disposal of property and equipment	**-**	659
Depreciation and amortization	**3,318,525**	3,315,704
Amortization of deferred contributions	**(1,148,476)**	(1,210,536)
Donations	**225,195**	348,534
	2,452,960	3,105,308
Excess of revenues over expenses	**$ (213,543)**	$ 1,146,790

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2021

	Share Capital	Donated Land	Contributed Surplus	Retained Earnings	2021 Total	2020 Total
Balance, beginning of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 12,372,573**	**$ 59,682,842**	$ 58,536,052
Deficiency of revenues over expenses	**-**	**-**	**-**	**(213,543)**	**(213,543)**	1,146,790
Balance, end of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 12,159,030**	**$ 59,469,299**	$ 59,682,842

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	**$ (213,543)**	$ 1,146,790
Depreciation and amortization	**3,318,525**	3,315,704
Amortization of prepaid finance costs	**3,788**	3,788
Amortization of deferred contributions	**(1,148,476)**	(1,210,536)
Loss on disposal of property and equipment	**-**	659
(Gain) loss on disposition of short-term investments	**(429,854)**	135,582
	1,530,440	3,391,987
Changes in working capital accounts		
Accounts receivable	**(223,301)**	(280,519)
Inventory	**(31,907)**	38,995
Prepaids and other	**11,741**	140,681
Trade and other payables	**204,609**	(298,553)
Funds held in trust	**7,455**	(42,673)
	1,499,037	2,949,918
FINANCING ACTIVITIES		
Repayment of long term debt	**(505,333)**	(475,545)
Prepaid land rents	**(8,086)**	(8,087)
Deferred revenue	**(59,701)**	(23,808)
Deferred contributions received	**185,499**	700,000
Repayments to lease liabilities	**(145,643)**	(146,312)
	(533,264)	46,248
INVESTING ACTIVITIES		
Purchase of property and equipment and infrastructure enhancements	**(792,586)**	(3,131,254)
Proceeds from disposition (purchase) of short term investments (net)	**(53,648)**	577,547
Proceeds from repayment of developer receivables	**153,316**	145,929
Proceeds from disposal of property and equipment	**-**	4,272
	(692,918)	(2,403,506)
Increase in cash	**272,855**	592,660
Cash, beginning of year	**2,484,440**	1,891,780
Cash, end of year	**$ 2,757,295**	$ 2,484,440

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 operated the IMAX Theatre at Portage Place, Winnipeg, Canada.

FNP Parking Inc. ("FNP"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on November 6, 2006 and operates various parking locations in downtown Winnipeg, Canada including The Forks.

The Corporation is not subject to tax under provision 149(1)(d) of the Income Tax Act.

The head office for NPDC is 123 Main Street, Winnipeg, Canada.

The consolidated financial statements for the year ended March 31, 2021 were approved by the Board of the Company on June 24, 2021

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 collectability 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. *Summary of significant accounting policies*

The principle accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries included: 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.

3. Summary of significant accounting policies (Continued from previous page)

Basis of consolidation (continued from previous page)

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 statement 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 of the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the items' 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.

Investment income

Investment income is recognized over the passage of time using the effective interest method.

Events, sponsorship, grants and recoveries

Events, sponsorship, government grants and recoveries are recognized in the period in which the related event occurs.

3. Summary of significant accounting policies (Continued from previous page)

Revenue recognition (continued from previous page)

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

Property and equipment is 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.

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).

3. Summary of significant accounting policies (Continued from previous page)

Impairment of tangible assets

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.

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:

3. *Summary of significant accounting policies (Continued from previous page)*

Leases (continue from previous page)

- 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.

After the commencement date, the Company measures right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment and investment in properties and infrastructure enhancements.

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 are comprised 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.

3. 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.

3. 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 16 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.

3. 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 16 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.

3. 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.

3. 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.

Inventory

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, 2021 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.

Annual Improvements to IFRSs 2018-2020 Cycle

The Annual Improvements to IFRSs 2018-2020 Cycle, issued in May 2020, included a series of amendments to IFRSs in response to issues addressed during the 2018-2020 cycle as follows:

IFRS 9 Financial Instruments
The amendments clarify which fees an entity includes when performing the 10 percent test used to determine whether to derecognize a financial liability. An entity shall include only the fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or lender on the other's behalf.

IFRS 16 Leases
The amendments resolve the potential for confusion regarding the treatment of lease incentives by amending illustrative Example 13 to remove the reimbursement of leasehold improvements by the lessor.

Standards issued but not yet effective

These amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in January 2020, provide clarification on the requirements for classifying liabilities as either current or non-current.

3. Summary of significant accounting policies (Continued from previous page)

IAS 1 Presentation of Financial Statements (Continued from previous page)

The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has not yet determined the impact of these amendments on its consolidate financial statements.

IAS 16 Property, Plant, and Equipment

Amendments to IAS 16, issued in May 2020, prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be available for use. Instead, the proceeds from selling such items, and the costs of producing those items, would be recognized in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

4. Accounts receivable

	2021	2020
Trade receivables	**$ 354,951**	$ 676,515
Allowance for doubtful accounts	**(33,757)**	(34,169)
Goods and services tax recoverable	**42,155**	38,765
Other receivables	**717,971**	176,908
	$ 1,081,320	$ 858,019

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.

Included in other receivables is a $685,000 grant receivable from Western Economic Diversification Canada.

Aging of trade receivables that are past due but not impaired:

	2021	2020
31-60 days	**$ 203,511**	$ 392,965
61-90 days	**24,560**	47,483
91+ days	**114,044**	77,583
	$ 342,115	$ 518,031

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.

5. 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.

	2021	2020
Receivable from developers bearing interest at 5%, repayable at $20,614 per month (2020 - $15,791), maturing December 2024.	**$ 612,982**	$ 766,298
Current portion of receivable from developers	**(161,078)**	(153,316)
	$ 451,904	$ 612,982

6. Property and equipment

	2021	2020
Land	**$ 9,058,281**	$ 9,058,281
Property under construction	**474,577**	534,136
Plant and equipment	**5,008,335**	5,382,209
Right-of-use Asset	**554,693**	633,003
Net book value	**$ 15,095,886**	$ 15,607,629

For additional information, see the Consolidated Schedule of Property and Equipment (Schedule 1).

7. Investment in properties and infrastructure enhancements

	2021	2020
Land	**$ 27,671,572**	$ 27,671,572
Building	**18,644,899**	19,610,848
Property under construction	**2,883,904**	2,883,904
Infrastructure enhancements	**9,627,886**	10,614,296
Right-of-use Asset	**46,378**	108,215
Net book value	**$ 58,874,639**	$ 60,888,835

For additional information, see the Consolidated Schedule of Investment in Properties and Infrastructure Enhancements (Schedule 2).

8. Trade and other payables

	2021	2020
Trade accounts payables	**$ 807,279**	$ 714,652
Accrued liabilities	**2,309,912**	2,207,118
Government remittances payable	**52,916**	43,728
	$ 3,170,107	$ 2,965,498

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.

9. Long-term debt

	2021	2020
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $82,940. The loan matures on September 1, 2032 and is secured by a general security agreement together with a first charge on the following lease agreements: Cityscape Residence Corp., The Kiwanis Club of Winnipeg Seniors Building Inc., Fred Douglas Place Ltd. and Portage Place Centre Inc.	**$ 8,402,155**	$ 8,907,488
Less: current portion	**530,811**	501,545
Less: financing fees	**40,386**	44,174
	$ 7,830,958	$ 8,361,769

Principal repayment on long-term debt in each of the next five years are estimated as follows:

2022	$ 530,811
2023	565,561
2024	598,116
2025	631,967
2026	669,625
Thereafter	5,406,075
	$ 8,402,155

10. Share capital

	2021	2020
Common shares 3 (2020-3)	**$ 3**	$ 3

11. Government contributions

	2021	2020
Amounts included in deferred contributions	**$ 7,468,403**	$ 8,342,567
Contributions received in the year	**1,788,150**	84,500
Amounts recognized in income in prior years	**74,797,944**	74,638,095
Annual amortization of deferred contributions	**1,148,476**	1,120,536
Amounts recognized in income in the current year	**(1,788,150)**	(84,500)
Donated land	**8,000,000**	8,000,000
Contributed surplus	**39,310,266**	39,310,266
	$ 130,725,089	$ 131,411,464

12. 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.

13. 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 6 and 7 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	**2021**
Less than one year	**$ 143,877**
One to five years	**473,210**
More than five years	**109,547**
Total undiscounted lease liabilities at March 31, 2021	**$ 726,634**
Lease liabilities included in the statement of financial position at March 31, 2021	**$ 589,410**
Current	**$ 130,462**
Non-current	**$ 458,948**

13. *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:

		2021
Interest expense on lease liabilities	**$**	**9,086**

Amounts recognized in the consolidated statement of cash flows

The Company has recognized the following amounts in the consolidated statement of cash flows.

