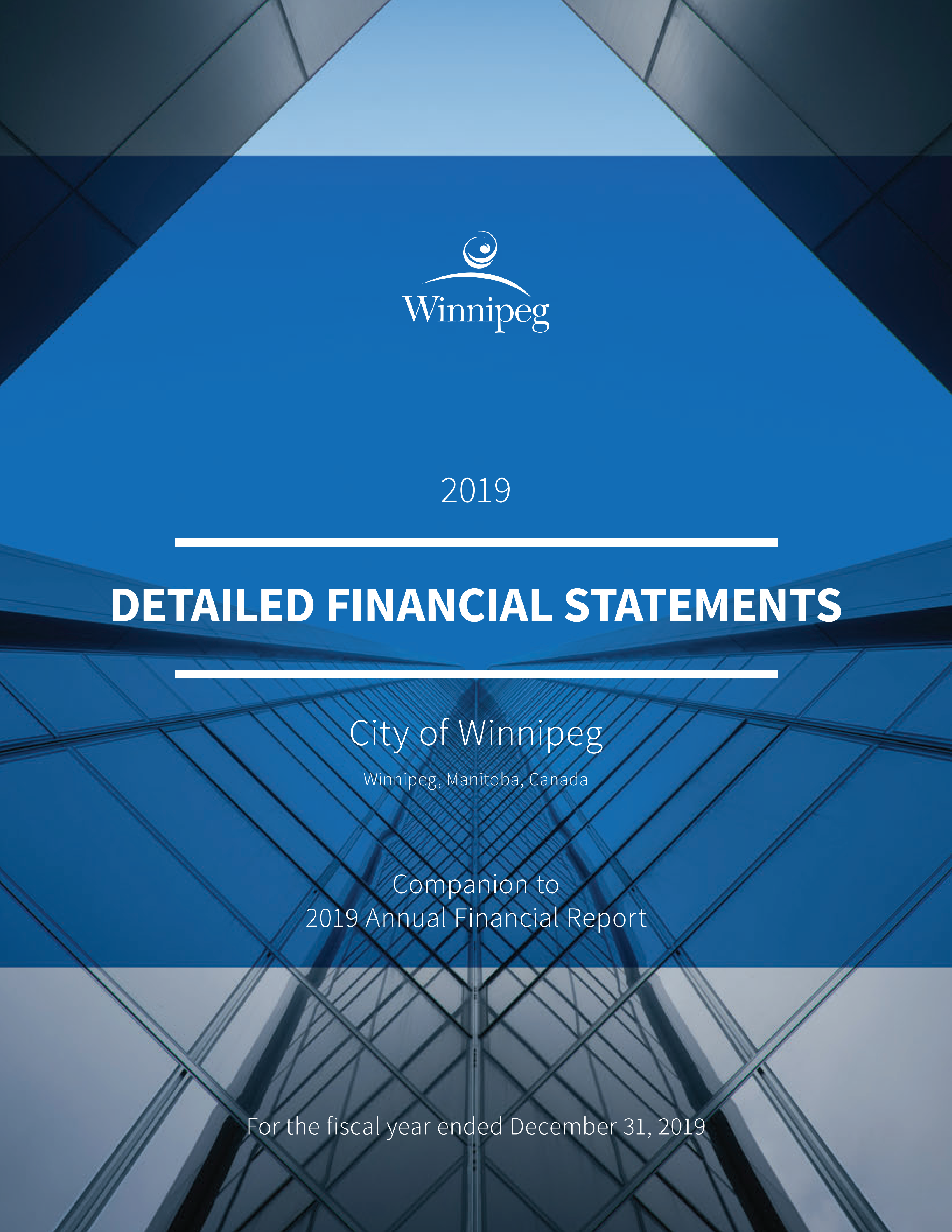

2019

DETAILED FINANCIAL STATEMENTS

City of Winnipeg

Winnipeg, Manitoba, Canada

Companion to
2019 Annual Financial Report

For the fiscal year ended December 31, 2019

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2019 Consolidated Financial Statements

Detailed Financial Statements

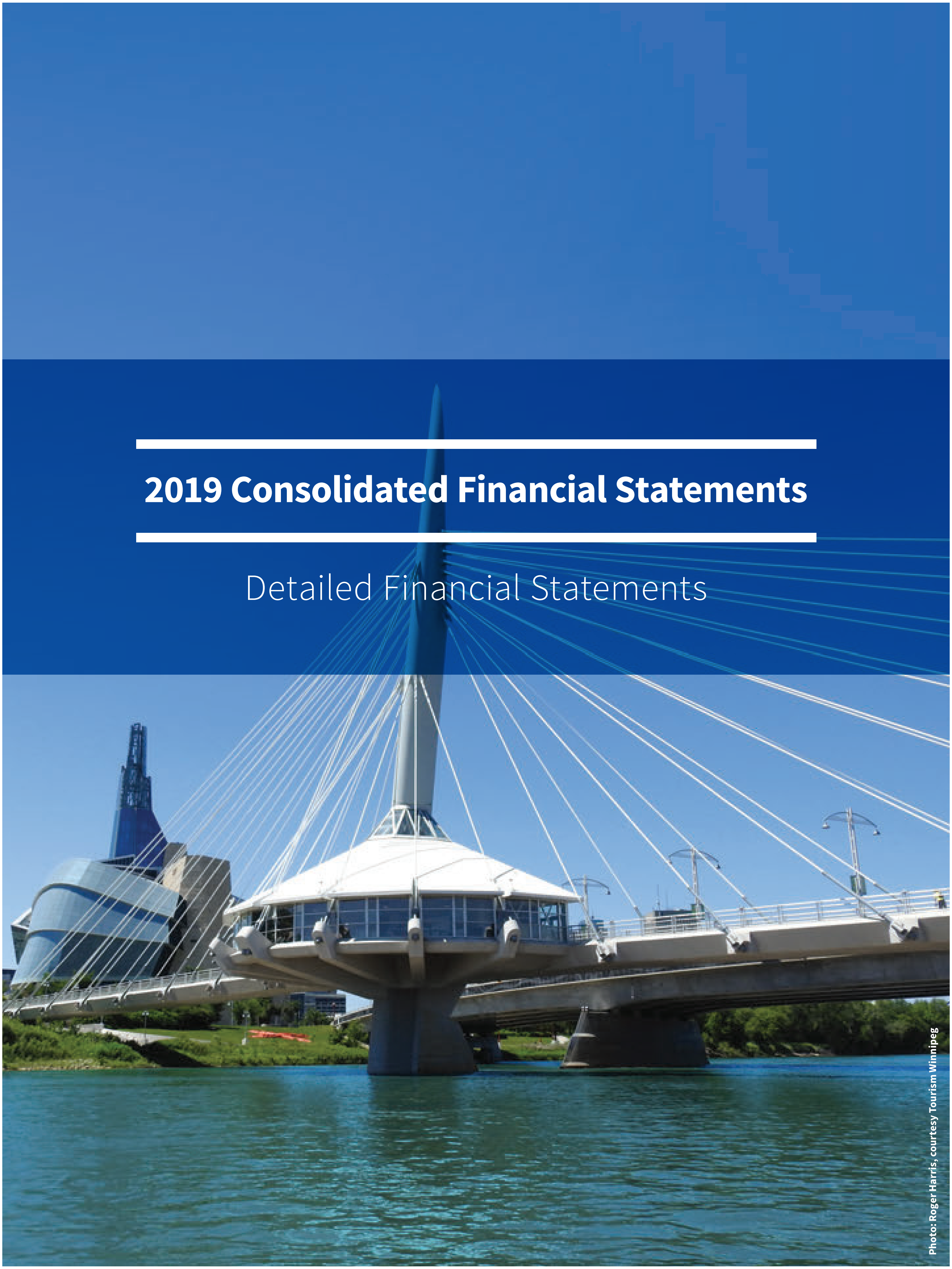


Photo: Roger Harris, courtesy Tourism Winnipeg

REPORT FROM THE CHIEF FINANCIAL OFFICER
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the following Financial Statement Discussion and Analysis, prepared by management. The following discussion and analysis of the financial performance of the City of Winnipeg (the "City") should be read with the audited consolidated financial statements 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.

For its December 31, 2018 annual report, the City received the prestigious Canadian Award for Financial Reporting ("CAnFR") from the Government Finance Officers Association ("GFOA"). The CAnFR recognizes excellence in governmental accounting and financial reporting and represents a significant accomplishment for the City and its management. The award reflects the tremendous effort not only of our staff in Corporate Finance, but also of all our departments, Special Operating Agencies ("SOA's") and elected officials in producing high quality documents for use by our residents and community.

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. Government financial statements are different from private sector organizations, in that they account for the unique aspects of their operations.

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

Funds, Entities and Investment in Government Businesses

As noted above, the Statements are consolidated, meaning they reflect all resources and operations controlled by the City. These Statements include City departments, SOAs, utility operations as well as 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 its accountability of the resources allocated for the services the particular fund delivers.

The General Revenue Fund reports on tax-supported operations, which include services provided by the City such as police, fire, ambulance, library and street maintenance. The General Capital Fund accounts for tax-supported capital projects. The tax-supported capital program is made up of, but is not limited to, reporting on the acquisition and/or construction of streets, bridges, parks and recreation facilities. The utility operations are comprised of the Transit, 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 included within the City's organization. Animal Services (established in 2000), Winnipeg Golf Services (2002), Fleet Management (2003) and Winnipeg Parking Authority (2005) deliver services as special operating units of the City.

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

City Council has approved the establishment of several Reserve Funds, which can be categorized into three types:

- Capital Reserves finance current and anticipated future capital projects, thereby reducing or eliminating the need to issue debt.
- Special Purpose Reserves provide designated revenue to fund the reserves' authorized costs.
- The Financial Stabilization Reserve assists in the funding of major unexpected expenses or revenue deficits reported in the General Revenue Fund.

Entities and Investment in Government Businesses

The civic corporations included in the Statements are the Assiniboine Park Conservancy Inc., Winnipeg Public Library Board, The Convention Centre Corporation, Winnipeg Arts Council Inc. and CentreVenture Development Corporation. Economic Development Winnipeg Inc. is a government partnership and is proportionately consolidated. These corporations are involved in various activities including economic development, recreation, tourism, entertainment and conventions.

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

Consolidated Statement of Financial Position

Financial statements present information to describe the government's financial position at the end of the accounting period. Such information is useful to evaluate the government's ability to finance its activities and to meet its liabilities and contractual obligations, as well as the government's ability to provide future services. To this end, governments need to understand the total economic resources they have on hand to deliver services. These resources can be financial (e.g., cash, accounts receivable) and non-financial (e.g., tangible capital assets).

At the same time, in respect of services delivered, governments will have liabilities to be settled in the future that will consume the financial resources. This ability is measured by the government's net financial asset/liability position. This measure must be considered in tandem with accumulated surplus to determine the government's ability to deliver services in the future. A significant portion of accumulated surplus includes the investment made in tangible capital assets which, for governments, represent service delivery capacity.
As at December 31, the City reports:

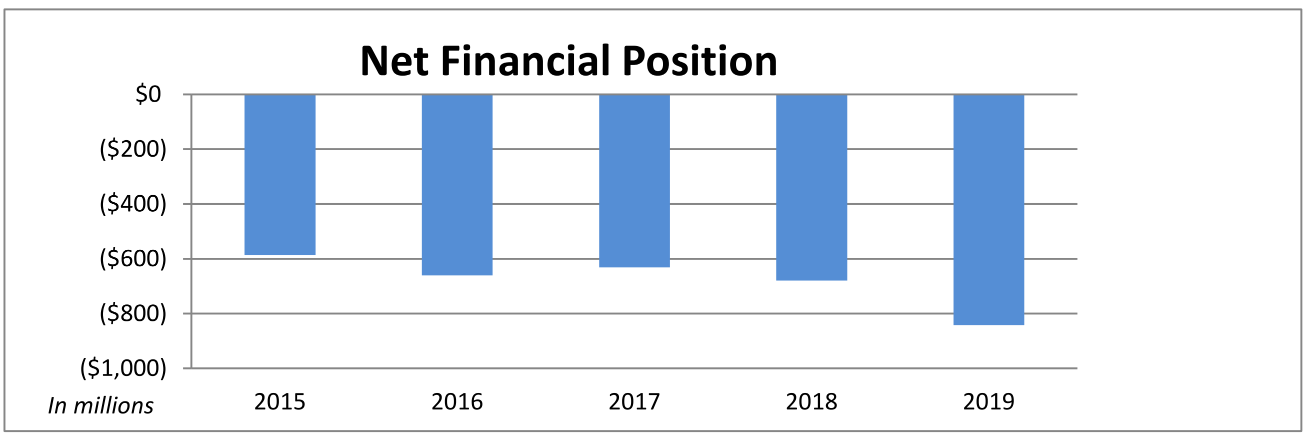
(in thousands of dollars)	2019	2018	Variance
Cash and cash equivalents	$ 670,801	$ 433,985	$ 236,816
Other financial assets	702,509	656,082	46,427
Financial assets	1,373,310	1,090,067	283,243
Liabilities	2,215,096	1,768,982	(446,114)
Net financial position	(841,786)	(678,915)	(162,871)
Non-financial assets	7,608,881	7,009,634	599,247
Accumulated surplus	$ 6,767,095	$ 6,330,719	$ 436,376

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

Cash Resources

The cash resources of the City are its cash and cash equivalents. It includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are held for meeting short-term obligations rather than for other purposes like investing. During 2019, the City's cash and cash equivalents increased by $236.8 million. This increase resulted primarily because debt was issued for capital at the end of the year and was held in cash and cash equivalents until capital expenditures are to be incurred.

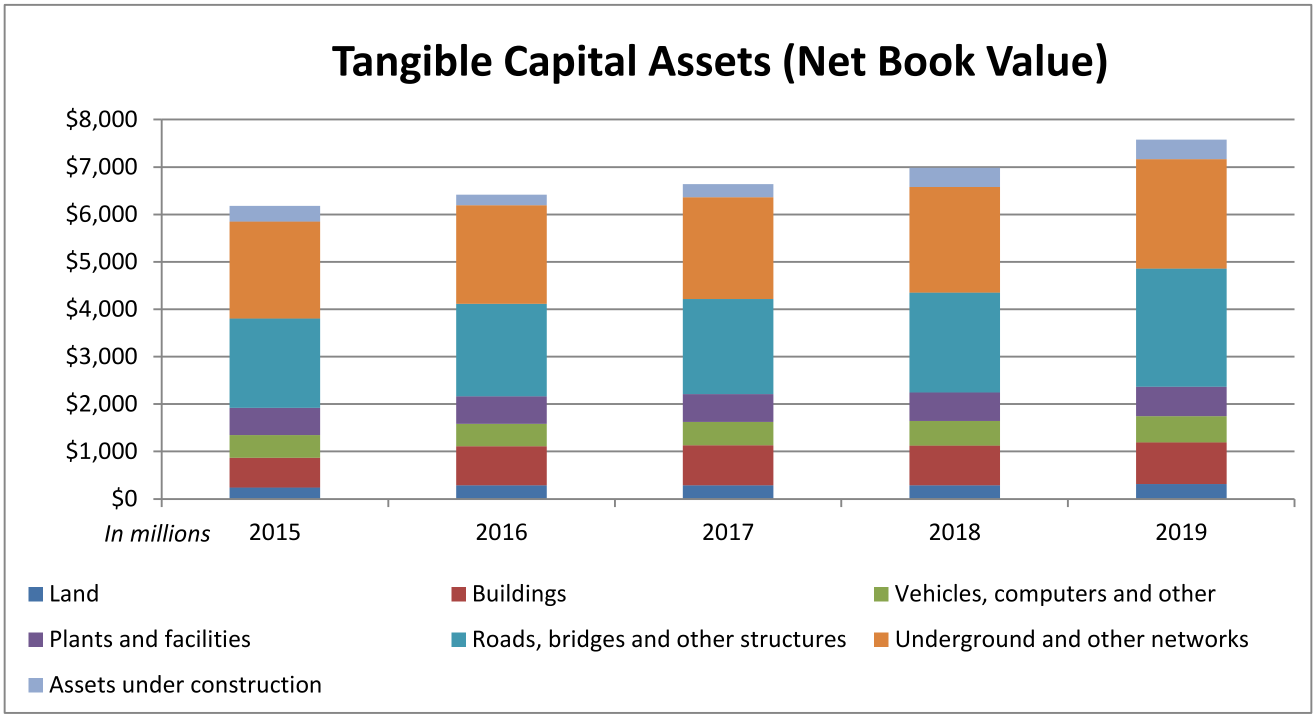
Net Financial Position



Net financial position is the difference between financial assets and liabilities, which indicate the affordability of additional spending. As at December 31, 2019, the City was in a net financial liability position of $841.8 million (2018 - $678.9 million). The change in net financial position during the year resulted primarily from increased capital acquisitions.

Non-Financial Assets

Non-financial assets of the City are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed and leased tangible capital assets, inventories of supplies and prepaid expenses. Tangible capital assets are the most significant component of non-financial assets.



As indicated in the chart above, the City continues to invest in its infrastructure. The acquisition of tangible capital assets is authorized largely through a Council approved capital budget. The challenge in creating a capital budget is balancing infrastructure needs with fiscal responsibility. On March 20, 2019, City Council adopted the 2019 annual capital budget and the 2020 to 2024 five-year forecast. The six-year plan projected $2.3 billion in City capital projects, with $367.8 million authorized in 2019. Some of the projects included in the 2019 capital budget are:

- $86.4 million for regional and local street renewal and $11.2 million for waterway crossings and grade separation
- $64.2 million in sewage disposal collection and treatment systems and $25.0 million in waterworks systems, including $16.5 million for water main renewals
- $39.8 million for public transit projects including the purchase of new transit buses and the implementation of measures to improve transit safety
- $2.4 million for St. James Civic Centre facility renewal and expansion
- $8.7 million for parks and open spaces including $4.1 million for reforestation improvements and the urban forest enhancement program

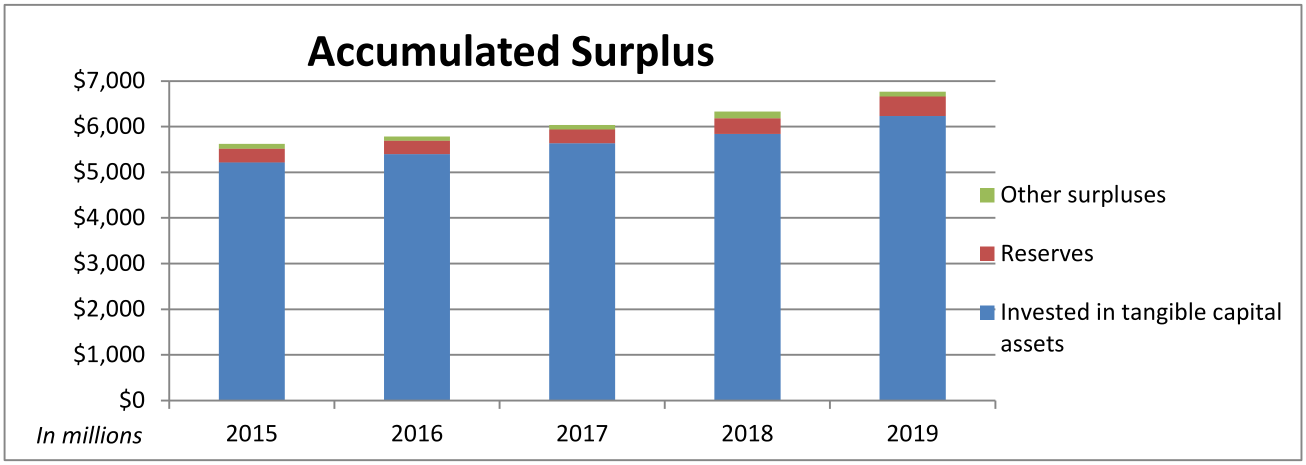
Also included in the capital investment plan over the six-year period (2019 to 2024) is anticipated funding of $360.2 million cash to capital funding, $392.8 million of anticipated federal funding under the Federal Gas Tax Agreement and New Building Canada Fund and $108.6 million of provincial funding.