		2021
Total cash outflow for leases	**$**	**154,729**

14. *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:

		2021		2020
Wages and other short-term benefits	**$**	**646,274**	$	612,085

15. *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:

		2021		2020
Total debt and deferred shareholder contributions	**$**	**17,617,802**	$	18,543,936
Shareholders' equity		**59,469,299**		59,682,838
	$	**77,087,101**	$	78,226,774

15. 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.

16. 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, 2021 is $988,854 (2020 - $1,385,486).

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 its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in 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.

16. 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, 2021 of the receivable from developers is $612,982 (2020 - $766,298) and long-term debt is $8,361,769 (2020 - $8,863,314).

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.

16. Financial instruments (continued from previous page)

Contractual maturities of long-term debt are disclosed in note 9.

	< 1 year	1-2 years	> 3 years	Total
Trade and other payables	$ 3,170,107	$ -	$ -	**$ 3,170,107**
Funds held in trust	128,771	-	-	**128,771**
Lease liabilities	130,462	156,453	302,495	**589,410**
Total	$ 3,429,340	$ 156,453	$ 302,495	**$ 3,888,288**

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.

17. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had significant impacts on businesses and not-for-profit organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The COVID-19 outbreak has had a significant impact on the Company's operations due to restrictions on gatherings and capacity. At year-end there continues to be an impact on operations and 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 duration of the outbreak, including the duration 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.

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, 2020	$ 9,058,281	$ 534,136	$ 21,375,622	$ 643,037	$ 711,313	$ 32,322,389
Additions	-	265,620	38,780	-	-	304,400
Grants received for assets		182,000	(182,000)			
Transfer to plant and equipment	-	(369,547)	369,547	-	-	-
Transfer to investment in properties						-
and infrastructure enhancements	-	(137,632)	-	-	-	(137,632)
Balance March 31, 2021	**9,058,281**	**474,577**	**21,601,949**	**643,037**	**711,313**	**32,489,157**
Depreciation and impairment losses						
Balance March 31, 2020	-	-	15,993,413	643,037	78,310	16,714,760
Depreciation charge for the year	-	-	600,201	-	78,310	678,511
Disposals	-	-	-	-	-	-
Balance March 31, 2021	**-**	**-**	**16,593,614**	**643,037**	**156,620**	**17,393,271**
Net book value						
Balance March 31, 2021	**$ 9,058,281**	**$ 474,577**	**$ 5,008,335**	**$ -**	**$ 554,693**	**$ 15,095,886**

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, 2020	$ 28,203,066	$ 32,245,987	$ 2,883,904	$ 59,219,037	$ 170,052	$ 122,722,046
Additions	-	488,186	-	-	-	488,186
Transfer from property and equipment	-	137,632	-	-	-	137,632
Balance March 31, 2021	**28,203,066**	**32,871,805**	**2,883,904**	**59,219,037**	**170,052**	**123,347,864**
Accumulated amortization						
Balance March 31, 2020	531,494	12,635,139	-	48,604,741	61,837	61,833,211
Amortization	-	1,591,767	-	986,410	61,837	2,640,014
Balance March 31, 2021	**531,494**	**14,226,906**	**-**	**49,591,151**	**123,674**	**64,473,225**
Net book value						
Balance March 31, 2021	**$ 27,671,572**	**$ 18,644,899**	**$ 2,883,904**	**$ 9,627,886**	**$ 46,378**	**$ 58,874,639**


Photo: Maddy Reico, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2021	2020
ASSETS		
Investments		
Cash and short-term deposits (Note 3)	**$ 674,168**	$ 617,185
Canadian securities (Note 3)	**7,550,124**	6,866,448
	8,224,292	7,483,633
Accrued interest	**47,820**	39,504
Due from the City of Winnipeg	**-**	27,430
Total Assets	**8,272,112**	7,550,567
LIABILITIES		
Accounts payable and accrued liabilities	**77,837**	108,848
Total Liabilities	**77,837**	108,848
NET ASSETS AVAILABLE FOR BENEFITS	**8,194,275**	7,441,719
OBLIGATION FOR PENSION BENEFITS (Note 5)	**8,072,433**	7,742,174
NET ASSETS AVAILABLE FOR BENEFITS LESS OBLIGATION FOR PENSION BENEFITS	**$ 121,842**	$ (300,455)

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

	2021	2020
INCREASE IN NET ASSETS		
Contributions		
The City of Winnipeg (Note 6)	**$ 523,842**	$ 812,391
Program members	**129,370**	124,907
	653,212	937,298
Investment income from		
Canadian securities	**118,994**	109,196
Cash and short-term deposits	**62**	3,370
	119,056	112,566
Current period change in fair value of investments	**524,783**	553,941
Total increase in net assets	**1,297,051**	1,603,805
DECREASE IN NET ASSETS		
Administrative expenses		
Actuarial fees	**66,289**	58,381
Investment management, audit and administrative fees	**19,200**	19,009
Legal fees	**18,474**	27,450
	103,963	104,840
Benefit payments		
Commuted value - assigned and other benefit payments (Note 4)	**288,398**	-
Pension payments	**152,134**	151,692
	440,532	151,692
Total decrease in net assets	**544,495**	256,532
Net increase in net assets available for benefits	**752,556**	1,347,273
Net assets available for benefits at beginning of year	**7,441,719**	6,094,446
Net assets available for benefits at end of year	**$ 8,194,275**	$ 7,441,719

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

	2021	2020
OBLIGATION FOR PENSION BENEFITS AT BEGINNING OF YEAR	**$ 7,742,174**	$ 6,728,820
Benefits accrued	**656,233**	587,865
Interest accrued on benefits	**318,982**	294,411
Experience gains and losses	**167,830**	(191,559)
Changes in the actuarial assumptions	**(372,254)**	474,329
Benefit payments	**(440,532)**	(151,692)
OBLIGATION FOR PENSION BENEFITS AT END OF YEAR	**$ 8,072,433**	$ 7,742,174

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, 2021

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 their 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 5).

e) Income taxes

Part A is a registered pension plan, as defined by the Income Tax Act (Canada) and, accordingly, the pension fund is not subject to income taxes.

Part B is a supplemental pension plan where the City pays the full cost of benefits and expenses as they become payable.

3. Risk Management

In the normal course of business, the Plan's investment activities expose it to a variety of financial risks. Therefore, the objective of investment risk management is to diversify investment assets to reduce the likelihood of a significant reduction in total fund value while achieving the opportunity for gains in the portfolio within acceptable risk parameters. This is achieved by diversifying the investment portfolio within the constraints of the investment policy and objectives by regularly monitoring the Plan's position and market events.

a) Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments.

i) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's asset values, future investment income and obligation for pension benefits. This risk arises from the differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's interest bearing assets is affected by short-term changes in market interest rates.

Pension liabilities are exposed to the long-term expectation of rate of return on investments as well as expectations of inflation and salary escalation. The Plan's primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet pension obligations.

ii) Foreign currency risk

Foreign currency exposure arises from the Plan holding Canadian dollar investment funds with underlying investments, held in the fund, denominated in currencies other than the Canadian dollar. Fluctuations in the value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments. The fund is exposed to fluctuations of multiple currencies, most notably the U.S. dollar.

iii) Other price risk

The Plan's investments in equities are sensitive to changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. To manage the Plan's other price risk, the Board adopted an indexing strategy that diversifies risk over a wide range of investments that is intended to mirror the liabilities of the Plan.

As at December 31, 2021, 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 $755,012 (2020 - $686,645).

3. *Risk Management (continued)*

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, 2021, the Plan's maximum credit risk exposure relates to accrued interest and investments in Canadian and Canadian denominated global securities totaling $7,597,944 (2020 - $6,905,952).

The Plan limits credit risk through diversification of investments and by utilizing highly liquid Exchange Traded Funds ("ETF") 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, 2021 and 2020 in valuing the Plan's financial assets recorded at fair value:

	Level 1	**Level 2**	**Level 3**	**2021 Total**
Cash and short-term deposits	**$ 674,168**	**$ -**	**$ -**	**$ 674,168**
Canadian securities	**7,550,124**	**-**	**-**	**7,550,124**
	$ 8,224,292	**$ -**	**$ -**	**$ 8,224,292**

	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

3. *Risk Management (continued)*

d) Fair value (continued)

Canadian securities consist of the following:

		2021		2020
iShares Canadian Real Return Bond Index ETF	**$**	**3,081,775**	$	3,954,857
iShares MSCI World Index ETF		**2,367,113**		1,661,443
iShares Core S&P/TSX Capped Composite Index ETF		**820,988**		673,488
iShares Canadian Long Term Bond Index ETF		**736,600**		576,660
iShares MSCI All Country World Minimum Volatility Index ETF		**543,648**		-
	$	**7,550,124**	$	6,866,448

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. *Commuted Value - Assigned and Other Benefit Payments*

These benefit payments are the result of a life event or choice made by the member, other beneficiaries, or assigned beneficiaries. The benefit is actuarially determined and complies with the Income Tax Act (Canada).