During 2019, the City acquired $872.8 million of tangible capital assets (2018 - $613.8 million), including contributed roads and underground networks totaling $69.6 million (2018 - $82.7million). Contributed assets are capitalized at their fair value at the time they are received. Of the assets acquired, $231.2 million was for tax-supported projects (26%). Spending on tax-supported projects was most significantly on roads, a priority of City Council.

Accumulated Surplus

Another important financial indicator on the Consolidated Statement of Financial Position is the accumulated surplus position. The accumulated surplus represents the net assets of the City, and the yearly change in the accumulated surplus is equal to the annual excess of revenues over expenses for the year (results of operations or annual surplus).

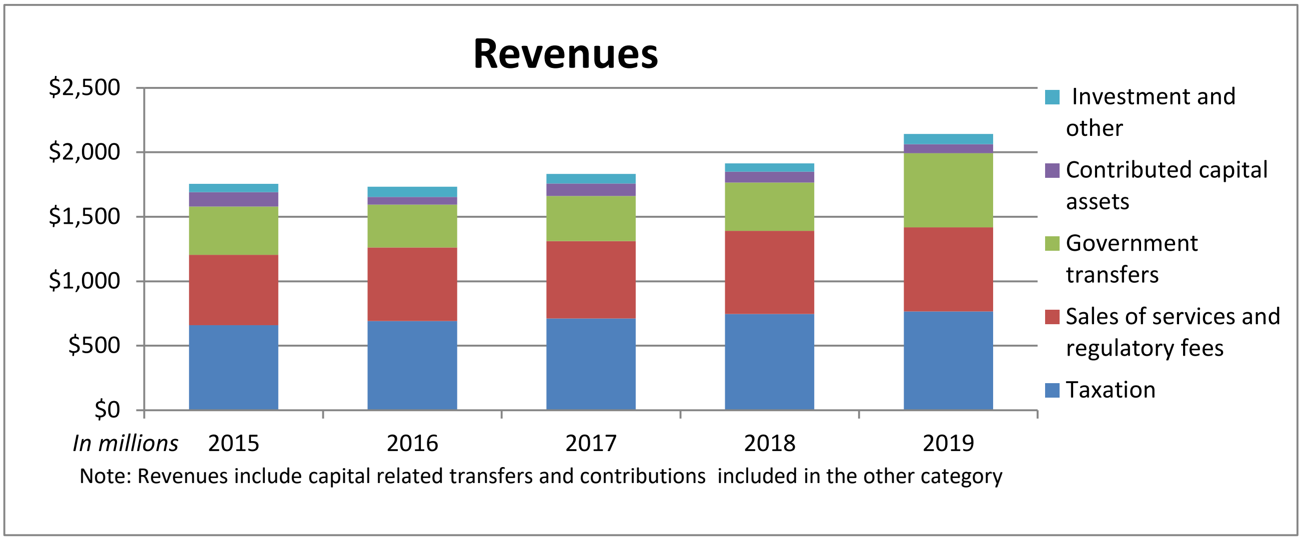
Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2019- 92%; 2018- 92%). Investment in tangible capital assets is a very important aspect of service delivery and is not intended or readily accessible for use in funding ongoing operations.



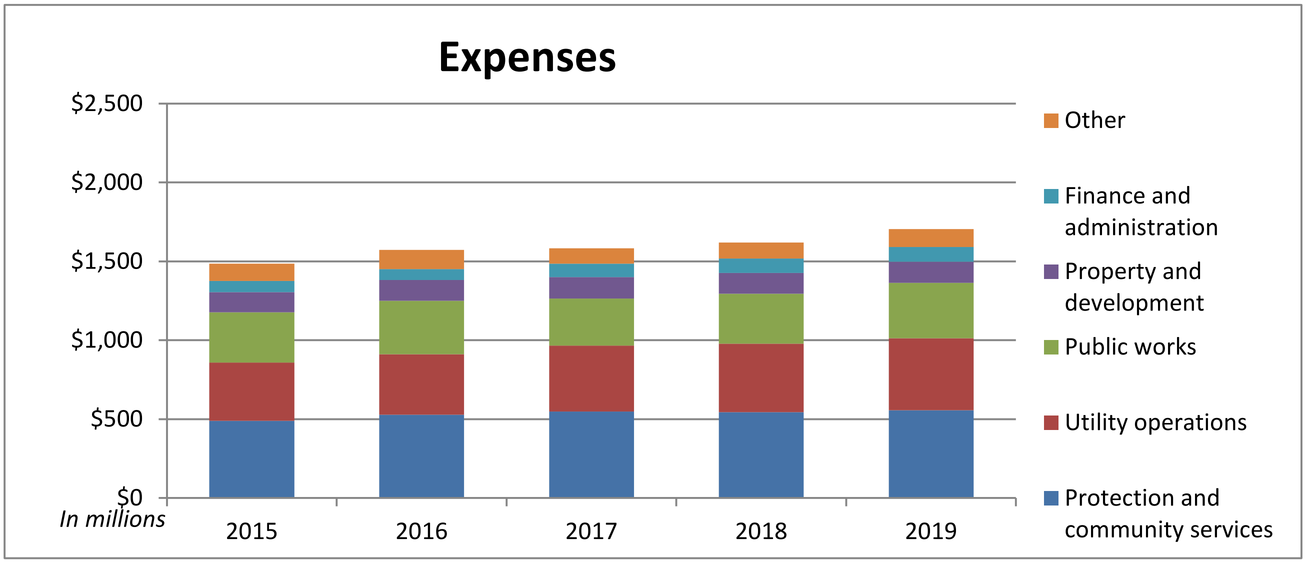
The City's accumulated surplus, through its investment in tangible capital assets, has grown over the period, indicating a strong foundation upon which services will continue to be delivered in the future.

Consolidated Statement of Operations

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



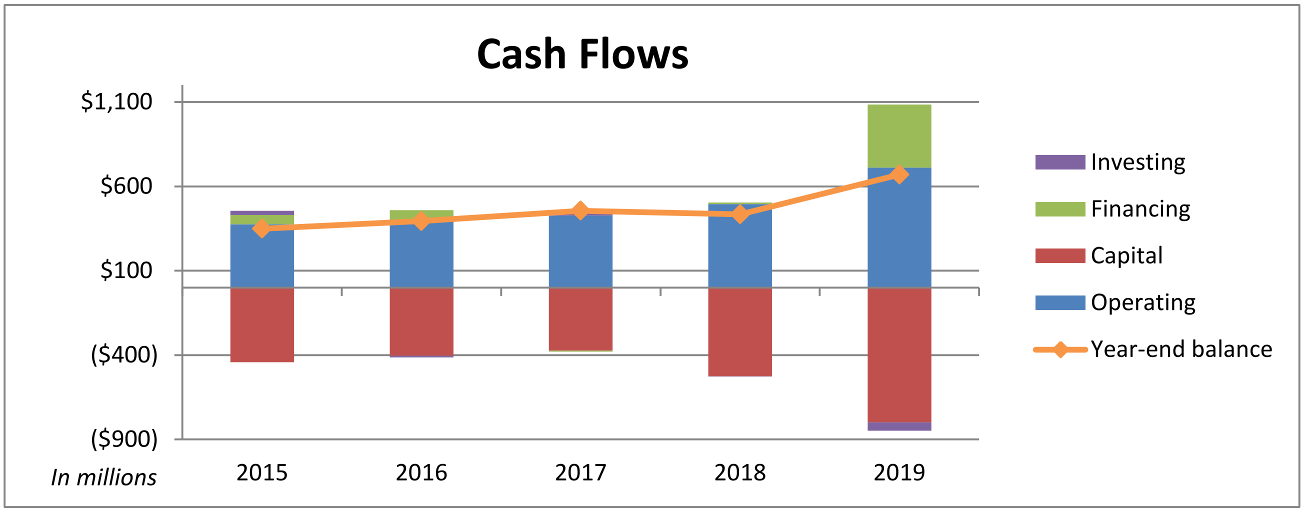
Beyond government transfers, the City has a good balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has defined indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of 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. In this regard, over the five year period presented, government transfers as a percentage of total revenue has ranged from 19% to 27%. In 2019, the City received significant government transfers related to the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass projects.



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

Consolidated Statement of Cash Flows

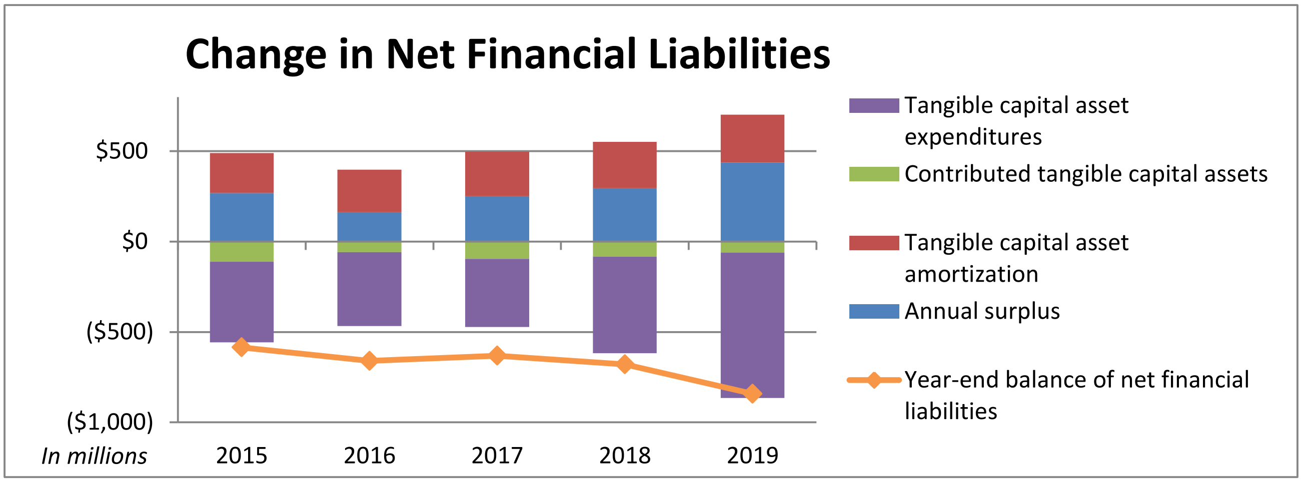
A government finances its activities and meets its obligations by generating revenues through external borrowing and by using existing cash resources. Cash resources are generated and consumed through operating, capital, financing and investing activities.



Capital investments have been more significant over the past five years, financed largely through operations, which include capital-related government transfers and a responsible amount of debt. In 2019, the City issued $220 million in sinking fund debentures to support the significant investment in capital assets over the past 5 years. In addition, the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital projects were substantially completed resulting in significant cash inflows from the provincial and federal governments for this project.

Consolidated Statement of Change in Net Financial Liabilities

As indicated earlier, net financial liabilities is an important measure for governments. Representing the difference between the government's liabilities and its financial assets readily available to satisfy those liabilities, this statement explains why this change differs from the annual surplus produced by the government.



Also, as previously discussed, the City has been making significant investments in its infrastructure over the past five years. With the investments being made exceeding financial assets generated through operations, the City has partially financed this difference through the assumption of more debt.

Even though the City has assumed more debt in recent years, it has done so responsibly. This statement is reflected in the results of its credit rating review. In late 2019, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating included a "growing and diversified economy", "robust liquidity balance", and "strong financial management". However, S&P noted that the City plans to address part of its sizable infrastructure deficit with debt financing, leading to a rising debt burden over the next two years.

Moody's Investors Service ("Moody's") announced in July 2019 it would be maintaining the City's credit rating at Aa2. They noted that the rating benefits from disciplined fiscal planning and a track record of solid operating surpluses, a diverse economy and access to stable and predictable own-source revenues. However, Moody's also noted that the rating is constrained by Winnipeg's debt burden as the City continues to invest in infrastructure. Lastly, Moody's expects the City will maintain strong debt affordability, despite forecasted higher debt levels.

These debt ratings contribute to the City's ability to access capital markets and 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 at 3%. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates on debt, which reflects not only the current market but also the City's strong credit rating.

Analysis of Statements

The following analysis provides enhanced detail on the Statements.

Accounts Receivable

The accounts receivable balance has decreased $4.6 million from the prior year. The largest component of accounts receivable is trade accounts and other receivables at 51% (2018 - 51%). Approximately 44% (2018 - 44%) of trade accounts and other receivables result from water and sewer services. Management has determined credit risk to be low on these outstanding receivables and has provided an allowance for doubtful accounts of $400 thousand (2018 - $400 thousand). The largest component of the total allowance for doubtful accounts is in respect of ambulance services.

As at December 31, 2019, property, payments-in-lieu and business tax receivables (taxes receivable), net of the estimated allowance for tax arrears, represented 19% (2018 - 18%) of total receivables. Taxation revenue is 36% (2018 - 39%) of total consolidated revenues.

Taxes Receivable
As at December 31

(in thousands of dollars)	2019	2018	2017	2016	2015
Taxes receivable	$ 60,120	$ 56,704	$ 52,599	$ 51,550	$ 58,121
Allowance for tax arrears	(1,207)	(813)	(756)	(330)	(4,255)
	$ 58,913	$ 55,891	$ 51,843	$ 51,220	$ 53,866

Investments

Investments
As at December 31

(in thousands of dollars)	2019	2018
Marketable securities		
Municipal bonds	$ 119,684	$ 72,577
Provincial bonds and bond coupons	13,859	8,416
Bank and trust companies	6,585	2,003
	140,128	82,996
Manitoba Hydro long-term receivable	220,238	220,238
Other	(1,822)	4,833
	$ 358,544	$ 308,067
Market value of marketable securities	$ 148,774	$ 85,516

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

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

Debt

Debt
As at December 31
(in thousands of dollars)

	2019	2018
Sinking fund debentures	$ 987,568	$ 767,568
Equity in sinking funds	(98,849)	(82,065)
	888,719	685,503
Service concession arrangement obligations	284,612	183,839
Bank loans and other	177,677	157,003
Capital lease obligations	21,565	22,519
Serial and installment debt	-	4,848
	1,372,573	1,053,712
Unamortized premium on debt	85,489	29,946
	$ 1,458,062	$ 1,083,658

The City of Winnipeg has several types of debt obligations. The largest component of debt is sinking fund debentures. Under The City of Winnipeg Charter, the City is required to make annual payments towards the retirement of sinking fund debt for which the City maintains two sinking funds. One of the sinking funds is managed by The Sinking Fund Trustees of the City of Winnipeg. The second fund was created as a result of revisions to The City of Winnipeg Charter. This fund has been managed by the City for sinking fund arrangements since December 31, 2002.

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. The sinking fund contribution percentage is set at the time of debt issuance and is estimated to be sufficient to retire the debentures as they mature. The interest rate earnings assumption was set at 4% over the life of the debentures the City issued in 2016. The City has the ability to adjust this interest rate on future debenture issuance to mitigate projected surplus or deficiency positions.

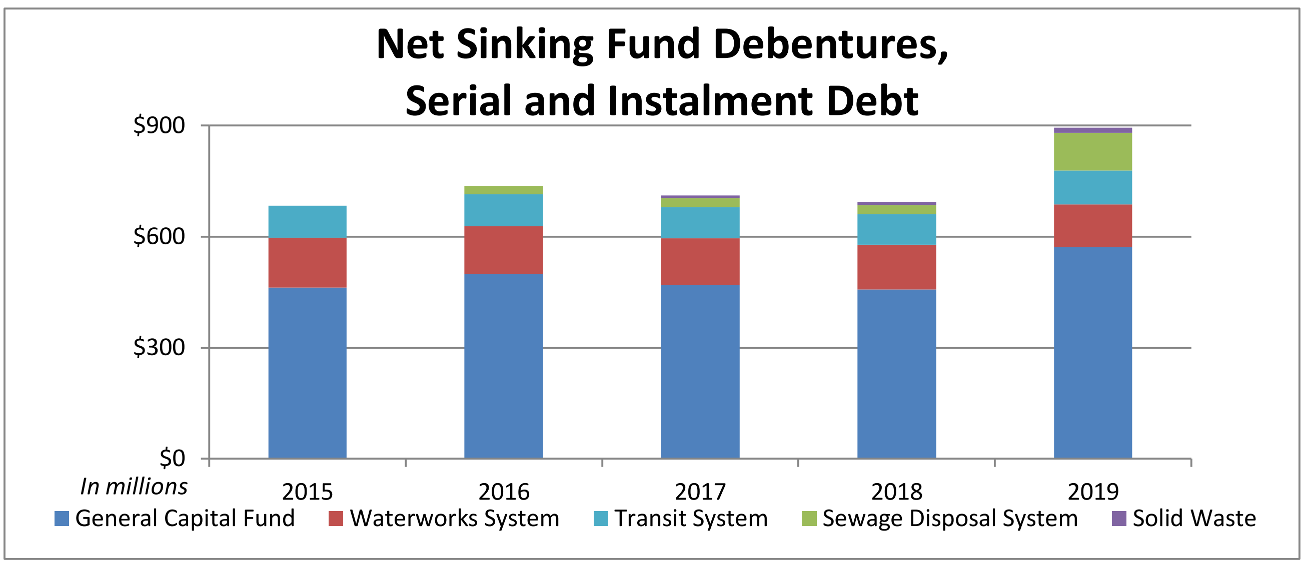
These annual sinking fund payments are invested primarily in government and government-guaranteed bonds and debentures. By investing in bonds and debentures of investees that are considered to be high quality, the City reduces its credit risk. Credit risk arises from the potential for an investee to fail or to default on its contractual obligations.

The Sinking Fund Trustees of the City of Winnipeg manage debt related to Winnipeg Hydro, which will be fully retired by 2029. As part of the sales agreement with Manitoba Hydro, this sinking fund is required to hold Manitoba Hydro Electric Board bonds issued by Manitoba Hydro. These bonds were issued to enable the City to repay and defease the Winnipeg Hydro debt. The bonds have identical terms and conditions as to par value, interest and date of maturity as the debt. The bonds are guaranteed by the Province of Manitoba and are non-transferable and non-redeemable prior to maturity. This debt has been defeased under this arrangement and accordingly, is not reported in the Statements.

Sinking fund debentures of $220 million were issued in 2019 at effective yields of 3.5% and 2.7%.

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

Additionally, the City has entered into a service concession arrangement for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Project. The project was substantially completed in 2019. The effective interest rate on the project is 1.5%. Specifically, the sinking fund debt and service concession arrangement obligation bear a combined weighted average interest rate of 4.2%.



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	2019	2018	2017	2016	2015
Free Cash and Liquid Assets/ Debt Service	1052.8%	774.4%	803.8%	733.7%	618.6%

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.

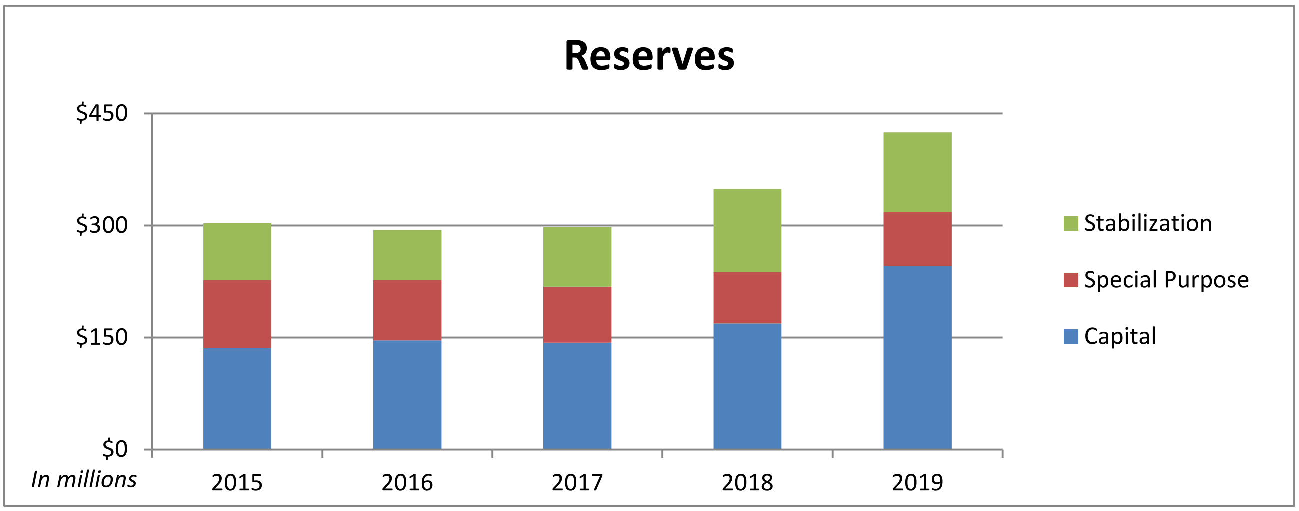
Total City Liquidity Ratio	2019	2018	2017	2016	2015
Free Cash, Liquid Assets and Committed Credit/Consolidated Operating Expenses less Amortization	61.3%	46.4%	47.7%	43.8%	40.6%

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 increased overall by $76.9 million (2018 - $50.8 million increase) from the prior year. The Capital Reserve balance increased by $71.3 million and was due primarily to transfers made to the Environmental Projects Reserve and the collection of additional impact fees.