5. *Obligation for Pension Benefits*

An actuarial valuation of the Program was prepared as at December 31, 2019 and extrapolated to December 31, 2021 by Mercer (Canada) Limited ("Mercer"). The actuarial present value of accrued pension benefits for the valuation was determined using the projected benefit method pro-rated on service and using assumptions approved by the Board with input from the actuary.

The significant long-term assumptions used in the valuation of accrued pension benefits provided for a discount rate on liabilities of 4.20% (2020 - 3.95%) per annum, a rate of return on assets of 4.20% (2020 - 3.95%) per annum, and a general rate of salary increase of 2.50% (2020 - 2.50%) per annum.

The obligation for pension benefits is comprised of the following:

		2021		2020
Part A	**$**	**7,835,028**	$	7,539,135
Part B		**237,405**		203,039
	$	**8,072,433**	$	7,742,174

6. *Contributions*

		2021		2020
Current service	$	**523,842**	$	505,026
Special contributions (Note 7)		**-**		307,365
	$	**523,842**	$	812,391

For Part A, the City's contributions to the Plan are due within four weeks of the required date. The City is charged interest on all balances outstanding past the due date.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

7. *Capital Management*

For Part A, the main objective of the Board is to sustain a level of net assets in order to meet the pension obligation of Part A. The Board fulfills this objective by ensuring member and City contributions are remitted to the pension fund in accordance with the terms of Part A and adhering to specific investment policies including asset mix and rate of return expectations, outlined in the Board approved Statement of Investment Policies and Procedures. Investment policy, strategies and performance are reviewed regularly by the Board.

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 were implemented in 2021.

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.

8. *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)

	2021	2020
ASSETS		
Investments, at fair value		
Bonds, debentures and mortgages	**$ 383,993**	$ 294,750
Canadian equities	**378,976**	327,344
Foreign equities	**638,505**	600,424
Cash and short-term deposits	**79,812**	65,156
Private equities	**4,051**	5,669
Real estate	**210,381**	180,771
Infrastructure	**189,985**	177,462
Private debt	**232,308**	215,672
	2,118,011	1,867,248
Participants' contributions receivable	**4**	2
Employers' contributions receivable	**9**	6
Accounts receivable	**347**	100
Due from The Winnipeg Civic Employees' Pension Plan	**-**	355
Total Assets	**2,118,371**	1,867,711
LIABILITIES		
Accounts payable	**2,291**	1,350
Due to The Winnipeg Civic Employees' Pension Plan	**133**	-
Total Liabilities	**2,424**	1,350
NET ASSETS AVAILABLE FOR BENEFITS	**2,115,947**	1,866,361
PENSION OBLIGATIONS	**1,799,924**	1,695,705
SURPLUS	**$ 316,023**	$ 170,656
SURPLUS COMPRISED OF:		
Main Account - General Component	**$ 262,022**	$ 111,577
Main Account - Contributions Stabilization Reserve	**34,655**	42,126
Plan Members' Account	**19,346**	16,953
City Account	**-**	-
	$ 316,023	$ 170,656

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)

	2021	2020
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg	**$ 37,224**	$ 30,575
Employees	**13,794**	13,515
Reciprocal transfers from other plans	**2,505**	2,262
	53,523	46,352
Investment income (Note 5)	**56,566**	49,365
Current period change in fair value of investments	**215,043**	116,009
Total increase in assets	**325,132**	211,726
DECREASE IN ASSETS		
Pension payments	**60,148**	57,651
Lump sum benefits (Note 7)	**4,683**	3,060
Administrative expenses (Note 8)	**1,602**	1,340
Investment management and custodial fees	**9,113**	8,280
Total decrease in assets	**75,546**	70,331
Increase in net assets	**249,586**	141,395
Net assets available for benefits at beginning of year	**1,866,361**	1,724,966
Net assets available for benefits at end of year	**$ 2,115,947**	$ 1,866,361

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)

	2021	2020
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	**$ 1,695,705**	$ 1,577,120
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued pension benefits	**79,761**	77,325
Benefits accrued	**56,819**	52,798
Changes in actuarial assumptions	**2,149**	44,729
Experience gains and losses and other factors	**31,832**	5,851
Total increase in accrued pension benefits	**170,561**	180,703
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	**64,830**	60,711
Administration expenses	**1,512**	1,407
Total decrease in accrued pension benefits	**66,342**	62,118
NET INCREASE IN ACCRUED PENSION BENEFITS FOR THE YEAR	**104,219**	118,585
ACCRUED PENSION BENEFITS, END OF YEAR	**$ 1,799,924**	$ 1,695,705

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)

	2021	2020
SURPLUS, BEGINNING OF YEAR	**$ 170,656**	$ 147,846
Increase in net assets available for benefits for the year	**249,586**	141,395
Increase in accrued pension benefits for the year	**(104,219)**	(118,585)
SURPLUS, END OF YEAR	**$ 316,023**	$ 170,656

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, 2021
(in thousands of dollars)
(unaudited)

1. *Description of Plan*

a) General

The 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 50.0% (2020 - 52.7%) 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, 2021 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, 2021. For the comparative 2020 figures, the actuarial present value of accrued benefits at December 31, 2020 is based on the December 31, 2020 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% (2020 – 4.75%) per year, inflation of 3.50% for the next two years and 2.0% thereafter (2020 - 2.0%) per year and general increases in pay of 3.25% (2020 - 3.25%) per year. The change in the inflation assumption from 2.0% per year to 3.50% for the next two years and 2.0% thereafter per year increased the obligations for pension benefits by $13,906.

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 $26,057 funding surplus which is to be resolved in accordance with the Plan, by transferring $6 to the City Account, by transferring $13,205.5 from the Main Account - General Component to the Main account - Contribution Stabilization Reserve and by increasing future cost-of-living adjustments from 50.0% to 52.5% of inflation (with a corresponding increase in obligations for pension benefits of $13,025.5), effective January 1, 2022.

The actuarial valuation as at December 31, 2020 disclosed a $23,514 funding deficiency which was 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 from 52.7% to 50.0% of inflation (with a corresponding decrease in obligations for pension benefits of $11,757), effective January 1, 2021.

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:

	2021	2020
Surplus for financial statement reporting purposes		
Main Account - General Component	**$ 262,022**	$ 111,577
Fair value changes not reflected in actuarial value of assets	**(235,965)**	(135,091)
Surplus (deficiency) for actuarial valuation purposes		
Main Account - General Component	**26,057**	(23,514)
Add: special purpose reserves and accounts		
Main Account - Contribution Stabilization Reserve	**34,655**	42,126
Plan Members' Account	**19,346**	16,953
City Account	**-**	-
Surplus for actuarial valuation purposes - including special purpose reserves and accounts	**$ 80,058**	$ 35,565

The funding requirements relating to the Plan's solvency position under *the Pension Benefits Regulation* , are based on the last actuarial valuation for funding purposes filed with the Manitoba Pension Commission, which was as at December 31, 2020.

The actuarial valuation as at December 31, 2020 disclosed solvency liabilities on a Plan termination basis of $1,858,570 and a solvency deficiency of $11,562.

3. *Obligations for Pension Benefits (continued)*

The Pension Benefits Regulation provides that an irrevocable letter of credit may be used to secure some or all of the special payments that would otherwise be required from the City of Winnipeg. In 2021, The City of Winnipeg provided a renewed irrevocable letter of credit from a chartered bank to the Winnipeg Police Pension Board to be held in trust for the Plan in the amount of $11,562 together with applicable interest as required under the regulation. The letter of credit took effect from October 27, 2021 and as of December 31, 2021 the irrevocable letter of credit secured special payments that would otherwise be required from the City of Winnipeg in the amount of $2,282. The letter of credit expires October 26, 2022.

The City of Winnipeg has informed the Winnipeg Police Pension Board that it will be arranging for renewal of the existing irrevocable letter of credit to be held by the Winnipeg Police Pension Board in lieu of making special payments, together with any applicable interest as required under the Regulation. The renewed letter of credit is expected to take effect in October 2022 and must be renewed annually thereafter until such time as the Plan no longer has a solvency deficiency of 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, private debt and short-term deposits. At December 31, 2021 the Plan's credit risk exposure related to bonds, debentures, mortgages, private debt and short-term deposits totaled $696,113 (2020 - $575,578).

The Plan's concentration of credit risk as at December 31, 2021, related to bonds, debentures, and mortgages as well as private debt is categorized amongst the following types of issuers:

4. *Management of Financial Risk (continued)*

a) Credit risk (*continued)*

Type of Issuer	2021 Fair Value	2020 Fair Value
Government of Canada and Government of Canada guaranteed	**$ 62,236**	$ 47,127
Provincial and Provincial guaranteed	**127,568**	71,725
Canadian cities and municipalities	**6,921**	3,594
Corporations and other institutions	**29,950**	64,945
Commercial mortgages	**157,318**	107,359
Bonds, debentures and mortgages	**383,993**	294,750
Private debt	**232,308**	215,672
	$ 616,301	$ 510,422

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $8,446 at December 31, 2021 (2020 - $3,908).