The Financial Stabilization Reserve's accumulated surplus is projected to be $40.3 million (including net interest revenue) over its targeted level of 6% of the General Revenue Fund adopted 2019 budgeted expenses. This surplus is due mainly to the 2017 and 2018 General Revenue Fund surpluses. The City Council's adopted 2020 - 2023 multi-year budget provides for a $17 million transfer to the General Revenue Fund.



During 2013, a new reserve was established to track dedicated revenue for the sole purpose of funding the renewal of local streets, back lanes and sidewalks. The long-term proposal, subject to annual City Council approval, is to fund the Local Street Renewal Reserve Fund with dedicated annual 1% property tax increases over the long term. The reserve transferred $35.4 million to the General Capital Fund during 2019 to fund local street, back lane and sidewalk projects.

In the 2014 budget, a similarly dedicated 1% property tax increase was introduced to fund a new Regional Street Renewal Reserve. Approximately 80% of the traffic volume in the City occurs on 1,800 lane kilometers of regional streets. The long-term proposal, subject to annual City Council approval, is to dedicate annual 1% property tax increases to the renewal of regional streets. The reserve transferred $30.9 million to the General Capital Fund during 2019 to fund regional street projects.

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

On October 26, 2016, Council passed the Impact Fee By-law that allowed for the phased-in implementation of the impact fee. Subject to council approval, the impact fee is being phased in over a period of three years. During the initial phase, the impact fee only applies to new residential developments in New Communities and Emerging Communities as set out in OurWinnipeg. Collection of impact fees began May 1, 2017. The impact fee revenue collected has been deposited into the Impact Fee Reserve Fund and used to fund growth-related capital projects to the extent that they are approved by Council. A total of $13.3 million in impact fees was collected in 2019 (2018 - $12.4 million). The balance in the Impact Fee Reserve Fund as at December 31, 2019 is $30.4 million (2018 - $16.5 million). The City is being challenged in court on the legality of imposing the impact fee. To date, none of the impact fees collected have been expended.

A working group of elected officials, city administrative staff, industry and community stakeholders was established to advise on the implementation of the impact fee over the three-year phase-in period. This working group provided industry and community participation, input into future impact fee rates and their manner of application. The working group also provided input to the Chief Financial Officer concerning projects to be funded from revenue generated by the impact fee. While the City is awaiting judgment on the legal challenge by various industry group, administration continues to study future implementation of the impact fee.

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 2019 on a comparative basis. The Statements indicate the City increased its accumulated surplus during the year because annual revenues exceeded expenses. The Statements include a consolidated budget, which provides additional transparency and accountability.

During 2019, the City recorded consolidated revenues of $2.140 billion (2018 - $1.914 billion), which included government transfers, developer contributions-in-kind, and other capital contributions related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.704 billion (2018 - $1.619 billion).

Consolidated revenues before government transfers, developer contributions-in-kind and other capital contributions totaled $1.683 billion (2018 - $1.633 billion). As a result, the City reported a deficit of $20.6 million (2018 surplus of $13.8 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 2019		Actual 2019		Actual 2018		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 756,921	39%	$ 764,588	40%	$ 746,089	41%	$ 7,667	$ 18,499
Sales of services and regulatory fees	637,921	33%	653,079	34%	645,356	35%	15,158	7,723
Government transfers - Operating	216,802	10%	198,936	10%	193,088	11%	(17,866)	5,848
Investment, land sales and other revenues	57,935	3%	66,670	3%	48,346	3%	8,735	18,324
Revenue before Other	1,669,579		1,683,273		1,632,879		13,694	50,394
Government transfers - Capital	293,877	15%	375,694	20%	181,757	9%	81,817	193,937
Developer contributions-in-kind	71,050	4%	69,648	4%	82,654	5%	(1,402)	(13,006)
Other capital contributions	5,500	0%	11,640	1%	17,010	1%	6,140	(5,370)
	370,427		456,982		281,421		86,555	175,561
	$2,040,006		$2,140,255		$1,914,300		$100,249	$225,955

Revenues were $226.0 million higher in 2019 due to several factors. One of the major reasons was increased taxation revenues over the prior year by $18.5 million. The increase in taxation revenues are due to assessment roll growth and a 2.33% increase in property tax rates. The increase in property taxes is attributable to an annual 1% increase for each of the Local and Regional Street Renewal programs, and a .33% increase dedicated for payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass project.

Investment, land sales and other revenues increased $18 million mainly due to higher land sales in 2019.

Government transfers - capital have increased $193 million over 2018. The increase is primarily a result of funding received from both the Province of Manitoba and the Government of Canada to support the construction of the Southwest Rapid Transit (Stage 2) and Pembina Highway Underpass project.

Consolidated Expenses For the years ended December 31 (in thousands of dollars)	Budget 2019		Actual 2019		Actual 2018		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 557,356	33%	$ 556,344	33%	$ 544,557	34%	$ 1,012	$ 11,787
Utility operations	476,823	29%	456,805	28%	433,215	27%	20,018	23,590
Public works	324,731	19%	350,233	22%	315,897	20%	(25,502)	34,336
Property and development	143,498	10%	134,608	8%	131,918	8%	8,890	2,690
Finance and administration	102,332	6%	92,653	6%	92,009	6%	9,679	644
Civic corporations	74,514	4%	81,943	4%	74,004	4%	(7,429)	7,939
General government	26,504	2%	31,293	2%	27,430	2%	(4,789)	3,863
	$1,705,758		$1,703,879		$1,619,030		$ 1,879	$ 84,849

Consolidated expenses increased by $84.8 million or 5.2% from the previous year for the following reasons:

- Utility and protection and community services expenses increases totalling $35 million are primarily due to collective agreement and merit increases for salary and benefits costs. Other expenses increased as well. Utility expenses are under budget primarily due to savings in salaries and benefits as a result of a delay in hiring and challenges with recruitment.

- Public works expenses have increased by $34 million over 2018. The increase is primarily the result of costs associated with the historic snowfall in February 2019 and an October storm event. The October event was a major, unprecedented storm that dumped a month's worth of wet, heavy snow over a two-day period inflicting tremendous damage on the City's urban forest. The majority of the expenditures were for tree and branch clean-up and snow and ice control.

Consolidated Expenses By Object
For the years ended December 31

(in thousands of dollars)	2019		2018		Variance
Salaries and benefits	$ 898,682	53%	$ 860,556	53%	$ 38,126
Goods and services	463,660	27%	420,798	26%	42,862
Amortization	266,623	16%	257,362	16%	9,261
Interest	59,017	3%	51,962	3%	7,055
Other expenses	15,897	1%	28,352	2%	(12,455)
	$ 1,703,879		$ 1,619,030		$ 84,849

- Increases in salaries and benefits expenses resulted primarily from contractual pay increases to employees.

- The goods and services expenses increase resulted primarily from costs associated with the October Storm event and utility expenses.

- The decrease to other expenses is primarily a result of a completion of a 5-year agreement with the Federal Government for the Homelessness Partnering Strategy ("HPS").

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

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

The 2020 multi-year budget also provides the City with a blueprint for real, measurable, transformative change over the next four years through the establishment of a new transformative fund. This fund will support investments that will transform the delivery of City services and reduce the City's infrastructure deficit with a focus on recreation, public green space as well as protection and enhancement of Winnipeg's tree canopy.

Comprehensive Asset Management

The City faces a significant infrastructure deficit to address infrastructure needs relating to the major service areas across the organization. Based on the published 2018 State of the Infrastructure Report, an investment of $6.9 billion is required over the next 10 years.

To assist in addressing this issue, the City is using the aforementioned dedicated property taxes for local and regional roads (1% each), applying for Federal and Provincial funding opportunities and establishing growth fee policies. As well, the City has committed to comprehensive asset management as a key initiative to help address challenges associated with infrastructure maintenance and development. Several near and long term strategies to address the deficit have been outlined in the 2018 City Asset Management Plan, which will set the stage to routinely monitor and improve asset performance and organizational sustainability. Both of these documents are approved by the City's Chief Administrative Officer ("CAO") for all service areas and submitted to Council as information.

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

In January 2015, City Council approved an Asset Management Policy. This policy guides the City in incorporating best practices in asset management, in support of delivering services. Asset management will align 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 ("PMBOK"), which is generally considered to be best practices for project management in North America. The fourth version is set to be released shortly.
- 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 City Infrastructure Plan will guide the City's investment planning efforts based on aligned capital priorities and budget availability. The Plan is meant to inform the capital planning process and ensure alignment with long-term City objectives as set out in OurWinnipeg, Council priorities, and departmental plans.

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

- Strategic Asset Management Plan ("SAMP"): This document will provide the City's commitment and approach to achieving Council's approved policy. The SAMP will summarize the City's strategy for asset management and will outline how organizational objectives will be converted into asset management objectives. This will be approved by the CAO and submitted to Council as information.

- Customer Levels of Service: This document, which will be approved by Council, will provide the level to which front-line infrastructure supported services will be delivered.

Capital Project Management

One of the major functions of the City is the delivery on capital investments. In 2019, the City invested $0.9 billion in tangible capital assets, rehabilitating and investing in new assets such as roads, bridges and buildings. Tangible capital assets serve as key components to service delivery.

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

- The Public Service has been vigilant in the establishment of Major Capital Project Steering Committees to ensure project risks are being appropriately identified and addressed. As well, regular reporting to the Standing Policy Committee on Finance enhances public transparency.
- The City is transitioning to a system where all capital budget submissions require a supporting business case that can be challenged on the basis of need (level of service and risk), assumptions and recommended solutions.
- In 2018, the City rolled out its Open Capital Projects Dashboard (the "Dashboard"). The City's 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 was 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 City 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 the City's financial sustainability. One of the eight targets also included in the Plan is ensuring that 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, City Council approved an updated debt strategy for the City. The following table provides the City Council approved limits; the debt metrics as at December 31, 2019; and the forecasted peak based on the City Council approved borrowing, the 2020 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As At December 31, 2019	Forecasted Peak
Debt as a % of revenue			
City	90.0%	64.2%	79.2%
Tax-supported and other funds	80.0%	56.6%	65.2%
Utilities and other	220.0%	64.1%	99.4%
Debt-servicing as a % of revenue			
City	11.0%	4.3%	6.5%
Tax-supported and other funds	10.0%	4.6%	5.1%
Utilities and other	20.0%	3.1%	9.4%
Debt per capita			
City	$2,800	$1,799	$2,066
Tax-supported and other funds	$1,500	$1,016	$1,144
Utilities and other	$1,500	$677	$828

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, 2019 is $32.9 million (2018 - $34.0 million). Included in the outstanding balance on guaranteed loans is a $10 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, meaning that the full line of credit has not been used. The full line of credit, or at risk amount, is $36.1 million (2018 - $36.7 million). The used line of credit of $32.9 million, mentioned above, is a part of the full line of credit. The City does not anticipate incurring future payments on these guarantees.

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

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

Employee Benefit Programs

The City provides pension, group life insurance, sick leave and severance pay benefit plans for qualified employees. The cost of these employee benefits is actuarially determined each year. These calculations use management's best estimate of a number of assumptions, including the long-term rate of investment return on plan assets, inflation, salary escalation and the discount rate used to value liabilities. As well, it includes certain employee-related factors such as turnover, sick leave utilization, retirement age and mortality.

Management applies judgment in the selection of these assumptions based on past experience and on forecasts of future economic and investment conditions. As these assumptions relate to factors that are long-term in nature, they are subject to a degree of uncertainty. Differences between actual experience and the assumptions, as well as revisions to the assumptions resulting from changes in future expectations, may lead to adjustments to the City's pension, sick leave and severance pay benefits expense reported in future financial statements.

Pension Plans

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

The Winnipeg Civic Employees' Benefits Program’s special-purpose reserves have been used to subsidize the cost of benefits. Since the inception of the Winnipeg Civic Employees' Benefits Program, it has been recognized that these reserves would gradually diminish over time as they were drawn down, unless they were able to be replenished through actuarial surpluses generated by excess investment returns. In part due to the 2008 market downturn, the Program’s reserve position is currently insufficient to continue to subsidize the cost of benefits on a sustainable basis.

As a result, a multi-faceted approach was approved consisting of increased employer and employee contributions and benefit adjustments, while considering forecasted investment returns and reserve balances. Contribution rate increases of one-half per cent each year for four years were approved, starting September 1, 2011, to an average of 10% of pensionable earnings for each of the participating employers and contributing plan members. The increases in 2012 to 2014 were effective January 1st.

The future service cost of the Winnipeg Civic Employees’ Benefits Program in 2019 was 23.95% 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, 2019, the market value of this pension fund's assets was $1,724.9 million (2018 - $1,527.5 million), which is $104.0 million more (2018 - $10.6 million more) than the accrued pension obligation.

Based on a valuation of the Plan as at December 31, 2018, the cost of benefits accruing under this Plan in 2019 represents 28.2% of pensionable earnings, of which the employees contributed 8% of earnings. In accordance with Provincial pension legislation, the Plan's Contribution Stabilization Reserve can be used to reduce the City's contributions to match the employees' contributions if this reserve is in excess of 5% of the Plan's solvency liabilities. The balance in the Contribution Stabilization Reserve has been below this threshold since May 2012. Further, in accordance with the Plan provisions and the actuarial report on the valuation, 1.72% of earnings was not required to be contributed. Therefore, the City contributed the balance of the cost - that is, 18.48% of pensionable earnings.

The date of the next actuarial valuation of the Plan required to be prepared and filed with the Manitoba Office of the Superintendent - Pension Commission is December 31, 2020. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. As of the last valuation filed with the Pension Commission as of December 31, 2017, the Plan had a solvency excess under this wind-up scenario. As a result, the City was not required to obtain a letter of credit.

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

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

The amendments were the subject of a grievance filed by the Winnipeg Police Association and the Winnipeg Police Senior Officer's Association and the matter was filed for arbitration . External legal counsel was retained to represent the City. On March 27, 2020, the Arbitrator released his decision, which allowed the grievance and directed the City could not make modifications to the Pension Plan, except as negotiated by the parties. The City will not seek judicial review of the Arbitrator's decision.

Group Life Insurance Plans

The City's Group Life Insurance Plan ("GLIP") was established in 1975 and is comprised of two separate plans: the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan. The GLIP historically treated its income as non-taxable since the net assets were considered to be an extension of the City's government.

However, as a result of enquiries from one of the GLIP's investment managers seeking confirmation of this, the City engaged a tax professional to review the tax status of the GLIP. The review determined the GLIP may not be tax exempt. The City then voluntarily approached the Canada Revenue Agency (“CRA”) to discuss the issue. CRA informed the City that, in its view, the assets held in the two plans constitute trust funds and, therefore, the income should be considered taxable. CRA agreed to grandfather the tax-exempt status assumed by the present GLIP and, acknowledging that the City was actively working to address this issue, granted an extension until the end of December 2015.

In 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 the CPEGLIPCo as a municipal corporatio The benefits offered by the plans have not changed. This new structure intends to maintain the tax-exempt status of the GLIP.

Full valuations of both Plans were undertaken as at December 31, 2016 and reflected favourable financial positions. The Board of the CPEGLIPCo reviewed the results of the valuations and the Plan’s surplus policies and approved reductions in the employer and member contribution rates effective January 2018. The next full valuations of the Plans as at December 31, 2019 are expected to be completed in 2020.

Environmental Matters

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

The 2005 to 2020 Council approved capital budgets for the utilities and their 2021 to 2025 capital forecasts anticipate $237.8 million of future debt to fund projects mandated by the Province. During 2003, at the request of the Minister of Conservation, the Clean Environment Commission ("CEC") conducted public hearings to receive and review comments on the City's wastewater collection and treatment improvement program. The CEC made several recommendations to upgrade and improve the wastewater collection and treatment systems, which were subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licences to the City for the North End, West End, and South End Sewage Treatment Plants.

In 2011, “The Save Lake Winnipeg Act” (Bill 46) was passed, which further enforces limits and imposes treatment options for the North End Sewage Treatment Plant. 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.

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 project will include upgrades to the Headworks facilities of the North End Water Pollution Control Centre ("NEWPCC"). The scope of this project is necessary for the subsequent Biosolids and Nutrient Removal Facilities projects that will address regulatory requirements. This project will also include replacement of end-of-life equipment. Existing Biosolids treatment at the North End Water Pollution Control Centre treats sludge from all three sewage treatment plants and is nearing its treatment capacity. The project will also provide for a new Biosolids treatment facility in order to meet regulatory requirements regarding maximizing biosolids reuse. Without Provincial or Federal support of this project, it would be a challenge for the City to upgrade this facility. On September 26, 2019, Council approved the submission of an application to the Investing in Capital Infrastructure Program ("ICIP") for upgrades to the NEWPCC project. This application remains under review.

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

The City records liabilities under Section 3260 Liability for Contaminated Sites. The City recognizes a liability for remediation of contaminated sites when conditions are identified that indicate non-compliance with environmental legislation. At December 31, 2019, the City recorded a $7.3 million (2018 - $13.7 million) liability related to contaminated sites.

Labour Negotiations

For the year ended December 31, 2019, 53% (2018 - 53%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,638 (2018 - 10,490). The majority of employees are represented by the eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,458	January 7, 2023
CUPE	4,677	February 28, 2021
MGEU	354	February 28, 2021
UFFW	957	December 31, 2020
WAPSO	841	December 31, 2019
WFPSOA	47	August 31, 2021
WPA	1,966	December 31, 2021
WPSOA	35	December 31, 2021
Other (non-union/association)	304	Not applicable

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

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

Corporate Risk Management Division

The City has a separate Risk Management Division reporting to the Chief Financial Officer. This division provides services designed to control and minimize the adverse financial effects of accidental or unforeseen events. Working with City departments and SOAs, this division strengthens the City's long-term financial performance through the development and provision of a solid framework of risk management and loss control techniques based on an informed balance of risk and cost. Identifying, understanding and evaluating the City's risks allows the City to measure and prioritize them, and respond with appropriate actions to manage the risk through loss prevention and reduction strategies, insurance programs and contractual transfer.

Financial Accountability

Audit Department

The City Auditor is a statutory officer appointed by City Council under The City of Winnipeg Charter. The City Auditor reports to Council through the Audit Committee (Executive Policy 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 City 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

The City, for the first time ever, has produced a four year, multi-year operating budget. The 2020 to 2023 Tax Supported Operating Budget is balanced in all four years. The City also prepares a six-year capital investment plan, including related funding sources. The six-year capital view and a balanced operating budget for the current year are required by legislation (The City of Winnipeg Charter).

The Executive Policy Committee ("EPC"), the executive committee of City Council, develops the budget. The preliminary operating and capital budgets are tabled by EPC and referred to the City's Standing Policy Committees for review and recommendation. The budget is then presented to City Council for consideration and adoption. Each year, both operating and capital budgets are approved by City Council. The 2020 budget includes the approval of the City's multi-year budget policy. In addition, the 2020 budget document includes 2019 and 2020 consolidated budgets that are prepared on the same basis as the consolidated financial statements.