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, 2021 bonds and debentures analyzed by credit rating are as follows:

	2021		2020	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**28.6**	**3.1**	31.2	3.2
AA	**53.4**	**5.7**	38.6	3.9
A	**12.2**	**1.3**	17.6	1.8
BBB	**5.8**	**0.6**	12.6	1.2
	100.0	**10.7**	100.0	10.1

At December 31, 2021, the interest rates of the loans within the mortgage portfolios range from 2.9% to 9.5%. The Plan's external managers for the mortgage and private debt portfolios limit credit risk through diversification, performing due diligence at the time of investing including internal credit analysis, and enforcing loan covenants while monitoring the loans until maturity.

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 21.9% (2020 - 19.3%) of its assets invested in bonds, debentures, mortgages and short-term investments as at December 31, 2021. 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, 2021 are as follows:

Term to Maturity	**2021 Fair Value**	2020 Fair Value
Less than one year	**$ 33,577**	$ 24,721
One to five years	**130,608**	114,671
Greater than five years	**219,808**	155,358
	$ 383,993	$ 294,750

As at December 31, 2021, had prevailing interest rates raised or lowered by 0.5% (2020 - 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 $16,100 (2020 - $10,822), approximately 0.8% of total net assets (2020 - 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, 2021. 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.

	2021				2020	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 782,554**	**$ 28,857**	**$ 753,697**	**$ 75,370**	$ 663,905	$ 66,391
Euro countries	**117,097**	**-**	**117,097**	**11,710**	118,471	11,847
United Kingdom	**55,914**	**5**	**55,909**	**5,591**	37,135	3,714
Japan	**28,088**	**87**	**28,001**	**2,800**	34,843	3,484
Hong Kong	**19,778**	**1**	**19,777**	**1,978**	29,665	2,966
Switzerland	**17,904**	**-**	**17,904**	**1,790**	14,191	1,419
Australia	**16,214**	**-**	**16,214**	**1,621**	7,471	747
Sweden	**8,773**	**27**	**8,746**	**875**	12,950	1,295
Other	**36,365**	**-**	**36,365**	**3,636**	26,827	2,683
	$ 1,082,687	**$ 28,977**	**$ 1,053,710**	**$ 105,371**	$ 945,458	$ 94,546

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, 2021, 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 $152,622 (2020 - $139,165), approximately 7.2% of total net assets (2020 - 7.5%). In practice, the actual results may differ and the difference could be material.

The Plan also has exposure to valuation risk through its holdings of private equity, private debt, real estate investments and 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.

The table below itemizes the estimated fair value and related change in fair value of investments recognized for the year ended December 31, 2021 and December 31, 2020, for the following investment assets with exposure to valuation risks:

	2021			2020		
	Fair Value of Investments	**Percent of Net Assets**	**Change in Fair Value of Investments**	Fair Value of Investments	Percent of Net Assets	Change in Fair Value of Investments
Private equities	**$ 4,051**	**0.2**	**$ 3,871**	$ 5,669	0.3	$ 203
Real estate	**210,381**	**9.9**	**34,385**	180,771	9.7	(2,275)
Infrastructure	**189,985**	**9.0**	**12,134**	177,462	9.5	3,652
Private debt	**232,308**	**11.0**	**2,739**	215,672	11.6	(5,313)

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.

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy (*continued)*

The following tables present the investment assets recorded at fair value in the Statement of Financial Position as at December 31, 2021 and December 31, 2020, classified using the fair value hierarchy described above:

	Level 1	**Level 2**	**Level 3**	**2021 Total Investment Assets at Fair Value**
Bonds, debentures and mortgages	**$ -**	**$ 383,993**	**$ -**	**$ 383,993**
Canadian equities	**378,976**	**-**	**-**	**378,976**
Foreign equities	**638,505**	**-**	**-**	**638,505**
Cash and short-term deposits	**79,812**	**-**	**-**	**79,812**
Private equities	**-**	**-**	**4,051**	**4,051**
Real estate	**-**	**-**	**210,381**	**210,381**
Infrastructure	**-**	**-**	**189,985**	**189,985**
Private debt	**-**	**-**	**232,308**	**232,308**
	$ 1,097,293	**$ 383,993**	**$ 636,725**	**$ 2,118,011**

	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

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	**2021**	2020
Fair value, beginning of year	**$ 5,669**	$ 11,198
Gains recognized in increase in net assets	**3,871**	203
Purchases	**-**	52
Sales/distributions	**(1,989)**	(784)
Return of Capital from subsidiary	**(3,500)**	(5,000)
	$ 4,051	$ 5,669

Real Estate	**2021**	2020
Fair value, beginning of year	**$ 180,771**	$ 199,669
Gains (losses) recognized in increase in net assets	**34,385**	(2,275)
Sales	**(4,775)**	(16,623)
	$ 210,381	$ 180,771

Infrastructure	**2021**	2020
Fair value, beginning of year	**$ 177,462**	$ 173,233
Gains recognized in increase in net assets	**12,134**	3,652
Purchases	**2,207**	2,217
Sales	**(1,818)**	(1,640)
	$ 189,985	$ 177,462

Private debt	**2021**	2020
Fair value, beginning of year	**$ 215,672**	$ 188,715
Gain (losses) recognized in increase in net assets	**2,739**	(5,313)
Purchases	**44,252**	45,882
Sales	**(30,355)**	(13,612)
	$ 232,308	$ 215,672

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 two percent of the fair value of the investment assets of the Fund. As at December 31, 2021, the Fund held the following investments that met this classification:

		2021
Bonds, debentures and mortgages		
TD Emerald Canadian Long Government Bond Pooled Fund Trust	$	115,029
TD Emerald Canadian Bond Pooled Fund Trust		111,646
ACM Commercial Mortgage Fund		78,919
TD Greystone Mortgage Fund		78,399
Foreign equities		
State Street S&P 500 Index Common Trust Fund		165,340
Hillsdale Global Performance Equity Fund		52,865
Schiehallion Fund		44,685
Real estate		
Greystone Real Estate Fund Inc.		72,460
Carlyle Property Investors, L.P.		53,830
Bentall Kennedy Prime Canadian Property Fund Ltd.		51,449
Infrastructure		
OIM B4 2013 L.P.		66,732
IFM Global Infrastructure (Canada), L.P.		59,296

5. *Investment Income*

		2021		2020
Bonds, debentures and mortgages	**$**	**11,341**	$	7,540
Canadian equities		**9,484**		9,162
Foreign equities		**7,315**		6,202
Cash and short-term deposits and other		**97**		178
Private equities		**-**		19
Real estate		**4,116**		4,266
Infrastructure		**8,452**		9,018
Private debt		**15,761**		12,980
	$	**56,566**	$	49,365
Allocated to:				
Main Account - General Component	**$**	**55,127**	$	47,809
Main Account - Contribution Stabilization Reserve		**924**		1,109
Plan Members' Account		**515**		447
City Account		**-**		-
	$	**56,566**	$	49,365

6. *Investment Transaction Costs*

During 2021, the Plan incurred investment transaction costs in the form of brokerage commissions, in the amount of $648 (2020 - $528). Investment transaction costs are included in the current period change in fair value of investments.

7. Lump Sum Benefits

	2021	2020
Death benefits	**$ 627**	$ 503
Payments on relationship breakdown	**1,824**	1,891
Termination benefits	**2,092**	599
Other	**140**	67
	$ 4,683	$ 3,060

8. Administrative Expenses

	2021	2020
The Winnipeg Civic Employees' Benefits Program	**$ 1,341**	$ 1,057
Actuarial fees	**154**	165
Audit fees	**35**	35
Legal fees	**46**	40
Consulting fees	**-**	2
Salaries and benefits - directly incurred	**-**	28
General and administrative expenses	**26**	13
	$ 1,602	$ 1,340

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, 2021, $19,646 had been funded, $13,500 (2020 - $10,000) capital had been returned back to the Plan and the remaining fair value of this investment is $4,051 (2020 - $5,669). No further private equity investments are expected to occur in 5332665 Manitoba Ltd.