Looking Forward

2020 - 2023 Multi-year Balanced Operating and Capital Budgets

On March 20, 2020, City Council adopted both budgets for The City of Winnipeg – the multi-year balanced 2020 to 2023 operating and 2020 capital budgets and the 2021-2025 capital forecast.

The 2020 capital budget and five-year forecast include $2.2 billion in City capital projects with $369.6 million authorized in 2020. Some of the projects included in the 2020 capital budget are $130.3 million for regional and local street renewal and $26.4 million for Transit capital investment, including $21.0 million for new transit buses.

The six-year capital investment plan includes $847.0 million for regional and local renewal road work, $166.8 million for the transit system; $67.4 million for public safety; $49.2 million for community services, including libraries and recreation facilities; $437.3 million for the sewage disposal system, including $180.0 million to reduce the incidence of combined sewer overflow; and $24.7 million in innovation, transformation and technology projects. Section 284(2) of The City of Winnipeg Charter requires that before December 31 of each fiscal year, City Council must adopt a capital budget for that year and a capital forecast for the next five fiscal years.

Over the four year period, the multi-year operating budget continues with 1.0% tax increases for each of the Local Street Renewal and Regional Street Renewal Reserves. As well, a 0.33% property tax increase was approved for future payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass projects.

The multi-year budget plan decreases business tax rates from 4.97% to 4.84%. The program provides a full municipal business tax rebate to businesses with a rental value of $35,700 or less in 2020 (2019 - $33,900 or less), impacting 47% of Winnipeg businesses. The multi-year budget focuses on key priorities of transformative service delivery, sustainability – roads, transit, tree protection and enhancement, community safety, affordability and expenditure control, strategic investments and long-term vision. Section 284(1) of The City of Winnipeg Charter requires City Council to approve the operating budget before March 31 of each fiscal year.

The City was awarded the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2019. The City will be submitting its 2020 to 2023 multi-year budget to GFOA for review.

General Revenue Fund - Adopted Budget
For the years ended December 31
(in thousands of dollars)

	2019 Restated	**2020 Budget**	2021 Projection*	2022 Projection*	2023 Projection*
Revenues					
Property tax	$ 617,869	**$ 641,748**	$ 664,717	$ 688,205	$ 712,535
Property tax credits	(10,132)	**(7,186)**	(6,207)	(7,479)	(7,442)
Government transfers	143,834	**146,552**	147,587	148,600	149,541
Street renewal frontage levy	63,245	**63,795**	64,176	64,558	64,940
Sale of goods and services	53,935	**54,389**	54,199	54,855	55,425
Business tax	63,333	**63,378**	63,378	63,378	63,378
Business tax credits	(6,416)	**(5,462)**	(5,462)	(5,462)	(5,462)
Transfer from other funds	30,932	**12,794**	4,706	16,258	36,163
Regulation fees	74,854	**76,975**	77,640	77,826	78,817
Utility dividend	34,212	**34,587**	35,681	36,693	37,721
Other taxation	25,978	**27,376**	28,125	28,850	29,693
Interest	6,136	**7,198**	7,111	6,929	6,713
Other	27,172	**28,307**	23,207	23,339	23,501
	1,124,952	**1,144,451**	1,158,858	1,196,550	1,245,523
Expenses					
Police service	289,353	**294,560**	299,588	304,087	313,135
Public works	152,082	**151,931**	152,251	154,065	156,372
Fire paramedic service	199,473	**205,480**	210,675	213,441	216,765
Community services	105,149	**106,786**	107,146	109,316	110,893
Corporate	78,781	**70,363**	58,214	69,483	87,170
Planning, property and development	41,934	**42,419**	42,549	42,377	42,398
Innovation, transformation and technology	22,139	**22,450**	21,768	21,072	20,450
Water and waste	23,226	**23,542**	24,448	24,340	25,312
Assessment and taxation	21,078	**18,418**	18,550	18,760	19,186
City clerk's	13,471	**12,821**	12,016	11,988	12,198
Street lighting	13,116	**12,445**	13,681	14,350	15,052
Customer service and communicatio	8,538	**7,122**	6,995	7,056	7,228
Corporate finance	8,342	**8,218**	8,396	8,604	8,793
Human resource services	6,055	**6,027**	6,144	6,248	6,348
Other departments	18,138	**19,147**	19,297	19,336	19,487
Operational expenditures	1,000,875	**1,001,729**	1,001,718	1,024,523	1,060,787
Capital related expenses (e.g. transfers to street renewal reserves and debt and finance charges)	124,077	**142,722**	157,140	172,027	184,736
Balanced Budget	$ -	**$ -**	$ -	$ -	$ -

* subject to annual Council approval

COVID-19 Pandemic

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the City's 2020 and future years' operations is unknown. This event is expected to have a negative impact on future cash flows due to a combination of revenue short-falls and increased expenditures that are anticipated from the outbreak.

A number of actions planned by the City will mitigate the financial implications of this event. The City is confident that its operations will continue and its liquidity will be sufficient to withstand this event.

Accounting Pronouncements

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

- In June 2011, PSAB approved two new standards: section 3450 Financial Instruments and section 2601 Foreign Currency Translation. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2021. 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 June 2015, PSAB issued section 3430 Restructuring Transactions. This standard addresses recognition, measurement and disclosure of restructuring transactions, including amalgamations and transfers of programs/operations. The new standard is effective for fiscal years beginning on or after April 1, 2018.
- In March 2018, PSAB issued section 3280 Asset Retirement Obligations. This standard addresses recognition, measurement and disclosure of asset retirement costs. The new standards are effective for fiscal years beginning on or after April 1, 2021.
- 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, 2022.

Request for Information

The Financial Statement Discussion and Analysis and the Statements are designed to provide citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show accountability for the funding it receives. Both the Annual Financial Report and the Detailed Financial Statements Document are available online at www.winnipeg.ca. Questions concerning the information provided in these reports should be addressed to Jason Ruby, CPA, CA - Interim Corporate Controller, Corporate Finance Department, 4-510 Main Street, Winnipeg, Manitoba, R3B 1B9.

Paul Olafson, CPA, CA
Interim Chief Financial Officer
May 22, 2020

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 22, 2020. 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.

Paul

Paul Olafson, CPA, CA
Interim Chief Financial Officer
May 22, 2020

KPMG LLP
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R3B 0X3

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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, 2019, the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial liabilities 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, 2019, 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 "2019 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 "2019 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 22, 2020

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	**$ 670,801**	$ 433,985
Accounts receivable (Note 4)	**313,662**	318,224
Land held for resale	**7,190**	4,408
Investments (Note 5)	**358,544**	308,067
Investment in government businesses (Note 6)	**23,113**	25,383
	1,373,310	1,090,067
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**287,687**	271,785
Deferred revenue (Note 8)	**100,006**	55,547
Debt (Note 9)	**1,458,062**	1,083,658
Other liabilities (Note 10)	**129,931**	129,699
Accrued employee benefits and other (Note 11)	**239,410**	228,293
	2,215,096	1,768,982
NET FINANCIAL LIABILITIES	**(841,786)**	(678,915)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	**7,577,419**	6,983,343
Inventories	**23,944**	19,623
Prepaid expenses and deferred charges	**7,518**	6,668
	7,608,881	7,009,634
ACCUMULATED SURPLUS (Note 14)	**$ 6,767,095**	$ 6,330,719

Commitments and contingencies (Notes 10, 15 and 16)

Subsequent event (Note 26)

See accompanying notes and schedules to the consolidated financial statements

Approved on behalf of the Audit Committee:

Mayor Brian Bowman

Councillor Scott Gillingham
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 2019 (Note 21)	**Actual 2019**	Actual 2018
REVENUES			
Taxation (Note 16)	**$ 756,921**	**$ 764,588**	$ 746,089
Sales of services and regulatory fees (Note 17)	**637,921**	**653,079**	645,356
Government transfers (Note 18)	**216,802**	**198,936**	193,088
Investment income	**34,237**	**39,985**	35,425
Land sales and other revenue (Note 19)	**23,698**	**26,685**	12,921
Total Revenues	**1,669,579**	**1,683,273**	1,632,879
EXPENSES			
Protection and community services	**557,356**	**556,344**	544,557
Utility operations	**476,823**	**456,805**	433,215
Public works	**324,731**	**350,233**	315,897
Property and development	**143,498**	**134,608**	131,918
Finance and administration	**102,332**	**92,653**	92,009
Civic corporations	**74,514**	**81,943**	74,004
General government	**26,504**	**31,293**	27,430
Total Expenses (Note 20)	**1,705,758**	**1,703,879**	1,619,030
Annual (Deficit) Surplus Before Other	**(36,179)**	**(20,606)**	13,849
OTHER			
Government transfers related to capital (Note 18)	**293,877**	**375,694**	181,757
Developer contributions-in-kind related to capital (Note 13)	**71,050**	**69,648**	82,654
Other capital contributions	**5,500**	**11,640**	17,010
	370,427	**456,982**	281,421
Annual Surplus	**$ 334,248**	**436,376**	295,270
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**6,330,719**	6,035,449
ACCUMULATED SURPLUS, END OF YEAR		**$ 6,767,095**	$ 6,330,719

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	**$ 436,376**	$ 295,270
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**266,623**	257,362
Developer contributions-in-kind related to capital (Note 13)	**(69,648)**	(82,654)
Change in other liabilities and employee benefits	**11,349**	(2,564)
Loss on sale of tangible capital assets	**5,811**	3,224
Other	**2,270**	4,830
	652,781	475,468
Net change in non-cash working capital balances related to operations	**58,242**	19,937
Cash provided by operating activities	**711,023**	495,405
CAPITAL		
Acquisition of tangible capital assets	**(804,394)**	(533,505)
Proceeds on disposal of tangible capital assets	**6,260**	8,115
Cash used in capital activities	**(798,134)**	(525,390)
FINANCING		
Service concession arrangements financed	**100,774**	33,406
Increase in sinking fund investments	**(16,784)**	(14,597)
Debenture and serial debt issued (retired)	**215,152**	(4,848)
Increase (decrease) in bank loans and other debt	**20,673**	(2,071)
Other	**54,589**	(1,871)
Cash provided by financing activities	**374,404**	10,019
INVESTING		
Increase in investments	**(50,477)**	(2,127)
Cash used in investing activities	**(50,477)**	(2,127)
Increase (decrease) in cash and cash equivalents	**236,816**	(22,093)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**433,985**	456,078
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 670,801**	$ 433,985

See accompanying notes and schedules to the consolidated financial statements

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

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

	Budget 2019 (Note 21)	Actual 2019	Actual 2018
ANNUAL SURPLUS	**$ 334,248**	**$ 436,376**	$ 295,270
Amortization of tangible capital assets	**269,075**	**266,623**	257,362
Proceeds on disposal of tangible capital assets	**4,324**	**6,260**	8,115
Loss on disposal of tangible capital assets	**1,098**	**5,811**	3,224
Change in inventories, prepaid expenses and deferred charges	**946**	**(3,899)**	4,059
Tangible capital assets received as contributions (Note 13)	**(71,050)**	**(69,648)**	(82,654)
Acquisition of tangible capital assets	**(908,363)**	**(804,394)**	(533,505)
INCREASE IN NET FINANCIAL LIABILITIES	**(369,722)**	**(162,871)**	(48,129)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(678,915)**	**(678,915)**	(630,786)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (1,048,637)**	**$ (841,786)**	$ (678,915)

See accompanying notes and schedules to the consolidated financial statements

1. Status of The City of Winnipeg

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

2. Significant Accounting Policies

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

a) Basis of consolidation

The consolidated financial statements include the assets, liabilities, reserves, surpluses/deficits, revenues and expenses of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations based upon control by the City except for the City's government businesses. Inter-fund and inter-corporate balances and transactions have been eliminated.

i) Consolidated entities

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

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

ii) Government businesses

The investments in North Portage Development Corporation, River Park South Developments Inc. and Park City Commons 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).

iii) Employees' pension funds

The employees' pension funds of the City are administered on behalf of the pension plans' participants by the Board of Trustees of the Winnipeg Civic Employees' Benefits Program (the "EBB") (Pension Fund) for the payment of pension benefits and accordingly are not included in the consolidated financial statements.

2. Significant Accounting Policies (continued)

iv) Group life insurance funds

The group life insurance funds of the City are administered on behalf of group life insurance plans' participants by the Civic and Police Employees' Group Life Insurance Plans Corporation for the payment of life insurance benefits and accordingly are not included in the consolidated financial statements.

v) 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.

b) Basis of accounting

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

c) Cash equivalents

Cash equivalents consist of crown corporation bonds; guaranteed investment certificates; municipal bonds; schedule 1 bank bonds; bankers' acceptances; schedule 2 bankers' acceptances; and asset backed commercial paper. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

d) Land held for resale

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

e) Investments

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

f) Unamortized premium on debt

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

g) Solid waste landfills

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

2. *Significant Accounting Policies (continued)*

h) Contaminated sites

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

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

i) Deferred revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the acquisition and construction of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

j) Employee benefit plans

The Winnipeg Civic Employees' Benefits Program is a multi-employer contributory defined benefit program and accordingly contributions are expensed as incurred. The costs of other pensions and other retirement benefits have been accounted for based on actuarially determined amounts using the projected benefit method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period.

In the case of the Winnipeg Police Pension Plan, this plan's by-law provides that, in the event of a funding surplus or deficiency, within certain prescribed constraints, the contribution stabilization reserve will be utilized and amendments made to the rate of cost-of-living adjustments to pensions according to specific rules set out in the by-law. Consequently, actuarial gains and losses are recognized immediately to the extent that they are offset by changes in the plan's contribution stabilization reserve and changes in the plan's accrued benefit obligation for future cost-of-living adjustments to pensions.

k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change 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	3 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

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

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

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

a) Contributions of tangible capital assets

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

b) Leases

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

c) Service concession arrangements

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

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

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

2. *Significant Accounting Policies (continued)*

l) Tax revenues

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

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

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 accounted for as contingent liabilities 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) 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 2019 budget is included on the consolidated statements of operations and accumulated surplus and change in net financial liabilities. The budget is compiled from the City Council-approved Operating Budget, estimates for controlled entities, adjustments to report the budget on a full accrual basis including capital revenue adjustments, assets capitalized on the statement of financial position, amortization of tangible capital assets and accruals for unfunded liabilities and administrative adjustments to provide for proper comparison to actual results presented herein.

3. *Cash and Cash Equivalents*

	2019	2018
Cash	**$ 54,615**	$ 42,086
Cash equivalents	**616,186**	391,899
	$ 670,801	$ 433,985

The average effective interest rate for cash equivalents at December 31, 2019 is 1.90% (2018 - 2.13%).

Cash and cash equivalents exclude $48.1 million (2018 - $122.8 million) which has been received from various entities including EBB. The funds are invested on a pooled basis to obtain maximum investment returns.

Cash received for interest during the year is $39.5 million (2018 - $34.8 million).

4. *Accounts Receivable*

	2019	2018
Property, payments-in-lieu and business taxes receivable	**$ 60,120**	$ 56,704
Allowance for property, payments-in-lieu and business taxes receivable	**(1,207)**	(813)
	58,913	55,891
Trade accounts and other receivables	**159,866**	163,224
Province of Manitoba	**83,391**	57,629
Government of Canada	**35,428**	60,784
Allowance for doubtful accounts	**(23,936)**	(19,304)
	254,749	262,333
	$ 313,662	$ 318,224

5. *Investments*

	2019	2018
Marketable securities		
Municipal bonds	**$ 119,684**	$ 72,577
Provincial bonds and bond coupons	**13,859**	8,416
Bank and trust companies	**6,585**	2,003
	140,128	82,996
Manitoba Hydro long-term receivable	**220,238**	220,238
Other	**(1,822)**	4,833
	$ 358,544	$ 308,067

5. *Investments (continued)*

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2019 is $148.8 million (2018 - $85.5 million) and their maturity dates range from 2033 to 2053.

b) Manitoba Hydro long-term receivable

On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro. The terms of the proposal included payments to the City of $25 million per annum commencing in 2002 and for the next four years thereafter; $20 million per annum for years six through nine; and $16 million per annum for year ten and continuing thereafter in perpetuity.

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

6. *Investment in Government Businesses*

a) North Portage Development Corporation

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

b) Park City Commons

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

c) River Park South Developments Inc.

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

Summary of investment in government businesses

	2019	2018
North Portage Development Corporation (1/3 share)	**$ 19,512**	$ 19,206
Park City Commons (1/2 share)	**3,191**	5,921
River Park South Developments Inc. (1/2 share)	**410**	256
	$ 23,113	$ 25,383

6. Investment in Government Businesses (continued)

Summary of results of operations

	2019	2018
North Portage Development Corporation (1/3 share)	**$ 307**	$ 231
River Park South Developments Inc. (1/2 share)	**236**	26
Park City Commons (1/2 share)	**(8)**	-
	$ 535	$ 257

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

7. Accounts Payable and Accrued Liabilities

	2019	2018
Accrued liabilities	**$ 144,296**	$ 146,403
Trade accounts payable	**136,375**	119,116
Accrued interest payable	**7,016**	6,266
	$ 287,687	$ 271,785

8. Deferred Revenue

	2019	2018
Federal gas tax transfer		
Opening balance	**$ 31,858**	$ 20,539
Revenue earned	**(72,141)**	(32,625)
Inflows	**88,490**	43,944
Closing balance	**48,207**	31,858
Province of Manitoba		
Opening balance	**-**	9,670
Revenue earned	**(8,228)**	(9,670)
Inflows	**37,900**	**-**
Closing balance	**29,672**	-
Prepayment for services	**22,127**	23,689
	$ 100,006	$ 55,547

9. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	**2019**	2018
2006-2036	July 17	5.200	VZ	183/04 and 72/06	**$ 60,000**	$ 60,000
2008-2036	July 17	5.200	VZ	72/06B and 32/07	**100,000**	100,000
2010-2041	June 3	5.150	WB	183/08	**60,000**	60,000
2011-2051	Nov. 15	4.300	WC	72/06, 183/08 and 150/09	**50,000**	50,000
2012-2051	Nov. 15	3.853	WC	93/11	**50,000**	50,000
2012-2051	Nov. 15	3.759	WC	120/09, 93/11 and 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.391	WC	93/11 and 84/13	**60,000**	60,000
2014-2045	June 1	4.100	WD	144/11, 23/13 and 149/13	**60,000**	60,000
2014-2045	June 1	3.713	WD	100/12, 23/13 and 149/13	**60,000**	60,000
2014-2051	Nov. 15	3.893	WC	93/11 and 145/13	**52,568**	52,568
2015-2045	June 1	3.828	WD	144/11, 100/12, 23/13, 149/13, 5/15 and 61/15	**60,000**	60,000
2016-2045	June 1	3.303	WD	72/06, 23/13, 149/13, 5/15, 96/15 and 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**	-
2019-2051	Nov. 15	2.667	WC	6976/97, 7751/01, 219/07, 184/08, 150/09, 40/16, 133/17	**120,000**	-
					987,568	767,568
Equity in The Sinking Funds (Notes 9a and b)					**(98,849)**	(82,065)
Net sinking fund debentures outstanding					**888,719**	685,503

9. *Debt (continued)*

Other debt outstanding

	2019	2018
Serial and instalment debt issued by the City matured in 2019. The weighted average interest rate in 2018 was 4.50%.	**-**	4,848
Bank loans and other with varying maturities up to 2046 and a weighted average interest rate of 2.78% (2018 - 2.94%)	**177,677**	157,003
Obligations for leased tangible capital assets (Note 9c)	**21,565**	22,519
Service concession arrangement obligations (Notes 9d and 15d)	**284,612**	183,839
	1,372,573	1,053,712
Unamortized premium on debt (Note 9e)	**85,489**	29,946
	$ 1,458,062	$ 1,083,658

Debt segregated by fund/organization:

	2019	2018
General Capital Fund	**$ 813,542**	$ 684,477
Transit System	**274,572**	138,839
Sewage Disposal	**130,639**	23,381
Waterworks System	**116,505**	121,280
Fleet Special Operating Agency	**46,778**	37,237
Consolidated entities	**36,042**	37,545
Solid Waste Disposal	**30,073**	26,860
Other	**7,633**	11,057
Land Drainage	**2,278**	2,982
	$ 1,458,062	$ 1,083,658

Debt to be retired over the next five years:

	2020	2021	2022	2023	2024	2025+
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 987,568
Other debt	58,890	22,062	20,648	19,672	20,937	341,645
	$ 58,890	$ 22,062	$ 20,648	$ 19,672	$ 20,937	$ 1,329,213

a) As at December 31, 2019, sinking fund assets have a market value of $199.7 million (2018 - $116.4 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 $69.6 million (2018 - $39.1 million) and a market value of $74.6 million (2018 - $40.5 million).