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)

	2021				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 37,224	$ -	$ -	$ -	**$ 37,224**
Employees	13,794	-	-	-	**13,794**
Reciprocal transfers from other plans	2,505	-	-	-	**2,505**
	53,523	-	-	-	**53,523**
Investment income (Note 5)	55,126	924	516	-	**56,566**
Current period change in fair value of investments	209,572	3,511	1,960	-	**215,043**
Transfer to Contribution Stabilization Reserve - Resolution of funding deficiency (Note 3)	11,757	(11,757)	-	-	**-**
Total increase (decrease) in assets	329,978	(7,322)	2,476	-	**325,132**
DECREASE IN ASSETS					
Pension payments	60,148	-	-	-	**60,148**
Lump sum benefits (Note 7)	4,683	-	-	-	**4,683**
Administrative expenses (Note 8)	1,602	-	-	-	**1,602**
Investment management and custodial fees	8,881	149	83	-	**9,113**
Total decrease in assets	75,314	149	83	-	**75,546**
Increase (decrease) in net assets	254,664	(7,471)	2,393	-	**249,586**
Net assets available for benefits at beginning of year	1,807,282	42,126	16,953	-	**1,866,361**
Net assets available for benefits at end of year	$ 2,061,946	$ 34,655	$ 19,346	$ -	**$ 2,115,947**

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)

	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 from Contribution Stabilization Reserve - Resolution of funding surplus (Note 3)	22,202	(22,202)	-	-	-
Transfer from City Account - Resolution of funding surplus (Note 3)	348	-	-	(348)	-
Total increase (decrease) 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 3

SCHEDULE OF CHANGES IN SURPLUS BY ACCOUNT

For the year ended December 31
(in $ thousands)
(unaudited)

	2021				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
SURPLUS, BEGINNING OF YEAR	$ 111,577	$ 42,126	$ 16,953	$ -	**$ 170,656**
Increase (decrease) in net assets available for benefits for the year	254,664	(7,471)	2,393	-	**249,586**
Net increase in accrued pension benefits for the year	(104,219)	-	-	-	**(104,219)**
SURPLUS, END OF YEAR	$ 262,022	$ 34,655	$ 19,346	$ -	**$ 316,023**

For the year ended December 31
(in $ thousands)

	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

See accompanying notes to the financial statements

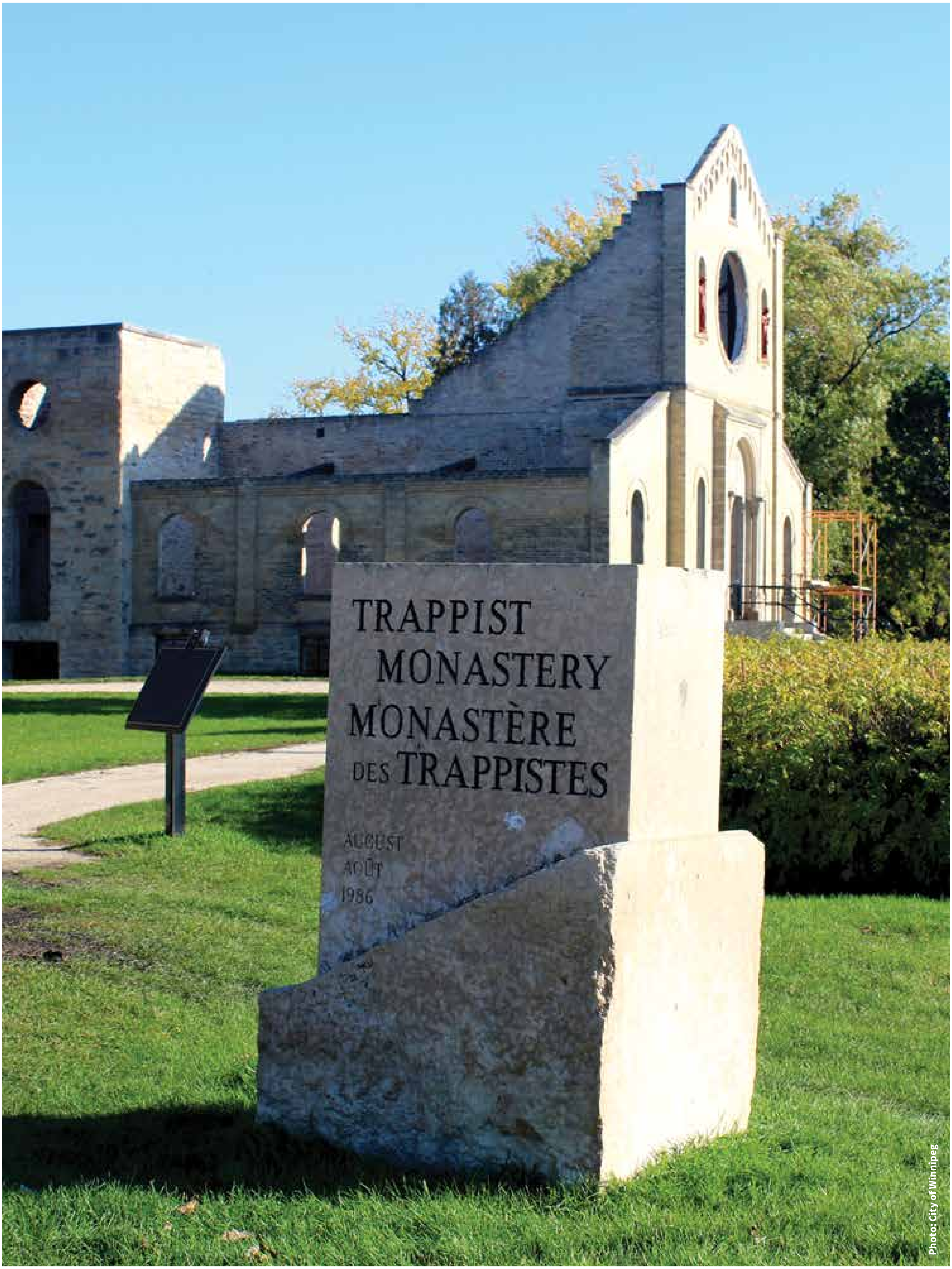

Photo: City of Winnipeg

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, 2021, with comparative information for 2020
(in $ thousands)

	2021	2020
ASSETS		
Investments, at fair value		
Canadian equities	**$ 76,851**	$ 55,373
Bonds and debentures	**65,740**	69,281
Foreign equities	**64,477**	65,676
Cash and short-term deposits	**5,939**	3,923
	213,007	194,253
Accounts receivable - dividends	**581**	520
Accounts receivable	**19**	16
Due from The Winnipeg Civic Employees' Pension Plan	**6**	-
Participant's contributions receivable	**-**	1
Total Assets	**213,613**	194,790
LIABILITIES		
Accounts payable	**556**	596
Total Liabilities	**556**	596
NET ASSETS (Note 4)	**213,057**	194,194
BENEFIT OBLIGATIONS		
Civic Employees' Group Life Insurance Plan (Note 5)	**81,806**	79,682
Police Employees' Group Life Insurance Plan (Note 6)	**22,383**	21,289
	104,189	100,971
SURPLUS	**$ 108,868**	$ 93,223
SURPLUS COMPRISED OF:		
Civic Employees' Group Life Insurance Plan (Note 5)	**$ 87,309**	$ 74,540
Police Employees' Group Life Insurance Plan (Note 6)	**21,559**	18,683
	$ 108,868	$ 93,223

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, 2021, with comparative information for 2020
(in $ thousands)

	2021	2020
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 823**	$ 825
Employees - optional	**297**	318
	1,120	1,143
City of Winnipeg and participating employers	**821**	826
Pensioners	**156**	160
	2,097	2,129
Current period change in fair value of investments	**15,569**	7,934
Investment income (Note 8)	**3,675**	3,557
Total increase in assets	**21,341**	13,620
DECREASE IN ASSETS		
Benefit payments	**5,890**	6,062
Administration	**296**	234
Claims administration and taxes	**250**	247
Investment management fees	**31**	6
Actuarial (recoveries) fees	**(19)**	81
Total decrease in assets	**6,448**	6,630
NET INCREASE IN NET ASSETS FOR THE YEAR	**14,893**	6,990
NET ASSETS, BEGINNING OF YEAR	**154,222**	147,232
NET ASSETS, END OF YEAR (NOTE 4)	**$ 169,115**	$ 154,222

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, 2021, with comparative information for 2020
(in $ thousands)

	2021	2020
INCREASE IN BENEFIT OBLIGATIONS		
Interest accrued on benefits	**$ 3,938**	$ 3,819
Benefits accrued	**2,331**	2,345
Total increase in benefit obligations	**6,269**	6,164
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**4,145**	3,397
Total decrease in benefit obligations	**4,145**	3,397
NET INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR	**2,124**	2,767
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**79,682**	76,915
BENEFIT OBLIGATIONS, END OF YEAR	**$ 81,806**	$ 79,682

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, 2021, with comparative information for 2020
(in $ thousands)

	2021	2020
Net increase in net assets for the year	**$ 14,893**	$ 6,990
Net increase in benefit obligations for the year	**(2,124)**	(2,767)
NET INCREASE IN SURPLUS FOR THE YEAR	**12,769**	4,223
SURPLUS, BEGINNING OF YEAR	**74,540**	70,317
SURPLUS, END OF YEAR	**$ 87,309**	$ 74,540

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, 2021, with comparative information for 2020
(in $ thousands)

	2021	2020
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 276**	$ 275
Employees - optional	**107**	100
	383	375
City of Winnipeg	**275**	274
Pensioners	**58**	58
	716	707
Current period change in fair value of investments	**4,035**	2,557
Investment income (Note 8)	**952**	897
Total increase in assets	**5,703**	4,161
DECREASE IN ASSETS		
Benefit payments	**1,561**	1,063
Administration	**77**	75
Claims administration and taxes	**49**	48
Actuarial fees	**38**	19
Investment management fees	**8**	2
Total decrease in assets	**1,733**	1,207
NET INCREASE IN NET ASSETS FOR THE YEAR	**3,970**	2,954
NET ASSETS, BEGINNING OF YEAR	**39,972**	37,018
NET ASSETS, END OF YEAR (NOTE 4)	**$ 43,942**	$ 39,972

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, 2021, with comparative information for 2020
(in $ thousands)

	2021	2020
INCREASE IN BENEFIT OBLIGATIONS		
Interest accrued on benefits	**$ 1,065**	$ 1,013
Benefits accrued	**600**	597
Total increase in benefit obligations	**1,665**	1,610
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**571**	543
Total decrease in benefit obligations	**571**	543
NET INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR	**1,094**	1,067
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**21,289**	20,222
BENEFIT OBLIGATIONS, END OF YEAR	**$ 22,383**	$ 21,289

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, 2021, with comparative information for 2020
(in $ thousands)

	2021	2020
Net increase in net assets for the year	**$ 3,970**	$ 2,954
Net (increase) in benefit obligations for the year	**(1,094)**	(1,067)
NET INCREASE IN SURPLUS FOR THE YEAR	**2,876**	1,887
SURPLUS, BEGINNING OF YEAR	**18,683**	16,796
SURPLUS, END OF YEAR	**$ 21,559**	$ 18,683

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

(As of August 1, 2015, the Plans are the responsibility of The Civic and Police Employees' Group Life Insurance Plans Corporation, a wholly owned City of Winnipeg municipal corporation)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

December 31, 2021
(all tabular amounts are in thousands of dollars, unless otherwise noted)

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 Canada Life Assurance 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, 2021, with comparatives for the year ended December 31, 2020.

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 include 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:

	2021 Fair Value	2020 Fair Value
Net Assets - Civic Employees' Group Life Insurance Plan	**$ 169,115**	$ 154,222
Net Assets - Police Employees' Group Life Insurance Plan	**43,942**	39,972
	$ 213,057	$ 194,194

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, 2021, 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, 2021. For the comparative 2020 figures, 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.

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% (2020 - 5.00%) per year and general increase in pay of 3.25% (2020 – 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). The next actuarial valuation of the Plan is expected to be prepared as at December 31, 2022.

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:

	2021	2020
Surplus for financial statement reporting purposes	**$ 87,309**	$ 74,540
Fair value changes not reflected in actuarial value of assets	**(17,374)**	(10,999)
Surplus for actuarial valuation purposes, as estimated	**$ 69,935**	$ 63,541

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, 2021, 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, 2021. For the comparative 2020 figures, 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.

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% (2020 - 5.00%) per year and general increases in pay of 3.25% (2020 - 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.

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). The next actuarial valuation of the Plan is expected to be prepared as at December 31, 2022.

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:

	2021	2020
Surplus for financial statement reporting purposes	**$ 21,559**	$ 18,683
Fair value changes not reflected in actuarial value of assets	**(4,735)**	(3,134)
Surplus for actuarial valuation purposes, as estimated	**$ 16,824**	$ 15,549

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, 2021, the Plans' credit risk exposure related to bonds and debentures and short-term deposits totaled $71,679 (2020 - $73,204).

The Plans' concentration of credit risk as at December 31, 2021, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	**2021 Fair Value**	2020 Fair Value
Provincial and Provincial guaranteed	**$ 20,097**	$ 21,234
Government of Canada and Government of Canada guaranteed	**19,012**	19,721
Canadian cities and municipalities	**585**	617
Corporations and other institutions	**26,046**	27,709
	$ 65,740	$ 69,281

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:

	2021		2020	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**29.4%**	**9.1%**	31.7%	11.3%
AA	**37.3**	**11.5**	41.7	14.8
A	**33.2**	**10.2**	26.6	9.6
Other	**0.1**	**0.1**	-	-
	100.0%	**30.9%**	100.0%	35.7%

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 31% (2020 - 36%) of their assets invested in fixed income securities as at December 31, 2021. 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, 2021 are as follows:

Term to Maturity	**2021 Fair Value**	2020 Fair Value
One to five years	**$ 31,615**	$ 34,994
Greater than five years	**34,125**	34,287
	$ 65,740	$ 69,281

As at December 31, 2021, had prevailing interest rates raised or lowered by 0.5% (2020 - 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 $2,495 (2020 - $2,601), approximately 1.2% of total net assets (2020 - 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, 2021.

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.

	2021				2020	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 39,351**	**$ -**	**$ 39,351**	**$ 3,935**	$ 37,423	$ 3,742
Euro Countries	**8,166**	**-**	**8,166**	**817**	7,315	732
Japan	**7,323**	**-**	**7,323**	**732**	7,608	761
United Kingdom	**4,777**	**-**	**4,777**	**478**	4,294	429
Switzerland	**3,053**	**-**	**3,053**	**305**	2,657	266
Australia	**2,320**	**-**	**2,320**	**232**	2,171	217
Sweden	**1,417**	**-**	**1,417**	**142**	1,170	117
Hong Kong	**824**	**-**	**824**	**82**	894	89
Other	**3,820**	**-**	**3,820**	**382**	3,507	351
	$ 71,051	**$ -**	**$ 71,051**	**$ 7,105**	$ 67,039	$ 6,704

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, 2021, 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 $21,199 (2020 - $18,157), approximately 9.9% of total net assets (2020 - 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, 2021 and December 31, 2020, classified using the fair value hierarchy described above:

	2021 Total Investment Assets			
	Level 1	**Level 2**	**Level 3**	**At Fair Value**
Canadian equities	**$ 76,851**	**$ -**	**$ -**	**$ 76,851**
Bonds and debentures	**65,740**	**-**	**-**	**65,740**
Foreign equities	**64,477**	**-**	**-**	**64,477**
Cash and short term deposits	**5,939**	**-**	**-**	**5,939**
	$ 213,007	**$ -**	**$ -**	**$ 213,007**

	2020 Total Investment Assets			
	Level 1	Level 2	Level 3	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

8. *Investment Income*

	2021	2020
Canadian equities	**$ 1,687**	$ 1,671
Bonds and debentures	**1,560**	1,636
Foreign equities	**1,549**	1,183
Cash, short-term deposits and other	**(169)**	(36)
	$ 4,627	$ 4,454
Allocated to:		
Civic Employees' Group Life Insurance Plan	**$ 3,675**	$ 3,557
Police Employees' Group Life Insurance Plan	**952**	897
	$ 4,627	$ 4,454

9. *Investment Transaction Costs*

During the period, the Plans incurred investment transaction costs in the form of brokerage commissions, in the amount of $2 (2020 - $1). 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)

		2021 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							
Canadian equities	$ 76,851						
Bonds and debentures	65,740						
Foreign equities	64,477						
Cash and short-term deposits	7,096						
	214,164	$ -	$ 169,901	$ 169,901	$ -	$ 44,263	$ 44,263
Funds on deposit - Canada Life Assurance Company	(1,157)	-	(817)	(817)	-	(340)	(340)
	213,007	-	169,084	169,084	-	43,923	43,923
Accounts receivable - dividends	581	-	462	462	-	119	119
Accounts receivable	19	130	(112)	18	26	(25)	1
Due from The Winnipeg Civic Employees' Pension Plan	6	-	5	5	-	1	1
Total Assets	213,613	130	169,439	169,569	26	44,018	44,044
LIABILITIES							
Accounts payable	305	-	250	250	-	55	55
Premium Payable	251	130	74	204	26	21	47
Total Liabilities	556	130	324	454	26	76	102
LOAN BETWEEN INSURANCE FUNDS	-	169,115	(169,115)	-	43,942	(43,942)	-
NET ASSETS	$ 213,057	$ 169,115	$ -	169,115	$ 43,942	$ -	43,942
BENEFIT OBLIGATIONS				81,806			22,383
SURPLUS				$ 87,309			$ 21,559

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 2

SCHEDULE OF STATEMENT OF CHANGES IN NET ASSETS BY PLANS AND FUNDS

For the year ended December 31
(in $ thousands)