9. *Debt (continued)*

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees of The City of Winnipeg on debt outstanding as at December 31, 2002. At the end of 2017, all outstanding debt that required annual payments by the City to the Sinking Fund Trustees have matured. Sinking fund arrangements after December 31, 2002 are managed in a separate fund by the City. The City is currently paying between 1 to 3% on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

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

2020	$	2,680
2021		2,794
2022		2,930
2023		3,141
2024		5,225
Thereafter		15,702
Total future minimum lease payments		32,472
Amount representing interest at a weighted average rate of 8.18%		(10,907)
Capital lease obligations	$	21,565

d) Service concession arrangement obligations are as follows:

		2019		2018
Plenary Roads Winnipeg Transitway LP - Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**$**	**138,538**	$	35,500
Plenary Roads Winnipeg GP - Disraeli Bridges		**100,608**		102,137
DBF2 Limited Partnership - Chief Peguis Trail Extension		**45,466**		46,202
	$	**284,612**	$	183,839

Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass

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

The project reached substantial completion October 2019 with total performance anticipated to be achieved late 2020. The total project costs are estimated to be $420.9 million and are to be financed through a Provincial government transfer of $163.8 million, a $137.2 million service concession arrangement obligation to PRWT, a payment of $93.3 million from Infrastructure Canada, sinking fund debentures of $16.8 million, and other cash consideration of $9.8 million.

As at December 31, 2019, $375.9 million was capitalized for assets completed and in use (Note 13). Monthly capital and interest performance-based payments totalling $8.4 million annually, for the service concession arrangement obligation, commenced in October 2019, commensurate with commissioning of the project and are payable to termination of the contract with PRWT.

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the estimated total project costs of $420.9 million project is 1.5%. Specifically, the sinking fund debt and service concession arrangement obligation to PRWT bear a combined weighted average interest rate of 4.2%.

9. *Debt (continued)*

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

Disraeli Bridges

The City has entered into a fixed-price contract with Plenary Roads Winnipeg GP ("PRW") to design, build, finance and maintain the Disraeli Bridges 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, 2019, $195.0 million was capitalized for commissioned works (Note 13). Monthly capital and interest performance-based payments totaling $9.8 million annually, for the service concession arrangement obligation to PRW commenced in October 2012, commensurate with commissioning the project and are payable to termination of the contract with PRW.

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

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

Chief Peguis Trail Extension

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

The $107.7 million project will have been financed through a grant of $23.9 million from PPP Canada, a Provincial government transfer of $9.0 million, sinking fund debentures (Series WC) of $18.7 million, a $50.0 million service concession arrangement obligation to DBF2 and cash consideration paid by the City of $6.1 million. As at December 31, 2019, $107.4 million was capitalized (Note 13). 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%.

9. Debt (continued)

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

e) Included in the Consolidated Statement of Financial Position are investments of $88.9 million (2018 - $33.3 million) that will be used for making semi-annual debt service payments on the sinking fund debentures issued with a premium.

f) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2019 is $59.0 million (2018 - $52.0 million) and cash paid for interest during the year is $56.3 million (2018 - $52.0 million).

g) On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro. 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, 2019 is $60.0 million (2018 - $60.0 million).

10. Other Liabilities

	2019	2018
Expropriation	**$ 55,874**	$ 54,560
Landfill	**54,549**	50,178
Contaminated sites	**7,347**	13,678
Veolia agreement (Note 15e)	**2,206**	1,498
Developer deposits and other	**9,955**	9,785
	$ 129,931	$ 129,699

Included in landfill liabilities is the estimated total landfill closure and post-closure care expenses. The estimated liability for these expenses is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for future closure and post-closure care activities discounted at the City's average, long-term borrowing rate of 4.0% (2018 - 4.5%). Amounts to be accrued in future years as the landfill's capacity is consumed are estimated at $21.9 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 108-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 90% (2018 - 90%) of its total capacity and its remaining life is estimated to be over 100 years after which perpetual post-closure maintenance is required.

10. Other Liabilities (continued)

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, 2019, the reserve had a balance of $8.0 million (2018 - $7.8 million) (Schedule 3).

As of December 31, 2019, the liability for contaminated sites includes sites associated with former City operations, sites acquired through tax forfeiture, and historical acquisition of properties. The nature of contamination includes chemicals, heavy metals, salt, and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, rail lines, fuel handling, vehicle storage and maintenance, snow storage and stockyards.

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

11. Accrued Employee Benefits and Other

	2019	2018
Retirement allowance - accrued obligation	**$ 88,184**	$ 83,502
Unamortized net actuarial gain	**791**	5,785
Retirement allowance - accrued liability	**88,975**	89,287
Vacation	**61,578**	60,418
Workers' compensation	**52,614**	46,924
Compensated absences	**27,437**	23,851
Other	**8,806**	7,813
	$ 239,410	$ 228,293

Under the retirement allowance programs, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). In addition, adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 15.7 years (2018 - 15.7 years), which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

The City measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation of the obligation was calculated as of July 31, 2017. The results of this valuation were extrapolated to the financial reporting date of December 31, 2019 using year-end assumptions.

11. Accrued Employee Benefits and Other (continued)

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

		2019		2018
Retirement allowance - accrued liability				
Balance, beginning of year	**$**	**89,287**	$	88,665
Current service cost		**4,959**		4,964
Interest cost		**2,747**		2,608
Amortization of net actuarial (gains) loss		**(40)**		95
Benefit payments		**(7,978)**		(7,045)
Balance, end of year	**$**	**88,975**	$	89,287

Retirement allowance expense consists of the following:

Current service cost	**$**	**4,959**	$	4,964
Interest cost		**2,747**		2,608
Amortization of net actuarial (gain) loss		**(40)**		95
	$	**7,666**	$	7,667

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

Discount rate on liability	**2.60%**	3.25%
General increases in pay	**2.50 - 3.00%**	2.50 - 3.00%

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

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

12. Pension Costs and Obligations

a) Winnipeg Civic Employees' Benefits Program

The Winnipeg Civic Employees' Benefits Program (the “Benefits Program”) is a multi-employer benefit program governed by an independent board of trustees and a trust agreement that limits the City's contribution rate. Accordingly, the Benefits Program is accounted for similar to a defined contribution benefits program. The Benefits Program provides pension and disability benefits to all City of Winnipeg employees, other than police officers, and to employees of certain other participating employers.

Members' contribution rates were 9.5% of their Canada Pension Plan earnings and 11.8% of pensionable earnings in excess of Canada Pension Plan earnings in 2019, and for future years, consistent with 2018. The City and participating employers are required to make matching contributions.

12. Pension Costs and Obligations (continued)

An actuarial valuation of the Benefits Program was prepared as at December 31, 2018, which indicated an excess of actuarial value of program assets over actuarial liabilities of $267.4 million. The Pension Trust Agreement specifies how actuarial surpluses can be used but does not attribute actuarial surpluses to individual employers. However, a portion of actuarial surpluses is allocated to a City Account that the City and other participating employers may use to finance reductions in their contributions. In the event of unfavourable financial experience, additional amounts may be transferred from the City Account to cover a funding deficiency.

The balance of the City Account at December 31, 2019 was $nil (2018 - $8.4 million).

Total contributions by the City to the Benefits Program in 2019 were $44.9 million (2018 - $40.2 million), which were expensed as incurred.

b) Winnipeg Police Pension Plan

The Winnipeg Police Pension Plan (the "Plan") is a contributory defined benefit plan, providing pension benefits to police officers. Members are required to make contributions at the rate of 8% of pensionable earnings. The City is required to finance the cost of the plan's benefits other than cost-of-living adjustments and to contribute 2% of pensionable earnings in respect of cost-of-living adjustments. A contribution stabilization reserve has been established 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, 2018. The valuation revealed a funding surplus, which, in accordance with the terms of the Plan, was resolved by an increase in the contribution stabilization reserve and by increasing the rate of cost-of-living adjustments to pensions from 52.8% to 55.4% of the inflation rate.

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

The results of the December 31, 2018 actuarial valuation of the Plan were extrapolated to December 31, 2019. 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 4.95% per year (2018 - 5.25%); inflation rate of 2.00% per year (2018 - 2.00%); and general pay increases of 3.25% per year (2018 - 3.25%) The accrued pension obligation was valued using the projected benefit method pro-rated on services.

12. *Pension Costs and Obligations (continued)*

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

	2019	2018
Plan assets:		
Fair value, beginning of year	**$ 1,527,489**	$ 1,537,642
Employer contributions	**29,862**	29,364
Employee contributions and transfers	**13,877**	13,293
Benefits and expenses paid	**(56,536)**	(54,807)
Net investment income	**210,245**	1,997
Fair value, end of year	**1,724,937**	1,527,489
Actuarial adjustment	**(104,033)**	(10,577)
Actuarial value, end of year	**$ 1,620,904**	$ 1,516,912
Accrued pension obligation:		
Beginning of year	**$ 1,464,401**	$ 1,413,621
Interest on accrued pension obligation	**76,626**	73,958
Current period benefit cost	**46,813**	45,002
Actuarial loss (gain)	**57,964**	(13,373)
Benefits and expenses paid	**(56,536)**	(54,807)
End of year	**$ 1,589,268**	$ 1,464,401
Funded status	**$ 31,636**	**$** 52,511
Less: city account	**-**	(305)
Less: contribution stabilization reserve	**(31,636)**	(52,206)
Actuarial surplus	**$ -**	**$** -

	2019	2018
Expenses related to pensions:		
Current period benefit cost	**$ 46,813**	$ 45,002
Amortization of actuarial gains	**(398)**	(1,086)
Less: employee contributions and transfers	**(13,877)**	(13,293)
Pension benefit expense	**32,538**	30,623
Interest on accrued benefit obligation	**76,626**	73,958
Expected return on plan assets	**(79,302)**	(75,217)
Pension interest income	**(2,676)**	(1,259)
Total expenses related to pensions	**$ 29,862**	$ 29,364

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 2019 were $29.9 million (2018 - $29.4 million). Total employee contributions to the Plan in 2019 were $13.2 million (2018 - $13.0 million). Benefits paid from the Plan in 2019 were $55.2 million (2018 - $53.8 million).

12. Pension Costs and Obligations (continued)

The expected rate of return on Plan assets in 2019 was 5.25% (2018 - 5.25%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2019 was 13.82% (2018 - 0.13%).

As the City's contributions to the Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Consolidated Statement of Financial Position. As noted above, the Plan provides that within certain prescribed constraints, in the event of a funding deficiency, a transfer from the contribution stabilization reserve and amendments to the rate of cost-of-living adjustments to pensions will be utilized to resolve the deficiency, and vice versa in the event of a surplus. The above extrapolation anticipates that the funding deficit at December 31, 2019 will be resolved through transfers from both the city account and contribution stabilization reserve and a decrease in the rate of cost-of-living adjustments.

c) Councillors' Pension Plan

i) Pension Plan Established Under By-Law Number 3553/83

On November 2, 1992, the pension plan provided to members of City Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. In 2019, the City paid out $nil million (2018 - $0.3 million). An actuarially determined pension obligation of $3.6 million (2018 - $3.6 million) has been reflected in the Consolidated Statement of Financial Position.

ii) Pension Plan Established Under By-Law Number 7869/01

On November 22, 2000, City Council adopted the policy that effective January 1, 2001, a Council Pension Plan be created for all members of City Council for The City of Winnipeg.

d) Group Life Insurance Plan

Employees of the City who are members of the Civic Employees' Pension Plan or the Winnipeg Police Pension Plan must become members of the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan, (the "Plans") respectively. These plans provide life insurance for members while employed and can be continued into retirement at the employees' option. Plan members and the City share the cost of basic life insurance until retirement. An actuarial valuation as of December 31, 2016 indicated that this post-retirement liability is fully funded.

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

An actuarial valuation of the Plans was prepared as of December 31, 2016 and the results were extrapolated to December 31, 2019. The principal long-term assumptions on which the valuation was based were: discount rate of 5.00% per year (2018 - 4.50%); and general pay increases of 3.25% per year (2018 - 3.50%). The accrued group life insurance obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the funded status of the Plans is as follows:

	2019	2018
Group life insurance plan assets, at actuarial value	**$ 172,282**	$ 163,639
Accrued post-retirement life insurance obligations	**$ 93,722**	$ 99,154

13. *Tangible Capital Assets*

	Net Book Value 2019	2018
General		
Land	**$ 316,045**	$ 286,421
Buildings	**875,977**	834,893
Vehicles	**223,161**	205,186
Computer	**38,797**	43,024
Other	**289,844**	273,028
Infrastructure		
Plants and facilities	**619,525**	600,931
Roads	**1,813,470**	1,525,212
Underground and other networks	**2,308,211**	2,224,599
Bridges and other structures	**682,304**	581,985
	7,167,334	6,575,279
Assets under construction	**410,085**	408,064
	$ 7,577,419	$ 6,983,343

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

During the year, $0.6 million (2018 - $1.3 million) of tangible capital assets were written-down. Interest capitalized during 2019 was $4.0 million (2018 - $4.8 million). In addition, roads and underground networks contributed to the City totaled $69.6 million in 2019 (2018 - $82.7 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $657.6 million (2018 - $304.0 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

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

14. *Accumulated Surplus*

Accumulated surplus consists of the following:

	2019	2018
Invested in tangible capital assets	**$ 6,235,368**	$ 5,836,664
Reserves (Schedule 3)	**425,482**	348,559
Manitoba Hydro long-term receivable (Note 5)	**220,238**	220,238
Other surplus accumulated in utility operations, consolidated entities and other	**165,011**	195,423
Equity in government businesses (Note 6)	**23,113**	25,383
Unfunded expenses to be funded from future revenues:		
Accrued employee benefits and other	**(236,314)**	(226,843)
Landfill (Note 10)	**(54,549)**	(50,178)
Contaminated sites (Note 10)	**(7,347)**	(13,678)
Canadian Museum for Human Rights grant	**(3,907)**	(4,849)
	$ 6,767,095	$ 6,330,719

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

15. *Commitments and Contingencies*

The significant commitments and contingencies that existed at December 31, 2019 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:

2020	$ 8,016
2021	8,015
2022	7,590
2023	6,744
2024	6,469
Thereafter	54,847
	$ 91,681

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, 2019 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, 2019 is $32.9 million (2018 - $34.0 million). The City does not anticipate incurring future payment on these guarantees, and has no balance related to this contingent liability on its financial statements.

Some of the capital projects related to guarantees are in progress at year-end, meaning that the full line of credit has not been used. The at-risk amount is $36.1 million (2018 - $36.7 million).

d) Service concession arrangements

i) As disclosed in Note 9(d), the City will pay DBF2 a monthly performance-based maintenance payment related to the Chief Peguis Trail Extension contract. The monthly payment totaling $1.5 million annually is to be adjusted by CPI, is payable commencing January 2012 until the termination of the contract with DBF2 in January 2042.

ii) As disclosed in Note 9(d), the City will pay PRW a monthly performance-based maintenance payment related to the Disraeli Bridges Project contract. The monthly payment totaling $1.8 million annually is to be adjusted by CPI, is payable commencing October 2012 until the termination of the contract with PRW in October 2042.

iii) As disclosed in Note 9(d), 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.

15. Commitments and Contingencies (continued)

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.

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 2019, Veolia withdrew $1.6 million (2018 - $9.4 million) from EARA and replaced this at risk amount with a standby letter of credit.

15. Commitments and Contingencies (continued)

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, 2019, the forgivable loans totaled $2.4 million (2018 - $2.7 million).

16. Taxation

	2019	2018
Municipal and school property taxes	**$ 1,271,658**	$ 1,237,214
Payments-in-lieu of property (municipal and school) and business taxes	**52,030**	51,163
	1,323,688	1,288,377
Payments to Province and school divisions	**(713,974)**	(699,765)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	**609,714**	588,612
Local improvement and frontage levies	**64,256**	65,006
Business taxes and license-in-lieu of business taxes	**55,442**	57,634
Electricity and natural gas sales taxes	**21,958**	21,736
Amusement and accommodation taxes and mobile home licences	**13,218**	13,101
	$ 764,588	$ 746,089

The property tax roll includes school taxes of $683.3 million (2018 - $668.9 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2019 totalled $30.7 million (2018 - $30.9 million) and are treated the same as school taxes. School taxes and payments-in-lieu of school taxes are remitted to the Province and school divisions based upon a formula and schedule set by the Province. If property taxes are reduced due to an assessment reduction, the City is required by legislation to fund the repayment of both the municipal and school taxes with applicable interest.

Business taxes do not include the amount of levy imposed for business improvement zones of $6.2 million (2018 - $5.7 million).

17. Sales of Services and Regulatory Fees

	2019	2018
Water sales and sewage services	**$ 321,346**	$ 325,016
Other sales of goods and services	**141,075**	136,218
Regulatory fees	**103,236**	97,860
Transit fares	**87,422**	86,262
	$ 653,079	$ 645,356

18. *Government Transfers*

	2019	2018
Operating		
Province of Manitoba		
Municipal Operating Grant	**$ 139,282**	$ 139,679
Public Safety	**24,759**	23,955
	164,041	163,634
Less: Support for Provincial Programs	**(23,650)**	(23,650)
	140,391	139,984
Transfer for paramedic services	**39,007**	33,301
Other	**15,669**	12,272
	195,067	185,557
Government of Canada	**3,869**	7,531
Total Operating	**198,936**	193,088
Capital		
Province of Manitoba		
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**135,123**	7,328
Accelerated Regional Road Renewal Project	**8,253**	-
Waverley underpass	**6,692**	9,031
Public Transit Infrastructure Fund	**5,155**	17,027
Sewage	**176**	10,968
Manitoba Winnipeg Infrastructure Agreement	**-**	16,493
Manitoba Winnipeg Infrastructure Fund	**-**	10,035
Other roads	**-**	1,238
Other	**2,445**	4,341
	157,844	76,461
Government of Canada		
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**86,879**	807
Federal gas tax (Note 8)	**72,141**	32,625
Public Transit Infrastructure Fund	**20,555**	34,930
Assiniboine Park Conservancy	**11,234**	12,100
Accelerated Regional Road Renewal Project	**8,253**	-
Waverley underpass	**6,723**	15,197
Other	**12,065**	9,637
	217,850	105,296
Total Capital	**375,694**	181,757
	$ 574,630	$ 374,845

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

19. Land Sales and Other Revenue

		2019		2018
Land sales	**$**	**12,264**	$	7,994
Contributions in lieu of land dedication		**1,143**		1,501
Income (loss) from government businesses (Note 6)		**535**		(6,375)
Other		**12,743**		9,801
	$	**26,685**	$	12,921

20. Expenses by Object

		2019		2018
Salaries and benefits	**$**	**898,682**	$	860,556
Goods and services		**463,660**		420,798
Amortization of tangible capital assets		**266,623**		257,362
Interest		**59,017**		51,962
Other expenses		**15,897**		28,352
	$	**1,703,879**	$	1,619,030

21. Budget

On March 20, 2020 Council approved the 2020 budget for the City of Winnipeg, including operating budgets for tax supported, utility, special operating agency and reserve operations as well as a capital budget. Included in the Council approved 2020 budget document is the 2019 and 2020 consolidated budgets that considers inter-fund transaction eliminations, tangible capital asset based revenues and amortization, controlled entity operations and the accrual of unfunded expenses. The resulting 2019 consolidated budget has been utilized in these consolidated financial statements.

22. Property and Liability Insurance

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

23. Segmented Information

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

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:

23. *Segmented Information (continued)*

Protection

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

Community Services

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

Planning

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

Public Works and Garbage Collection

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

Transit System Fund

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

Water and Waste Funds

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

Effective January 1, 2018, net assets of land drainage were transferred into the Water and Waste Funds Segment as a separate utility fund. Comparative figures have been reclassified to conform to the presentation made in the current year.

23. *Segmented Information (continued)*

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. For additional information, see the Consolidated Schedule of Segment Disclosure - Service (Schedule 4).

24. *Contractual Rights*

Developer contributions

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

25. *Comparative Figures*

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

26. *Subsequent Event*

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these consolidated financial statements and have been treated as a non-adjusting subsequent event in these statements.

The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the City’s 2020 operations is not fully known at this time. This event is expected to have a negative impact on future cash flows due to a combination of revenue short falls and increased expenditures that are anticipated from the outbreak.

A number of actions have been taken or will be available to the City to mitigate the financial implications of this event. The City is confident that its operations will continue and its liquidity will be sufficient to withstand this event.

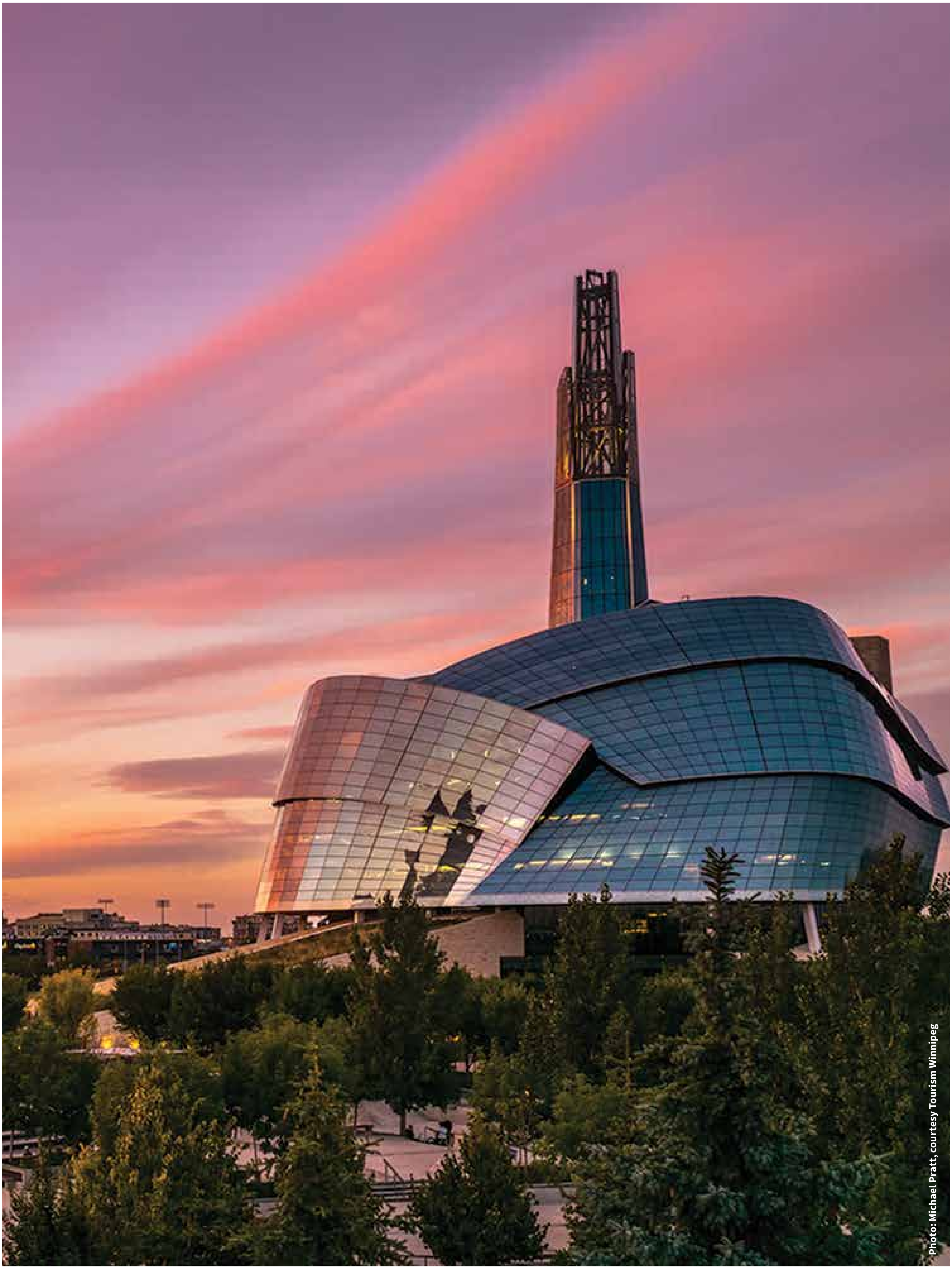


Photo: Michael Pratt, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF GOVERNMENT BUSINESSES

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

	North Portage Development Corporation March 31		Park City Commons [1] December 31	
	2019	2018	**2019**	2018
Financial Position				
Assets				
Current	**$ 5,893**	$ 5,892	**$ 4,071**	$ 7,134
Capital	**75,805**	74,787	**-**	-
Other	**766**	914	**-**	-
	$ 82,464	$ 81,593	**$ 4,071**	$ 7,134
Liabilities				
Current	**$ 4,263**	$ 3,651	**$ 864**	$ 1,237
Long-term	**19,665**	20,325	**-**	-
	23,928	23,976	**864**	1,237
Net equity	**58,536**	57,617	**3,207**	5,897
	$ 82,464	$ 81,593	**$ 4,071**	$ 7,134
City share (Note 6)	**$ 19,512**	$ 19,206	**$ 3,191**	$ 5,921
Results of Operations				
Revenues	**$ 15,989**	$ 15,594	**$ -**	$ -
Expenses	**15,070**	14,903	**16**	-
Net income	**$ 919**	$ 691	**$ (16)**	$ -
City's share (Note 6)	**$ 307**	$ 231	**$ (8)**	$ -

1 In 2018 no income or expenses were incurred during the year.

Schedule 1

River Park South Developments Inc. December 31		Total	
2019	2018	**2019**	2018
$ 2,781	$ 2,957	**$ 12,745**	$ 15,983
-	-	**75,805**	74,787
-	-	**766**	914
$ 2,781	$ 2,957	**$ 89,316**	$ 91,684
$ 1,962	$ 2,444	**$ 7,089**	$ 7,332
-	-	**19,665**	20,325
1,962	2,444	**26,754**	27,657
819	513	**62,562**	64,027
$ 2,781	$ 2,957	**$ 89,316**	$ 91,684
$ 410	$ 256	**$ 23,113**	$ 25,383
$ -	$ 4	**$ 15,989**	$ 15,598
(471)	(47)	**14,615**	14,856
$ 471	$ 51	**$ 1,374**	$ 742
$ 236	$ 26	**$ 535**	$ 257

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	**$ 286,421**	**1,283,614**	**440,661**	**181,198**	**538,081**
Add:					
Additions during the year	**39,131**	**77,606**	**47,906**	**6,604**	**50,009**
Less:					
Disposals during the year	**9,507**	**6,164**	**21,917**	**3,034**	**2,766**
Balance, end of year	**316,045**	**1,355,056**	**466,650**	**184,768**	**585,324**
Accumulated amortization					
Balance, beginning of year	**-**	**448,721**	**235,475**	**138,174**	**265,053**
Add:					
Amortization	**-**	**35,380**	**28,913**	**10,577**	**33,201**
Less:					
Accumulated amortization on disposals	**-**	**5,022**	**20,899**	**2,780**	**2,774**
Balance, end of year	**-**	**479,079**	**243,489**	**145,971**	**295,480**
Net Book Value of Tangible Capital Assets	**$ 316,045**	**$ 875,977**	**$ 223,161**	**$ 38,797**	**$ 289,844**

1 Included in land additions is $5.9 million of land transfers from land held for resale.
1 Included in land disposals is $5.2 million of land transfers to land held for resale.

Schedule 2

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	2019	2018
937,178	2,800,287	3,389,665	866,296	408,064	$ 11,131,465	$ 10,569,818
36,170	364,983	132,644	115,697	2,021	872,771	613,849
-	1,175	6,497	-	-	51,060	52,202
973,348	3,164,095	3,515,812	981,993	410,085	11,953,176	11,131,465
336,247	1,275,075	1,165,066	284,311	-	4,148,122	3,931,623
17,576	76,663	48,935	15,378	-	266,623	257,362
-	1,113	6,400	-	-	38,988	40,863
353,823	1,350,625	1,207,601	299,689	-	4,375,757	4,148,122
$ 619,525	$ 1,813,470	$ 2,308,211	$ 682,304	$ 410,085	$ 7,577,419	$ 6,983,343

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF RESERVES

Schedule 3

As at December 31
(in thousands of dollars)

		2019		2018
Reserves				
Capital Reserves				
Environmental Projects	**$**	**165,991**	$	106,383
Impact Fee		**30,375**		16,702
SWRT Payment		**15,866**		10,325
Sewer System Rehabilitation		**9,938**		6,496
Landfill Rehabilitation		**8,027**		7,788
Waste Diversion		**5,221**		5,188
Watermain Renewal		**3,908**		258
SWRT Corridor		**2,172**		2,144
Transit Bus Replacement		**1,417**		11,026
Federal Gas Tax Revenue		**1,311**		491
Computer Replacement		**1,293**		1,589
Regional Street Renewal		**124**		118
Local Streets Renewal		**104**		98
		245,747		168,606
Special Purpose Reserves				
Perpetual Maintenance Fund - Brookside Cemetery		**17,637**		17,210
Land Operating *		**12,393**		2,832
Destination Marketing		**11,254**		14,834
Land Dedication		**8,094**		8,763
Commitment		**3,913**		3,648
Workers Compensation		**3,325**		3,173
Economic Development Investment		**3,172**		2,482
Insurance (Note 22)		**3,076**		4,758
Insect Control Urgent Expenditures		**3,001**		3,000
Permit		**2,000**		1,376
Housing Rehabilitation Investment		**1,556**		3,134
Perpetual Maintenance Fund - St.Vital Cemetery		**1,276**		1,224
Perpetual Maintenance Fund - Transcona Cemetery		**900**		854
Multi-Family Dwelling Tax Investment		**391**		1,469
General Purpose		**171**		173
Heritage Investment		**(190)**		62
		71,969		68,992
Stabilization Reserve				
Financial Stabilization		**107,766**		110,961
Total Reserves	**$**	**425,482**	$	348,559

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

		2019		2018
Reserve balance as disclosed above	**$**	**12,393**	$	2,832
Investments held in government business (Note 6)		**3,601**		6,177
	$	**15,994**	$	9,009

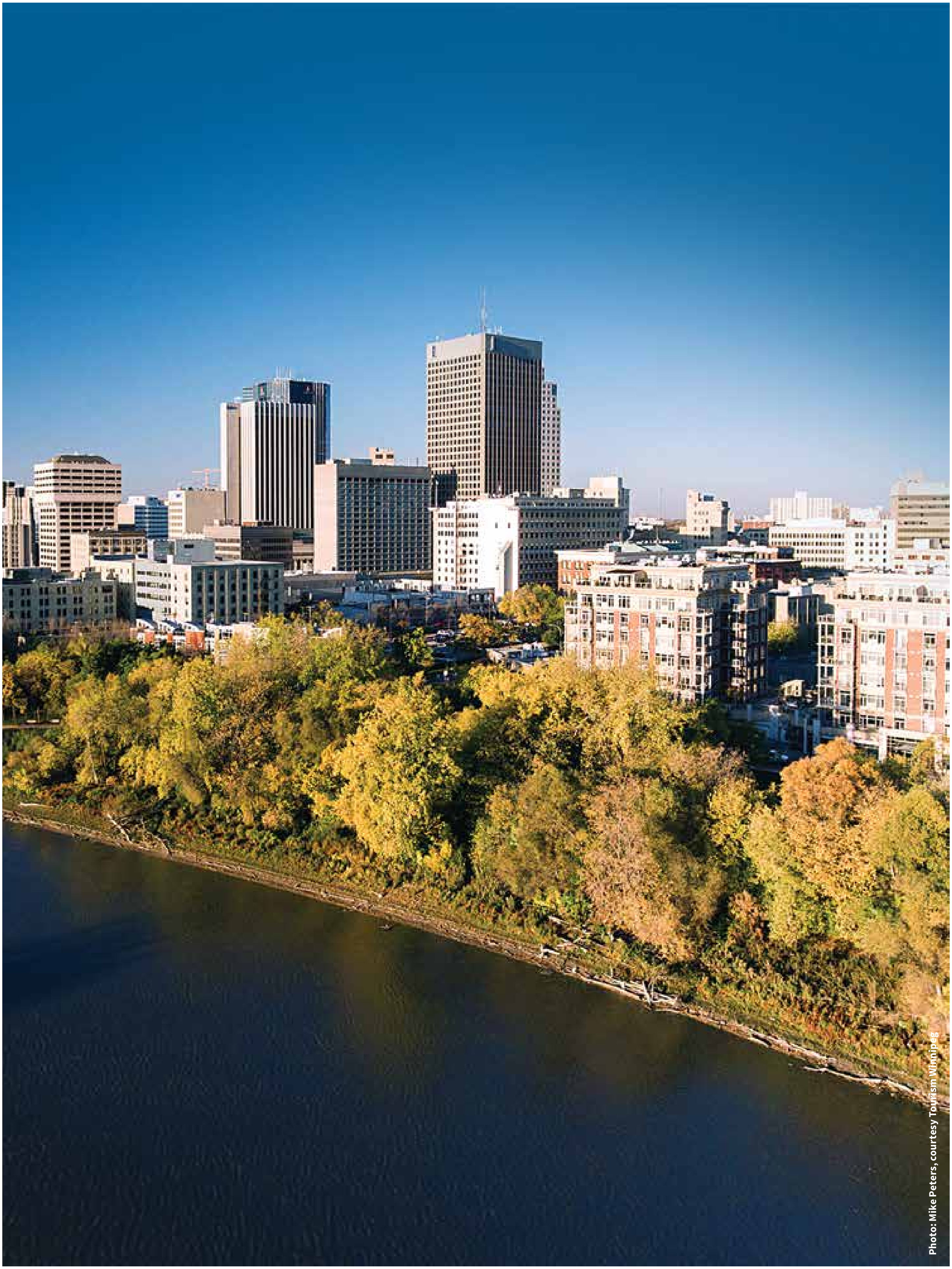


Photo: Mike Peters, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

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

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

For the year ended December 31, 2018
(in thousands of dollars)

	General Revenue Fund			
	Protection	Community Services	Planning	Public Works and Garbage Collection[1]
REVENUES				
Taxation	$ 319,421	$ 46,179	$ -	$ 210,923
Sales of services and regulatory fees	53,279	14,994	30,493	9,816
Government transfers (Note 18)	89,865	9,219	-	20,141
Transfer from other funds	1,932	1,359	8,617	3,070
Other	26,743	6,200	2,248	15,407
	491,240	77,951	41,358	259,357
EXPENSES (Note 20)				
Salaries and benefits	412,176	41,636	26,624	75,534
Goods and services	48,586	9,126	3,711	103,882
Interest	7,139	2,483	16	4,229
Transfer to other funds	15,595	3,414	11,852	91,328
Other	7,744	21,292	(845)	(15,616)
	491,240	77,951	41,358	259,357
ANNUAL SURPLUS	$ -	$ -	$ -	$ -

1 Effective January 1, 2018, net assets of land drainage of $829.7 million were transferred into the Water and Waste Funds Segment as a separate utility fund. Comparative figures have been reclassified to conform to the presentation made in the previous year.

Finance and Administration	**Transit System Fund**	**Water and Waste Funds**	**Other Funds and Corporations**	**Eliminations**	**Consolidated**
$ 109,060	**$ -**	**$ -**	**$ 26,684**	**$ (16,626)**	**$ 764,588**
24,171	**90,512**	**368,098**	**126,356**	**(65,433)**	**653,079**
16,446	**280,335**	**16,873**	**168,982**	**(34,925)**	**574,630**
9,713	**92,590**	**97,599**	**503,674**	**(726,823)**	**-**
18,818	**1,417**	**59,069**	**64,013**	**(47,554)**	**147,958**
178,208	**464,854**	**541,639**	**889,709**	**(891,361)**	**2,140,255**
57,227	**119,198**	**75,333**	**63,601**	**5,690**	**898,682**
17,363	**56,747**	**136,037**	**131,313**	**(65,232)**	**463,660**
7,246	**6,637**	**11,371**	**44,882**	**(25,782)**	**59,017**
75,275	**13,989**	**199,538**	**283,930**	**(739,791)**	**-**
21,097	**26,130**	**62,975**	**228,201**	**(66,302)**	**282,520**
178,208	**222,701**	**485,254**	**751,927**	**(891,417)**	**1,703,879**
$ -	**$ 242,153**	**$ 56,385**	**$ 137,782**	**$ 56**	**$ 436,376**

Finance and Administration	Transit System Fund	Water and Waste Funds[1]	Other Funds and Corporations[1]	Eliminations	Consolidated
$ 154,976	$ -	$ -	$ 26,000	$ (11,410)	$ 746,089
22,927	89,490	369,702	119,631	(64,976)	645,356
15,687	102,490	27,138	153,715	(43,410)	374,845
9,820	80,305	911,409	413,876	(1,430,388)	-
19,830	948	66,142	60,862	(50,370)	148,010
223,240	273,233	1,374,391	774,084	(1,600,554)	1,914,300
52,646	114,408	72,525	60,348	4,659	860,556
26,019	53,372	130,155	110,104	(64,157)	420,798
840	4,946	10,280	42,037	(20,008)	51,962
122,336	8,878	122,337	1,054,966	(1,430,706)	-
21,399	24,313	61,857	229,499	(63,929)	285,714
223,240	205,917	397,154	1,496,954	(1,574,141)	1,619,030
$ -	$ 67,316	$ 977,237	$ (722,870)	$ (26,413)	$ 295,270

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW

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

	2019	2018	2017	2016	2015
1. Population (as restated per Statistics Canada)	**763,900**	753,400	740,900	726,100	711,600
Unemployment rate (as restated per Statistics Canada)					
- Winnipeg	**5.3%**	6.3%	5.8%	6.6%	6.0%
- National average	**5.7%**	5.8%	6.3%	7.0%	6.9%
2. Average annual headcount	**10,638**	10,490	10,444	10,426	10,253
3. Number of taxable properties	**236,380**	234,098	231,360	228,941	226,736
Payments-in-lieu of taxes					
Number of properties	**1,432**	1,410	1,433	1,469	1,195
4. Assessment - Residential	**$ 70,993,769**	$ 69,872,623	$ 67,339,104	$ 66,197,564	$ 60,492,101
(see note) - Commercial and industrial	**19,385,942**	19,288,744	17,649,138	17,637,524	15,295,925
- Farm and golf	**427,772**	436,161	356,731	369,954	330,042
	$ 90,807,483	$ 89,597,528	$ 85,344,973	$ 84,205,042	$ 76,118,068
Assessment per capita (in dollars)	**$ 118,874**	$ 118,924	$ 115,191	$ 115,302	$ 105,955
Commercial and industrial as a percentage of assessment	**21.35%**	21.53%	20.68%	20.95%	20.09%
5. Tax arrears	**$ 58,102**	$ 56,704	$ 52,599	$ 51,550	$ 58,121
6. Tax arrears - per capita (in dollars)	**$ 76.06**	$ 75.26	$ 70.99	$ 71.00	$ 80.90
7. Municipal mill rate	**13.290**	12.987	13.063	12.766	13.682
- Adjustment for tax increase	**2.3%**	2.3%	2.3%	2.3%	2.3%
- Adjustment for general assessment	**0.0%**	-2.8%	0.0%	-8.8%	0.0%
8. Tax Levies					
Municipal property taxes	**$ 588,365**	$ 568,274	539,043	516,034	501,989
Payments-in-lieu of taxes	**21,349**	20,338	20,652	20,864	20,087
Local improvement and frontage levies	**64,256**	65,006	63,120	63,129	50,149
Business taxes and license-in-lieu of business taxes	**55,442**	57,634	55,844	57,254	55,766
Electricity and other taxes	**35,176**	34,837	33,550	33,735	32,332
Total taxes levied for municipal purposes	**764,588**	746,089	712,209	691,016	660,323
Taxes levied on behalf of others					
Province and school divisions	**713,974**	699,765	667,369	645,823	606,821
Total taxes levied	**1,478,562**	1,445,854	1,379,578	1,336,839	1,267,144
8. Winnipeg consumer price index (per Statistics Canada) (annual average)					
- 2002 base year 100	**136.4**	133.3	130.2	128.1	126.6
- Percentage increase	**2.3%**	2.4%	1.6%	1.2%	1.3%
9. Consolidated revenues					
- Taxation	**$ 764,588**	$ 746,089	$ 712,209	$ 691,016	$ 660,323
- User charges	**653,079**	645,356	599,342	569,641	545,637
- Government transfers	**574,630**	374,845	351,258	333,793	372,987
- Interest and other revenue	**147,958**	148,010	171,388	140,396	176,338
	$ 2,140,255	$ 1,914,300	$ 1,834,197	$ 1,734,846	$ 1,755,285
10 Consolidated expenses by function					
- Municipal operations	**$ 1,165,131**	$ 1,111,811	$ 1,094,370	$ 1,118,943	$ 1,053,957
- Public utilities	**456,805**	433,215	417,361	383,922	370,219
- Civic corporations	**81,943**	74,004	71,604	69,847	61,810
	$ 1,703,879	$ 1,619,030	$ 1,583,335	$ 1,572,712	$ 1,485,986
11 Growth in accumulated surplus	**$ 436,376**	$ 295,270	$ 250,862	$ 162,134	$ 269,299