		2021 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	$ 1,099	$ -	$ 823	$ 823	$ -	$ 276	$ 276
Employees - optional	404	-	297	297	-	107	107
	1,503	-	1,120	1,120	-	383	383
The City of Winnipeg and participating employers	1,096	-	821	821	-	275	275
Pensioners	214	-	156	156	-	58	58
	2,813	-	2,097	2,097	-	716	716
Current period change in fair value of investments	19,604	-	15,569	15,569	-	4,035	4,035
Investment income	4,627	-	3,675	3,675	-	952	952
Total increase in assets	27,044	-	21,341	21,341	-	5,703	5,703
DECREASE IN ASSETS							
Benefit payments	7,451	3,335	2,555	5,890	676	885	1,561
Administration	373	-	296	296	-	77	77
Claims administration and taxes	299	-	250	250	-	49	49
Investment management fees	39	-	31	31	-	8	8
Actuarial fees	19	-	(19)	(19)	-	38	38
Total decrease in assets	8,181	3,335	3,113	6,448	676	1,057	1,733
NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	18,863	(3,335)	18,228	14,893	(676)	4,646	3,970
NET ASSETS, BEGINNING OF YEAR	194,194	154,222	-	154,222	39,972	-	39,972
TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR	-	18,228	(18,228)	-	4,646	(4,646)	-
NET ASSETS, END OF YEAR	$ 213,057	$ 169,115	$ -	$ 169,115	$ 43,942	$ -	$ 43,942

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 3

SCHEDULE OF STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS BY PLANS

For the year ended December 31
(in $ thousands)

	2021	Allocated as:	
	Civic and Police Employees' Group Life Insurance Plans	Civic Employees' Plan	Police Employees' Plan
INCREASE IN BENEFIT OBLIGATIONS			
Interest on benefit obligations	**$ 5,003**	**$ 3,938**	**$ 1,065**
Benefits accrued	**2,931**	**2,331**	**600**
Total increase in benefit obligations	**7,934**	**6,269**	**1,665**
DECREASE IN BENEFIT OBLIGATIONS			
Benefits paid	**4,716**	**4,145**	**571**
Total decrease in benefit obligations	**4,716**	**4,145**	**571**
NET INCREASE IN BENEFIT OBLIGATIONS	**3,218**	**2,124**	**1,094**
ACCRUED BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**100,971**	**79,682**	**21,289**
ACCRUED BENEFIT OBLIGATIONS, END OF YEAR	**$ 104,189**	**$ 81,806**	**$ 22,383**

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
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 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)

	2021 Budget	**2021 Actual**	2020 Budget	2020 Actual
PROFESSIONAL SERVICES				
Incurred Directly				
Actuarial	**$ 23**	**$ 19**	$ 136	$ 100
Audit	**18**	**24**	17	20
Investment Performance Measurement Fees	**10**	**9**	10	9
Investment Management Fees	**8**	**39**	8	8
Legal	**5**	**-**	5	-
Subtotal - Professional Services Incurred Directly	**64**	**91**	176	137
Cost Shared with Other Plans				
Consulting	**23**	**-**	21	(12)
Subtotal - Professional Services	**87**	**91**	197	125
OFFICE AND ADMINISTRATION - Cost Shared with Other Plans				
Rent	**31**	**27**	29	26
Equipment Maintenance - Information Technology	**6**	**6**	6	6
Postage	**4**	**4**	4	2
Stationary & Printing	**3**	**2**	3	2
Conferences, Seminars & Training - Staff	**3**	**1**	3	1
Records Management	**3**	**-**	3	-
Other	**2**	**2**	2	1
Telephone	**1**	**1**	1	1
Bank Charges	**1**	**1**	1	1
Subtotal - Office and Administration	**54**	**44**	52	40
SALARIES AND BENEFITS - Cost Shared with Other Plans	**337**	**293**	317	248
FURNITURE AND COMPUTER HARDWARE & SOFTWARE - Cost Shared with Other Plans	**8**	**3**	18	4
TOTAL BUDGETED & ACTUAL ADMINISTRATIVE EXPENSES	**$ 486**	**$ 431**	$ 584	$ 417

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS
As at December 31, 2021
(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	63,800,000	-	-	-	-	-	63,800,000
89/2018	January 31/19	9,316,700	-	-	-	-	-	9,316,700
	April 25/19	-	-	-	-	-	3,600,000	3,600,000
30/2019	April 25/19	62,723,000	-	-	-	-	-	62,723,000
	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
133/2020	January 28/21	15,965,000	8,774,000					24,739,000
	February 25/21	-	-	-	-	-	10,000,000	10,000,000
		$ 271,276,269	$ 193,178,000	$ -	$ 727,607,000	$ -	$ 22,900,000	$ 1,214,961,269

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, 2021
(unaudited)

Outstanding Capital Borrowing Authorization at December 31, 2020	$ 1,192,363,269
Add:	
Bylaw 133/2020	24,739,000
Fleet Borrowing - 2021 Business Plan	10,000,000
Deduct:	
Royal Bank of Canada Tax Supported Term Loan	(6,241,000)
Royal Bank of Canada Fleet Term Loan	(5,900,000)
Outstanding Capital Borrowing Authorization at December 31, 2021	$ 1,214,961,269

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT ISSUES

As at December 31, 2021
(unaudited)

Term	Month	Interest Rate	By-Law Number	Amount of Debt
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, 2021
(unaudited)

	Debenture Debt		
Description	**Gross**	**Sinking Fund**	**Net**
Tax-Supported			
General	$ 459,830,389	$ 39,492,738	$ 420,337,651
Other Funds			
Transit System	107,325,000	17,438,783	89,886,217
Municipal Accommodations	66,477,000	6,502,348	59,974,652
Total Tax-Supported and Other Funds	633,632,389	63,433,869	570,198,520
City-Owned Utilities			
Sewage Disposal System	163,034,000	6,548,606	156,485,394
Waterworks System	160,000,000	53,307,069	106,692,931
Solid Waste Disposal	13,085,611	1,055,201	12,030,410
Total City-Owned Utilities	336,119,611	60,910,876	275,208,735
Reserves			
Destination Marketing	41,000,000	5,032,753	35,967,247
Local Street Renewal	36,816,000	3,521,557	33,294,443
Regional Street Renewal	25,000,000	2,924,104	22,075,896
Total Reserves	102,816,000	11,478,414	91,337,586
	$ 1,072,568,000	$ 135,823,159	$ 936,744,841

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE (continued)
As at December 31, 2021
(unaudited)

	2022 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 2021
(unaudited)

Gross Debt as at January 1, 2021	$ 1,072,568,000
Debt Issued During 2021	-
Debt Retired During 2021	-
Gross Debt as at December 31, 2021	$ 1,072,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT - MATURITY BY YEARS

As at December 31, 2021
(unaudited)

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			135,823,159	
Net Debt			$ 936,744,841	

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT SUMMARY OF MATURITIES BY PURPOSES
As at December 31, 2021
(unaudited)

Maturity Year	General Tax-Supported	Transit System	Waterworks System	Sewage Disposal	Solid 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 Accomodations)			Reserve Funds			
Year	**Principal**	**Interest**	**Sub-total**	**Principal**	**Interest**	**Sub-total**	**Principal**	**Interest**	**Sub-total**	**Total**
2022	$ 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
2023-2036	89,032,160	239,635,788	328,667,948	117,016,578	289,013,396	406,029,974	23,524,410	52,661,224	76,185,634	810,883,556
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
	$ 177,952,717	$ 484,732,224	$ 662,684,941	$ 194,595,654	$ 455,626,159	$ 650,221,813	$ 41,505,413	$ 91,844,784	$ 133,350,197	$ 1,446,256,951

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE

As at December 31, 2021
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2022 Interest	Annual Charges 2022 Principal	Sinking Fund Reserve at Dec. 31, 2021
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	$ 4,811,200
23/13 & 149/13	10,871,000	June 1, 2014-2045	CAN	4.500	3.713	403,640	167,886	1,381,655
144/11 & 5/15	8,150,000	June 1, 2015-2045	CAN	4.500	3.828	311,982	133,591	920,881
5/2015 & 40/2016	19,891,000	June 1, 2016-2045	CAN	4.000	3.303	657,000	375,541	2,081,530
150/2009	18,700,000	Nov. 15, 2011-2051	CAN	4.500	4.300	804,100	174,717	2,159,133
120/2009	25,000,000	Nov. 15, 2012-2051	CAN	4.500	3.759	939,750	246,392	2,676,646
219/07, 184/08	10,259,000	Nov. 15, 2019-2051	CAN	4.000	3.499	358,962	163,617	335,460
40/2016	13,500,000	Nov. 15, 2019-2051	CAN	3.500	2.667	360,045	235,460	481,275
136/2016	2,817,000	Nov. 15, 2020-2051	CAN	3.000	2.663	75,017	56,337	56,550
	147,043,000					5,462,551	2,138,152	14,904,330
PARKS AND RECREATION								
72/2006, 219/2007	2,775,000	Nov. 15, 2019 - 2051	CAN	4.000	3.499	97,097	44,257	90,740
40/2016	990,000	Nov. 15, 2019 - 2051	CAN	3.500	2.667	26,403	17,267	35,294
136/2016	1,150,000	Nov. 15, 2020 - 2051	CAN	3.000	2.663	30,625	22,999	23,086
	4,915,000					154,125	84,523	149,120
LIBRARIES								
23&149/13, 5/15, 40/16	13,759,000	June 1, 2016-2045	CAN	4.000	3.303	454,460	259,769	1,439,835
40/2016	1,940,000	Nov. 15, 2019-2051	CAN	3.500	2.667	51,740	33,837	69,161
136/2016	2,050,000	Nov. 15, 2020-2051	CAN	3.000	2.663	54,592	40,998	41,153
	17,749,000					560,792	334,604	1,550,149