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

	2019	2018	2017	2016	2015
12 Consolidated expenses by object					
Salaries and benefits	**$ 898,682**	$ 860,556	$ 845,087	$ 836,857	$ 805,889
Goods and services	**463,660**	420,798	404,044	414,575	387,853
Amortization	**266,623**	257,362	245,941	235,235	221,358
Interest	**59,017**	51,962	52,834	51,799	56,130
Other expenses	**15,897**	28,352	35,429	34,246	14,756
	$ 1,703,879	$ 1,619,030	$ 1,583,335	$ 1,572,712	$ 1,485,986
13 Payments to school authorities	**$ 713,974**	$ 699,765	$ 667,369	$ 645,823	$ 606,821
14 Debt					
Tax-supported	**$ 799,319**	$ 685,939	$ 702,014	$ 725,602	$ 688,484
Transit	**281,747**	147,444	112,019	93,594	93,669
City-owned utilities	**296,062**	214,687	214,010	216,250	185,789
Other	**94,294**	87,706	82,126	78,144	81,135
Total gross debt	**1,471,422**	1,135,776	1,110,169	1,113,590	1,049,077
Less: Sinking Funds	**98,849**	82,065	67,468	65,677	53,116
Total net long-term debt	**$ 1,372,573**	$ 1,053,711	$ 1,042,701	$ 1,047,913	$ 995,961
Percentage of total assessment	**1.51%**	1.18%	1.22%	1.24%	1.31%
Debt per capita	**$ 1,799**	$ 1,398	$ 1,415	$ 1,439	$ 1,400
15 Acquisition of tangible capital assets	**$ 872,771**	$ 613,849	$ 475,911	$ 475,619	$ 558,409
16 Net financial liabilities	**$ 841,786**	$ 678,915	$ 630,786	$ 660,468	$ 584,798
17 Accumulated surplus					
Invested in tangible capital assets	**$ 6,235,368**	$ 5,836,664	$ 5,638,975	$ 5,396,951	$ 5,217,274
Reserves					
Capital	**245,746**	168,606	143,413	145,970	135,829
Stabilization	**107,766**	110,961	79,764	67,410	75,632
Special Purpose	**71,970**	68,992	74,608	81,244	91,471
	425,482	348,559	297,785	294,624	302,932
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**188,124**	220,806	169,443	153,880	140,001
Unfunded expenses	**(302,117)**	(295,548)	(290,992)	(281,106)	(257,992)
	106,245	145,496	98,689	93,012	102,247
	$ 6,767,095	$ 6,330,719	$ 6,035,449	$ 5,784,587	$ 5,622,453
18 Government-specific indicators					
Assets-to-liabilities	**4.05**	4.58	4.46	4.34	4.47
Financial assets-to-liabilities	**0.62**	0.62	0.64	0.62	0.64
Public debt charges-to-revenues	**0.03**	0.03	0.03	0.03	0.03
Own-source revenues-to-taxable assessment	**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues	**0.27**	0.20	0.19	0.19	0.21

Photo: City of Winnipeg

2019 Funds

Detailed Financial Statements

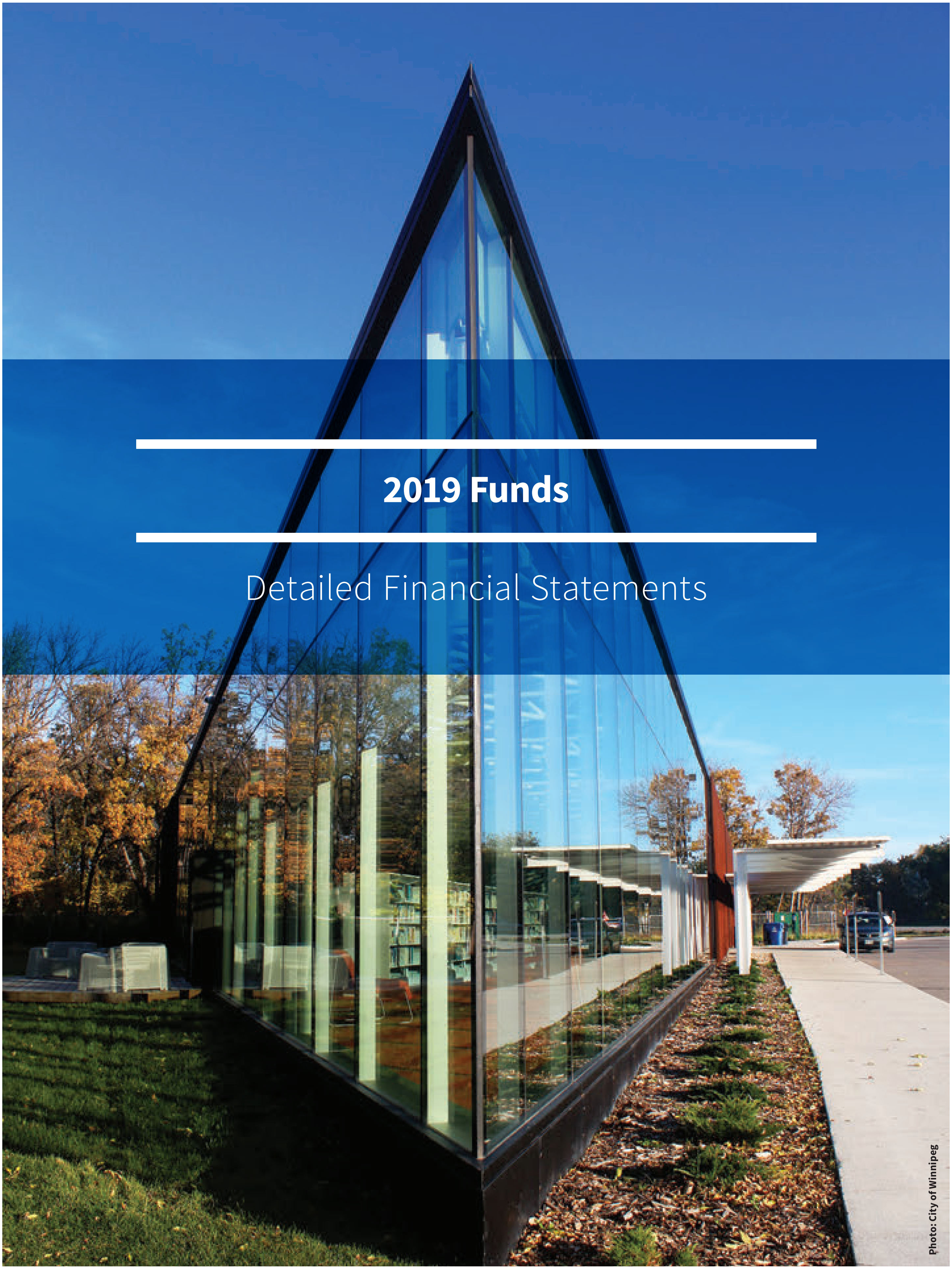


Photo: City of Winnipeg

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, 2019, the General Revenue Fund reported a deficit of $1.1 million (2018 - $19.5 million surplus) before transfers. Factors that contributed to the General Revenue Fund's position were as follows:

- Public Works had an unfavourable variance of $11.7 million, mostly related to additional snow clearing program expenditures, as well as the clean-up from the October storm event. These variances are offset by savings in salary and benefits.
- Fire Paramedic Service department had an unfavourable variance of $1.8 million, mainly due to a shortfall in inspection revenue and unrealized cost savings as well as increases in vehicle maintenance.
- Legal Service also had an unfavourable variance of $1.0 million, mostly related to an increase in external legal fee.
- Street Lighting had a saving of $1.0 million due to light and power cost savings.
- Innovation has had a favourable variance of $1.6 million, mainly due to savings in salaries and benefit and delay in software purchase.
- Assessment and Taxation department experienced a $3.6 million favourable variance mainly due to higher tax penalty interest revenue.
- Corporate Finance had a favourable variance of $3.8 million mainly due to increased interest earned on investments.
- Other departmental revenue and expenses resulted in a favourable variance of $3.4 million.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

FIVE-YEAR REVIEW

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

	2019	2018	2017	2016	2015
Planning, Property and Development					
Construction					
-Permits issued	**8,494**	10,249	10,859	10,213	8,821
-Value	**$ 2,167,605**	$ 1,849,842	$ 2,015,542	$ 1,804,579	$ 1,435,969
Housing starts	**4,494**	3,757	5,046	4,002	3,656
Community Services					
Libraries Provincial Transfer	**$ 2,010**	$ 2,010	$ 2,010	$ 2,010	$ 2,010
Library circulation	**5,006,407**	4,881,757	4,898,940	5,121,266	5,242,048
Taxes Receivable					
Property, payments-in-lieu and business taxes	**$ 58,102**	$ 52,999	$ 51,469	$ 49,987	$ 57,072
Allowance for tax arrears	**(1,207)**	(813)	(755)	(330)	(4,255)
	$ 56,895	$ 52,186	$ 50,714	$ 49,657	$ 52,817
Tax Revenues					
Municipal realty taxes	**$ 572,923**	$ 551,642	$ 535,344	$ 512,746	$ 497,401
Payments-in-lieu of taxes	**$ 36,714**	$ 35,794	$ 36,134	$ 35,424	$ 34,066
Business and licenses-in-lieu of business taxes	**$ 55,113**	$ 55,070	$ 55,411	$ 57,254	$ 56,328
Statement of Operations					
Revenues	**$ 1,135,413**	$ 1,093,161	$ 1,066,773	$ 1,066,676	$ 1,000,598
Expenses	**1,135,413**	1,073,663	1,051,795	1,066,676	984,257
	-	19,498	14,978	-	16,341
Contribution to:					
Financial Stabilization Reserve	**-**	(19,498)	(14,978)	-	-
General Purpose Reserve	**-**	-	-	-	(16,341)
Surplus	**$ -**	$ -	$ -	$ -	$ -

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF FINANCIAL POSITION

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

	2019	2018
ASSETS		
Current		
Cash and cash equivalents (Note 3)	**$ 696,385**	$ 534,696
Accounts receivable (Note 4)	**106,523**	93,180
Materials and supplies	**11,406**	9,900
Prepaid expenses	**2,413**	2,395
	816,727	640,171
Investments (Note 5)	**28,138**	23,674
Contributed surplus and other assets (Note 6)	**38,911**	39,859
	$ 883,776	$ 703,704
LIABILITIES		
Current		
Notes payable (Note 7)	**$ 57,175**	$ 129,719
Due to other funds (Note 8)	**602,715**	357,576
Accounts payable and accrued liabilities (Note 9)	**151,523**	148,100
Deferred revenue (Note 10)	**43,994**	42,911
Performance and other deposits	**28,369**	25,398
	$ 883,776	$ 703,704

Commitments and contingent liabilities (Note 11)

Subsequent event (Note 19)

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)

	2019 Budget	2019 Actual	2018 Actual
REVENUES (Schedule 1)			
Taxation (Note 12)	**$ 717,531**	**$ 717,817**	$ 695,719
Government transfers	**143,834**	**143,364**	134,912
Regulation fees	**74,461**	**76,802**	73,018
Sale of goods and services (Note 13)	**53,956**	**56,910**	58,775
Investment and other interest	**50,502**	**53,467**	51,352
Payments-in-lieu of taxes (Note 12)	**36,714**	**36,714**	35,794
Contributions and transfers	**30,932**	**32,959**	24,798
Sale of Winnipeg Hydro and Other	**17,022**	**17,380**	18,793
Total Revenues	**1,124,952**	**1,135,413**	1,093,161
EXPENSES (Schedules 2 and 3)			
Protection and community services	**617,768**	**618,474**	596,956
Public works	**281,144**	**293,769**	271,781
Finance and administration	**102,549**	**98,081**	95,519
Contribution and appropriations	**70,561**	**70,561**	85,903
Property and development	**44,113**	**45,726**	41,357
Employee benefits and payroll tax	**14,945**	**14,970**	13,607
Debt and finance charges	**3,369**	**488**	462
Other	**(9,497)**	**(6,656)**	(12,424)
Total Expenses	**1,124,952**	**1,135,413**	1,093,161
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes and schedules to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

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

a) Basis of presentation

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

b) Basis of accounting

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

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

c) Cash equivalents

Cash equivalents consist of crown corporation bonds; other municipal bonds; schedule A bank bonds and schedule B bankers' bonds; and asset backed commercial paper. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

d) Materials and supplies

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

e) Investments

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

1. *Significant Accounting Policies (continued)*

f) Deferred revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the acquisition and construction of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

g) Debt and finance charges

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

h) Administration and interest on capital work

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

i) Debenture premiums and issue expenses

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

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

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

k) Tax Revenue

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

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

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

1. *Significant Accounting Policies (continued)*

l) Government transfers

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

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

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

2. *Status of the General Revenue Fund*

The City is a municipality which was created on January 1, 1972, pursuant to The City of Winnipeg Act, a statute of the Legislature of the Province of Manitoba (the "Province"). The City continued as a body corporate by virtue of the enactment by the Province of The City of Winnipeg Charter on January 1, 2003. The City provides municipal services such as street system maintenance, police, fire, urban planning, parks and recreation.

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

3. *Cash and Cash Equivalents*

	2019	2018
Cash	**$ 35,730**	$ 23,665
Cash equivalents	**660,655**	511,031
	$ 696,385	$ 534,696

Cash equivalents have an effective average interest rate of 1.90% (2018 - 2.13%).

4. *Accounts Receivable*

	2019	2018
Property, payments-in-lieu and business taxes	**$ 58,102**	$ 52,999
Allowance for tax arrears	**(1,207)**	(813)
	56,895	52,186
Trade accounts and other receivables	**30,866**	36,620
Government of Canada	**18,084**	5,262
Province of Manitoba	**14,123**	15,149
Accrued interest receivable	**1,808**	1,364
Allowance for doubtful accounts	**(15,253)**	(17,401)
	49,628	40,994
	$ 106,523	$ 93,180

5. *Investments*

		2019		2018
Marketable securities				
Municipal bonds	**$**	**21,553**	$	17,630
Provincial bonds		**6,585**		6,044
	$	**28,138**	$	23,674

The aggregate market value of marketable securities at December 31, 2019 is $28.1 million (2018 - $23.6 million).

6. *Contributed Surplus and Other Assets*

		2019		2018
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 receivable:				
Winnipeg Parking Authority - Special Operating Agency, start-up loan with no specific terms of repayment		**3,918**		3,918
Golf Services - Special Operating Agency, start-up loan, non-interest bearing		**2,750**		2,791
Capital loan receivable:				
Capitalize land development costs in St. Boniface Industrial Park Phase II, non-interest bearing		**1,664**		1,818
Deferred election costs		**1,506**		2,259
	$	**38,911**	$	39,859

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 1.70% (2018 - 1.70%). These notes are callable by the issuers.

		2019		2018
Winnipeg Civic Employees' Benefits Program (Pension Fund)	**$**	**33,782**	$	73,794
Winnipeg Police Pension Plan		**14,358**		47,363
Insurance Reserve		**4,031**		4,705
Workers Compensation Reserve		**3,325**		1,160
Perpetual Maintenance Reserve Funds:				
- Brookside Cemetery		**938**		482
- St. Vital Cemetery		**222**		169
- Transcona Cemetery		**198**		152
Brady Landfill Site Rehabilitation Reserve		**354**		221
Sinking Fund		**(33)**		1,673
	$	**57,175**	$	129,719

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.

	2019	2018
Capital Reserves	**$ 288,935**	$ 195,648
Financial Stabilization Reserve	**107,766**	110,961
General Capital	**84,868**	(55,411)
Special Purpose Reserves	**39,335**	49,510
Sewage Disposal System	**40,062**	72,101
Land Drainage	**16,437**	9,538
Transit System	**10,561**	(23,475)
Winnipeg Parking Authority - Special Operating Agency	**10,245**	11,432
Municipal Accommodations	**4,126**	7,096
Solid Waste Disposal	**2,840**	7,784
Animal Services - Special Operating Agency	**2,908**	2,922
Waterworks System	**1,618**	(10,184)
Equipment and Material Services	**138**	136
Trusts	**-**	224
Fleet Management - Special Operating Agency	**(2,028)**	(14,765)
Golf Services - Special Operating Agency	**(5,096)**	(5,941)
	$ 602,715	$ 357,576

9. Accounts Payable and Accrued Liabilities

	2019	2018
Trade accounts payable	**$ 55,982**	$ 58,019
Provincial education support and school division special levies payable	**36,065**	34,325
Wages and employee benefits payable	**21,320**	22,796
Provision for assessment appeals	**18,604**	17,705
Other accrued liabilities	**15,744**	13,881
Accrued interest on long-term debt	**3,808**	1,374
	$ 151,523	$ 148,100

10. Deferred Revenue

	2019	2018
Deferred gain on sale of assets to:		
Golf Services - Special Operating Agency	**$ 21,011**	$ 21,101
Winnipeg Parking Authority - Special Operating Agency	**2,207**	2,427
Permit, membership & survey fees	**18,278**	16,790
Registration fees and other	**1,305**	1,248
Rentals	**1,193**	1,345
	$ 43,994	$ 42,911

11. Commitments and Contingent Liabilities

The following significant commitments and contingencies existed at December 31, 2019:

a) Loan guarantees

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

		2019		2018
The Convention Centre Corporation	**$**	**26,310**	$	25,586
CentreVenture Development Corporation		**22,433**		27,887
Fort Rouge Yards		**9,850**		9,956
Winnipeg Soccer Federation		**6,654**		6,808
Garden City Community Centre Inc.		**6,210**		6,396
Dakota Community Centre Inc.		**4,202**		4,511
Transcona East End Community Club Inc.		**3,618**		3,727
Southdale Recreation Association Inc.		**2,152**		2,289
Assiniboine Park Conservancy		**1,945**		3,500
Gateway Recreation Centre Inc.		**135**		273
Winnipeg Housing Rehabilitation Corporation		**46**		57
	$	**83,555**	$	90,990

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, 2019, an accrual has not been made to the financial statements.

b) Lawsuits

As part of the normal course of operations, lawsuits are pending against the City. The final outcome with respect to actions that will arise from these lawsuits as at December 31, 2019 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 (2018 - $1.2 billion). This included school taxes of $683.3 million (2018 - $668.9 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Total payments-in-lieu of taxes for the year were $67.4 million (2018 - $66.6 million). Included were payments-in-lieu of school taxes assessed in 2019 of $30.7 million (2018 - $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.