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2021
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2022 Interest	Annual Charges 2022 Principal	Sinking Fund Reserve at Dec. 31, 2021
FIRE								
5/2015	808,000	June 1, 2015-2045	CAN	4.500	3.828	30,930	13,244	91,297
5/2015 & 40/2016	1,109,000	June 1, 2016-2045	CAN	4.000	3.303	36,630	20,938	116,053
7751/01, 32/2007	3,144,000	Nov. 15, 2019-2051	CAN	4.000	3.499	110,009	50,142	102,806
	5,061,000					177,569	84,324	310,156
POLICE								
93/2011	50,000,000	Nov. 15, 2012-2051	CAN	4.500	3.853	1,926,500	492,783	5,353,291
93/2011	8,586,000	Nov. 15, 2012-2051	CAN	4.500	3.759	322,748	84,621	919,267
93/2011	43,992,000	Nov. 15, 2013-2051	CAN	4.500	4.391	1,891,656	457,591	4,316,554
93/11 & 145/13	52,568,000	Nov. 15, 2014-2051	CAN	4.500	3.893	2,046,472	577,408	4,656,582
	155,146,000					6,187,376	1,612,403	15,245,694
ASSINIBOINE PARK - COMMUNITY SERVICES								
23/13 & 149/13	11,626,000	June 1, 2014-2045	CAN	4.500	4.100	476,666	179,546	1,477,612
96/2015	2,000,000	June 1, 2016-2045	CAN	4.000	3.303	66,060	37,760	209,294
6976/97, 7751/01	20,246,000	Nov. 15, 2019-2051	CAN	4.000	3.499	708,408	322,895	662,027
40/2016	8,514,000	Nov. 15, 2019-2051	CAN	3.500	2.667	227,068	148,497	303,524
136/2016	2,250,000	Nov. 15, 2020-2051	CAN	3.000	2.663	59,918	44,998	45,168
	44,636,000					1,538,120	733,696	2,697,625

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2021
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2022 Interest	Annual Charges 2022 Principal	Sinking Fund Reserve at Dec. 31, 2021
LOCAL IMPROVEMENTS								
149/2013	519,000	June 1, 2014-2045	CAN	4.500	4.100	21,279	8,015	65,963
149/2013	761,000	June 1, 2014-2045	CAN	4.500	3.713	28,256	11,752	96,720
149/13 & 5/15	1,791,000	June 1, 2015-2045	CAN	4.500	3.828	68,559	29,357	202,368
72/06, 5/15, 40/16	4,603,955	June 1, 2016-2045	CAN	4.000	3.303	152,069	86,922	481,789
72/2006	1,550,000	Nov. 15, 2011-2051	CAN	4.500	4.300	66,650	14,482	178,966
6976/97, 7751/01, 40/16	677,434	Nov. 15, 2019-2051	CAN	3.500	2.667	18,067	11,815	24,151
136/2016	252,000	Nov. 15, 2020-2051	CAN	3.000	2.663	6,710	5,040	5,059
	10,154,389					361,590	167,383	1,055,016
DEVELOPER PAYBACK								
7751/01	6,816,000	Nov. 15, 2019-2051	CAN	4.000	3.499	238,492	108,706	222,877
SPECIAL PROJECTS - COMMUNITY SERVICES								
61/2015	14,000,000	June 1, 2015-2045	CAN	4.500	3.828	535,920	229,482	1,581,881
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	1,687,602
PEDESTRIAN AND CYCLING PROGRAM								
7751/01, 72/2006	2,700,000	Nov. 15, 2019-2051	CAN	4.000	3.499	94,473	43,061	88,288
Tax-Supported Total	**459,830,389**					**17,116,842**	**6,359,441**	**39,492,738**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2021
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2022 Interest	Annual Charges 2022 Principal	Sinking Fund Reserve at Dec. 31, 2021
TRANSIT SYSTEM								
183/2008	60,000,000	June 3, 2010-2041	CAN	4.500	5.150	3,090,000	926,607	13,158,968
23/2013	3,619,000	June 1, 2015-2045	CAN	4.500	3.828	138,535	59,321	408,916
183/2008	29,750,000	Nov. 15, 2011-2051	CAN	4.500	4.300	1,279,250	277,959	3,434,984
40/2016	10,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	266,700	174,415	356,500
40/16 & 133/17	3,956,000	Nov. 15, 2020-2051	CAN	3.000	2.663	105,349	79,115	79,415
	107,325,000					4,879,834	1,517,417	17,438,783
MUNICIPAL ACCOMMODATIONS								
23/2013	3,000,000	June 1, 2015-2045	CAN	4.500	3.828	114,840	49,175	338,974
138/2011	41,414,000	Nov. 15, 2012-2051	CAN	4.500	3.759	1,556,752	408,163	4,434,027
84/2013	16,008,000	Nov. 15, 2013-2051	CAN	4.500	4.300	688,344	166,510	1,570,726
40/2016	2,380,000	Nov. 15, 2019-2051	CAN	3.500	2.667	63,475	41,511	84,847
136/2016	3,675,000	Nov. 15, 2020-2051	CAN	3.000	2.663	97,866	73,496	73,774
	66,477,000					2,521,277	738,855	6,502,348
Total Tax Supported and Other Funds	**633,632,389**					**24,517,953**	**8,615,713**	**63,433,869**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE

As at December 31, 2021
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2022 Interest	Annual Charges 2022 Principal	Sinking Fund Reserve at Dec. 31, 2021
SEWAGE DISPOSAL SYSTEM								
5/2015	24,000,000	June 1, 2016-2045	CAN	4.000	3.303	792,720	453,118	2,511,523
219/07,184/08,150/09	80,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	2,133,600	1,395,320	2,852,002
5/15, 183/04, 150/09	59,034,000	Nov. 15, 2020-2051	CAN	3.000	2.663	1,572,074	1,180,618	1,185,081
	163,034,000					4,498,394	3,029,056	6,548,606
WATERWORKS SYSTEM								
183/04 & 72/06	60,000,000	July 17, 2006-2036	CAN	4.500	5.200	3,120,000	984,000	20,872,587
72/06 & 32/07	100,000,000	July 17, 2008-2036	CAN	4.500	5.200	5,200,000	1,852,000	32,434,482
	160,000,000					8,320,000	2,836,000	53,307,069
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	903,840
136/2016	2,450,000	Nov. 15, 2019-2051	CAN	4.500	3.499	85,726	39,074	80,112
133/2017	1,998,566	Nov. 15, 2019-2051	CAN	3.500	2.667	53,302	34,858	71,249
	13,085,611					424,310	236,999	1,055,201
Utility Total	**336,119,611**					**13,242,704**	**6,102,055**	**60,910,876**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED RESERVE FUNDS DEBENTURE DEBT BY PURPOSE

As at December 31, 2021
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2022 Interest	Annual Charges 2022 Principal	Sinking Fund Reserve at Dec. 31, 2021
DESTINATION MARKETING RESERVE								
100/2012	28,368,000	Jun. 1, 2014-2045	CAN	4.500	3.713	1,053,304	438,100	3,605,445
100/2012	12,632,000	Jun. 1, 2015-2045	CAN	4.500	3.828	483,553	207,058	1,427,308
	41,000,000					1,536,857	645,158	5,032,753
LOCAL STREETS RENEWAL RESERVE								
23/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	4.100	410,000	154,435	1,270,955
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,434	1,270,955
5/2015	6,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	229,680	98,349	677,949
40/2016	1,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	33,030	18,880	104,647
136/16, 149/13, 5/15	9,816,000	Nov. 15, 2020-2051	CAN	3.000	2.663	261,399	196,308	197,051
	36,816,000					1,305,409	622,406	3,521,557
REGIONAL STREETS RENEWAL RESERVE								
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,435	1,270,955
5/2015	10,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	382,800	163,915	1,129,915
40/2016	5,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	165,150	94,400	523,234
	25,000,000					919,250	412,750	2,924,104
Reserve Funds Total	**102,816,000**					**3,761,516**	**1,680,314**	**11,478,414**
Grand Total	**$ 1,072,568,000**					**$ 41,522,173**	**$ 16,398,082**	**$ 135,823,159**

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.