12. *Taxation (continued)*

The amounts levied are as follows:

		2019		2018
Sewage Disposal System	**$**	**11,285**	$	11,480
Waterworks System		**2,826**		2,788
Transit System		**937**		864
Winnipeg Parking Authority - Special Operating Agency		**198**		194
Solid Waste Disposal		**46**		39
	$	**15,292**	$	15,365

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:

		2019		2018
Waterworks System	**$**	**1,078**	$	1,073
Sewage Disposal System		**931**		927
Transit System		**804**		801
Municipal Accommodations		**623**		620
Solid Waste Disposal		**139**		138
Winnipeg Parking Authority - Special Operating Agency		**106**		101
Animal Services - Special Operating Agency		**79**		79
	$	**3,760**	$	3,739

14. *Contributions and Appropriations to Related Parties*

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

Included in Community Services department's expenses are transfers to various funds as follows: Animal Services - Special Operating Agency net transfer $771 thousand (2018 - $1.3 million).

Included in Public Works department's expenses is a transfer to the Insect Control Urgent Expenditures Reserve $3.2 million (2018 - $1.9 million).

Included in Planning, Property and Development department's expenses is a transfer to the Perpetual Maintenance Reserves in the amount of $191 thousand (2018 - $145 thousand), a transfer to the Permit Reserve of $1.2 million (2018 - $365 thousand), a transfer to Golf Services in the amount of $730 thousand (2018 - $730 thousand) and the Housing Rehabilitation Investment Reserve of $1.0 million (2018 - $1.0 million).

Included in Corporate Finance department's expenses are recoveries from various funds for investment management fees. This includes $281 thousand (2018 - $298 thousand) from the Special Purpose Reserves, $695 thousand (2018 - $572 thousand) from the Capital Reserves, and $351 thousand (2018 - $293 thousand) from the Sinking Fund. There was $428 thousand (2018 - $322 thousand) recovered from the Financial Stabilization Reserve.

Included in government affairs, pension contribution and other expenses during 2019 is a $94 thousand (2018 - $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 $206 thousand (2018- $110 thousand).

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

Included in the other expense category is a transfer from the General Capital Fund of $3.3 million (2018 - $1.5 million) related to capital expenditures.

Included in various expense categories are the following: during 2019 a transfer of $67.2 million to the Municipal Accommodations Fund (2018 - $64.2 million); a transfer to the Computer Replacement Reserve of $1.3 million (2018 - $783 thousand); a transfer to the General Capital Fund of $25.8 million (2018 - $31.7 million) to fund capital projects; a contribution to the Commitment Reserve of $3.7 (2018 - $1.3 million); a transfer to the Insurance Reserve of $727 thousand (2018 - $841 thousand); a transfer to the Waterworks System Fund of $82 thousand (2018 - $82 thousand); a transfer to Local Streets Renewal Reserve of $35.4 million (2018 - $29.8 million) and a transfer to Regional Streets Renewal Reserve of $30.9 million (2018 - $25.3 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 $64.4 million (2018 - $62.6 million) of benefit costs were allocated to the General Revenue Fund.

b) Councillors' Pension Plan Established Under By-Law No. 3553/83

On November 2, 1992, the pension plan provided to members of City Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. These benefits are recorded when paid. The unrecorded benefits liability at December 31, 2019 has been estimated to be $3.6 million (2018 - $3.6 million). In 2019, the City paid out $0.3 million (2018 - $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 2019, the City paid out $0.5 million (2018 - $0.6 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, 2019 at $74.7 million (2018 - $70.8 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, 2019 is estimated at $36.8 million (2018 - $33.6 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, 2019 is estimated at $45.9 million (2018 - $46.0 million).

16. Other Employee Benefits (continued)

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2019 is estimated at $38.0 million (2018 - $32.8 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.

19. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2019 Budget	2019 Actual	2018 Actual
Taxation			
Municipal realty tax	$ 572,826	$ 572,923	$ 551,642
Frontage levy	63,245	63,370	62,906
Business and licenses-in-lieu of business taxes	55,113	55,113	55,070
Electricity and natural gas sales taxes	21,800	21,958	21,736
Entertainment tax	2,150	2,135	2,066
Local improvement tax	1,225	1,184	1,189
Billboard tax	703	705	689
Licenses-in-lieu of realty tax	369	369	369
Local improvement tax commuted	100	60	52
	717,531	717,817	695,719
Government transfers			
Provincial of Manitoba			
Municipal Operating Grant	97,400	97,383	95,776
Public Safety	23,954	24,758	23,955
	121,354	122,141	119,731
Less: Support for Provincial Programs	(23,650)	(23,650)	(23,650)
	97,704	98,491	96,081
Transfer for paramedic services	43,021	39,007	33,301
Other	3,094	5,759	5,530
	143,819	143,257	134,912
Government of Canada	15	107	-
	143,834	143,364	134,912

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2019 Budget	2019 Actual	2018 Actual
Regulation fees			
Permits and fees	**34,381**	**37,680**	32,473
Fines	**21,529**	**19,089**	21,668
Tax penalty interest	**16,100**	**17,550**	16,330
Licenses	**2,451**	**2,483**	2,547
	74,461	**76,802**	73,018
Sale of goods and services	**53,956**	**56,910**	58,775
Investment and other interest			
Transfer from Sewage Disposal System	**20,350**	**20,350**	22,728
Transfer from Waterworks System	**13,862**	**13,862**	15,487
Transfer from Parking	**9,912**	**9,912**	4,920
Interest earned	**4,036**	**7,220**	5,363
Interest capitalized	**2,100**	**1,882**	2,611
Transfer from Fleet	**242**	**242**	243
	50,502	**53,468**	51,352
Payments-in-lieu of taxes	**36,714**	**36,714**	35,794
Contributions and transfers			
Financial Stabilization Reserve	**10,304**	**11,442**	-
Municipal Accommodations (Note 14)	**10,028**	**9,229**	12,289
Insect Control Urgent Expenditure Reserve	**2,000**	**3,231**	1,966
Economic Development Reserve	**1,806**	**1,806**	-
Insurance Reserve	**1,700**	**1,700**	-
Multi-Family Reserve	**1,500**	**1,500**	-
Workers Compensation Reserve	**1,000**	**1,000**	3,000
Transit System	**782**	**782**	784
Waterworks System	**681**	**681**	679
Permit Reserve	**203**	**571**	1,000
Perpetual Maintenance	**325**	**325**	324
Land Operating Reserve	**235**	**235**	2,535
Housing Rehabilitation Reserve	**152**	**191**	686
Winnipeg Parking Authority - Special Operating Agency	**135**	**185**	135
Destination Marketing Reserve	**81**	**81**	100
Southwest Rapid Transit Corridor Reserve	**-**	**-**	1,300
	30,932	**32,959**	24,798

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2019 Budget	2019 Actual	2018 Actual
Sale of Winnipeg Hydro and other			
Manitoba Hydro	**16,000**	**16,000**	16,000
Other revenues	**1,022**	**1,379**	2,793
	17,022	**17,379**	18,793
Total Revenues	**$ 1,124,952**	**$ 1,135,413**	$ 1,093,161

THE CITY OF WINNIPEG
GENERAL REVENUE FUND **Schedule 2**

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Protection and community services			
Police service	**$ 301,417**	**$ 301,422**	$ 290,564
Fire paramedic service	**201,518**	**202,096**	196,677
Community services	**114,068**	**114,191**	108,684
Museums	**765**	**765**	1,031
	617,768	**618,474**	596,956
Public works			
Public works	**244,802**	**258,992**	237,722
Water and waste	**23,226**	**22,628**	21,634
Street lighting	**13,116**	**12,149**	12,425
	281,144	**293,769**	271,781
Finance and administration			
Innovation	**25,113**	**23,533**	-
Assessment and taxation	**23,554**	**21,627**	25,164
City clerks	**13,575**	**13,122**	13,613
Customer Services & Communication	**8,537**	**8,599**	-
Corporate finance	**8,342**	**7,199**	8,274
Human Resources	**6,055**	**6,236**	-
Chief administrative offices	**5,855**	**5,595**	4,509
Council	**4,001**	**3,974**	3,474
Legal services	**3,459**	**4,593**	3,240
Mayor's office	**1,832**	**1,738**	1,734
Audit	**1,396**	**1,228**	1,154
Policy development and strategic initiatives	**830**	**637**	549
Corporate support services	**-**	**-**	33,808
	102,549	**98,081**	95,519
Contributions and appropriations			
Contribution to Transit System	**70,561**	**70,561**	66,405
Transfer to Financial Stabilization Reserve	**-**	**-**	19,498
	70,561	**70,561**	85,903
Property and development			
Planning, property and development	**44,113**	**45,726**	41,357
Employee benefits and payroll tax			
Provincial payroll tax	**3,491**	**3,495**	11,060
Employee benefits	**11,454**	**11,475**	2,547
	14,945	**14,970**	13,607

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2019 Budget	**2019 Actual**	2018 Actual
Debt and finance charges			
Transfer to General Capital Fund	**27,767**	**29,676**	23,317
Other interest and finance charges	**-**	**1,942**	4,190
Transfer charges to departments	**(24,398)**	**(31,130)**	(27,045)
	3,369	**488**	462
Other			
Insurance and damage claims	**3,716**	**3,738**	3,586
Government affairs, pension contribution and other	**(13,213)**	**(10,394)**	(16,010)
	(9,497)	**(6,656)**	(12,424)
Total Expenses	**$ 1,124,952**	**$ 1,135,413**	$ 1,093,161

THE CITY OF WINNIPEG
GENERAL REVENUE FUND **Schedule 3**

EXPENSES BY OBJECT

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

	2019 Budget	**2019 Actual**	2018 Actual
Salaries and employee benefits	**$ 643,643**	**$ 634,860**	$ 608,616
Transfers to other Funds	**231,655**	**243,626**	245,515
Services	**136,094**	**156,745**	143,803
Materials, parts and supplies	**41,205**	**39,890**	39,770
to other authorities - departmental and corporate			
Debt and finance charges - departmental and corporate	**37,288**	**33,491**	25,408
Grants and payments	**33,827**	**33,319**	33,215
Municipal tax, amortization and other	**14,903**	**12,420**	16,456
Provincial payroll tax	**11,454**	**11,475**	11,060
Assets - purchases and renovations	**7,044**	**8,158**	7,937
Recoveries	**(32,161)**	**(38,571)**	(38,619)
	$ 1,124,952	**$ 1,135,413**	$ 1,093,161

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 2018 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 2019 with 2018 comparative figures are as follows:

	2019	2018
Provincial education support program levy		
Other property	**$ 110,145,767**	$ 112,782,891
Special levies (by school division)		
Winnipeg	**191,440,649**	185,924,095
Louis Riel	**109,953,815**	106,538,958
Pembina Trails	**107,449,620**	104,767,213
River East - Transcona	**79,943,847**	78,450,035
St. James - Assiniboia	**58,492,404**	56,343,683
Seven Oaks	**51,373,572**	49,759,108
Seine River	**5,129,534**	5,139,261
Interlake	**44,981**	44,983
	603,828,422	586,967,336
	$ 713,974,189	$ 699,750,227
Allocated as follows:		
Realty taxes	**$ 683,291,613**	$ 668,925,471
Payments-in-lieu of taxes	**30,682,576**	30,824,756
	$ 713,974,189	$ 699,750,227

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 5

2019 ASSESSMENT PORTIONED BY PROPERTY CLASSIFICATION

As at April 12, 2019
(unaudited)

	Portion	Taxable	Exempt Subject to Payments-in-Lieu	Exempt	Total
Residential 1	45.0%	$ 25,676,911,677	$ 101,098,364	$ 64,986,775	$ 25,842,996,816
Residential 2	45.0%	3,765,021,195	336,777,750	3,964,095	4,105,763,040
Residential 3	45.0%	2,067,386,850	-	133,200	2,067,520,050
Farm	26.0%	63,427,449	6,390,686	61,397,516	131,215,651
Institutional	65.0%	932,778,053	98,541,300	1,959,997,733	2,991,317,086
Pipelines	50.0%	15,700,500	-	-	15,700,500
Railways	25.0%	93,188,384	-	-	93,188,384
Designated recreational facilities	10.0%	15,194,480	729,600	4,435,300	20,359,380
Other	65.0%	10,122,210,363	894,298,765	1,760,307,631	12,776,816,759
Legislative building	65.0%	-	9,414,226	-	9,414,226
		$ 42,751,818,951	$ 1,447,250,691	$ 3,855,222,250	$ 48,054,291,892

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 2019 budget for the General Capital Fund of $204.5 million was a 4.6% decrease from the 2018 budget of $214.0 million. Capital asset additions in 2019 relating to 2019 and previous years capital budgets, decreased from $235.9 million in 2018 to $231.2 million which includes placing into service $49.3 million of Assets Under Construction for a net decrease in asset additions of $181.5 million in 2019.

Of the $235.9 million of assets placed into service, $160.5 million was for Roads and Bridges, $27.6 million was for Buildings, $18.5million was for Other Assets and $13.4 million was for Land assets.

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

- Waverley Street at CN Mainline	$	44.9	million
- Local Streets Renewal program	$	36.2	million
- Regional Streets Renewal program	$	19.4	million
- Empress Street, St. Matthews to Portage	$	14.2	million
- Fermor Avenue Bridge Rehabilitation	$	12.9	million
- Developer Contributed Roads	$	12.6	million
- Seven Oaks Pool Renewal	$	9.7	million
- Garry Street, Assiniboine to Princess	$	6.5	million
- Transcona Library Redevelopment	$	6.0	million
- Fermor Avenue, St Anne's to Archibald	$	4.9	million
- Main Street, McAdam to Kildonan Golf Course	$	4.7	million
- Inkster Boulevard, Milner to Fife	$	4.1	million
- Roblin Street, Assiniboine to Shaftesbury	$	3.9	million
- St. John's Library Redevelopment	$	3.0	million
- Pan Am Facility Upgrades	$	2.9	million
- Corydon Avenue, Cordova to Lanark	$	2.8	million

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

FIVE-YEAR REVIEW

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

	2019	2018	2017	2016	2015
Tangible Capital Assets	**$ 3,097,260**	$ 3,058,314	$ 3,783,556	$ 3,669,779	$ 3,545,245
% change in tangible capital assets	**1.27%**	(19.17%)	3.10%	3.51%	4.88%
Debt					
Net Sinking Fund, serial and installment	**$ 570,620**	$ 457,076	$ 469,663	$ 483,609	$ 449,085
Other long-term debt	**193,870**	201,876	212,870	199,721	205,193
Total long-term debt	**$ 764,490**	$ 658,952	$ 682,533	$ 683,330	$ 654,278
% change in total debt	**16.02%**	(3.45%)	(0.12%)	4.44%	7.65%
Interest Expense	**$ 32,516**	$ 33,169	$ 35,036	$ 34,817	$ 35,646
% change in external interest expense	**(1.97%)**	(5.33%)	0.63%	(2.33%)	10.08%
Summary of Cash Flows					
Operating activities	**$ 224,028**	$ (655,069)	$ 255,304	$ 289,893	$ 241,484
Long-term debt (retired) issued, net	**$ 114,180**	$ (15,341)	$ (20,860)	$ 37,800	$ 1,528
Payments to The Sinking Fund Trustees, net	**$ 7,176**	$ 8,593	$ 22,799	$ (6,308)	$ 47,954
Due from/to General Revenue Fund	**$ (140,279)**	$ 75,838	$ 1,485	$ (57,894)	$ 6,796
Capital acquisitions	**$ (181,925)**	$ (235,881)	$ (258,170)	$ (262,471)	$ (296,946)
Other	**$ (23,180)**	$ 821,860	$ (558)	$ (1,020)	$ (816)

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF FINANCIAL POSITION

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

	2019	2018
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 3)	**$ 84,868**	$ -
Accounts receivable (Note 4)	**23,762**	31,597
Capital loans receivable (Note 5)	**26,696**	21,248
	135,326	52,845
LIABILITIES		
Due to General Revenue Fund (Note 3)	**-**	55,411
Accounts payable and accrued liabilities (Note 6)	**14,267**	16,480
Capital loans payable	**3,219**	9,532
Expropriation liability	**44,182**	42,436
Deferred revenue	**29,672**	153
Deferred revenue related to capital assets (Note 7)	**9,791**	8,416
Debt (Note 8)	**764,490**	658,952
Deferred liabilities	**1,011**	1,156
Developer deposits	**9,802**	9,613
	876,434	802,149
NET FINANCIAL LIABILITIES	**(741,108)**	(749,304)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	**3,097,260**	3,058,314
Prepaid expenses	**2,675**	1,785
	3,099,935	3,060,099
ACCUMULATED SURPLUS (Note 11)	**$ 2,358,827**	$ 2,310,795

Commitments (Note 12)

Subsequent event (Note 13)

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)

	2019	2018
REVENUES		
Transfers from other City of Winnipeg Funds (Schedule 2)	**$ 154,924**	$ 105,381
Transfer from General Revenue Fund		
Debt and finance	**29,676**	23,317
Other	**3,330**	186
Government of Canada capital transfer	**25,381**	15,954
Capital funding recognized (Note 7)	**24,846**	60,939
Province of Manitoba capital transfer	**14,983**	36,557
Developer contributions-in-kind	**14,863**	20,839
Interest income	**1,393**	1,066
Other	**7,297**	7,465
	276,693	271,704
EXPENSES		
Amortization	**137,206**	132,759
Interest - External debt	**36,115**	33,169
Infrastructure maintenance	**32,516**	17,309
Grants	**12,368**	18,400
Transfers to other City of Winnipeg Funds (Schedule 2)	**7,561**	865,795
Loss on disposal of tangible capital assets	**1,374**	413
Other	**1,520**	4,648
	228,660	1,072,493
NET SURPLUS (DEFICIT) FOR THE YEAR	**48,033**	(800,789)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**2,310,794**	3,111,583
ACCUMULATED SURPLUS, END OF YEAR (Note 11)	**$ 2,358,827**	$ 2,310,794

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 48,033**	$ (800,789)
Non-cash charges to operations		
Amortization	**137,206**	132,759
Loss on disposal of tangible capital assets	**1,374**	413
Working capital from operations	**186,613**	(667,617)
Net change in working capital	**4,731**	46,603
Net change in expropriation liabilities	**1,746**	(5,742)
Net change in deferred liabilities, deferred revenue and developer deposits	**30,938**	(28,313)
	224,028	(655,069)
FINANCING		
Debt issued	**125,551**	-
Debenture debt retired	**(11,371)**	(15,341)
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")	**(14,863)**	(15,954)
Payments to The Sinking Fund Trustees for outstanding long-term debt	**7,176**	8,593
Capital loans receivable	**(5,448)**	1,210
Capital loans payable	**(6,313)**	9,532
Due to General Revenue Fund	**(140,279)**	75,838
Other	**(955)**	(879)
	(46,502)	62,999
INVESTING		
Net purchase of capital assets (Schedule 1)	**(181,925)**	(235,881)
Transfer of Assets to Land Drainage System	**-**	821,856
Net proceeds on disposal of tangible capital assets	**4,399**	6,095
	(177,526)	592,070
CASH, BEGINNING OF YEAR	**-**	-
CASH, END OF YEAR	**$ -**	$ -

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.

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 25 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	10 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.

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

	2019	2018
Government of Canada	**$ 18,313**	$ 4,606
Province of Manitoba	**1,864**	16,642
Local improvements - Fairfield Park	**913**	1,019
Other	**2,672**	9,330
	$ 23,762	$ 31,597

5. Capital Loans Receivable

At varying maturities up to the year 2036 with a weighted average interest rate for the year 2019 of 5.45% (2018 - 5.40%) due from the following:

	2019	2018
Transit System	**$ 26,696**	$ 21,248

6. Accounts Payable and Accrued Liabilities

	2019	2018
Trade accounts payable	**$ 10,444**	$ 8,753
Contractors' holdbacks	**3,823**	7,727
	$ 14,267	$ 16,480

7. *Deferred Revenue Related to Capital Assets*

Deferred revenue related to capital assets represents funding transferred from the General Revenue, the Municipal Accommodations and the Transit System 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.

	2019	2018
Beginning balance	**$ 8,416**	$ 36,011
Contributions received from:		
General Revenue Fund	**23,965**	31,725
Municipal Accommodations Fund	**2,256**	1,012
Transit System	**-**	607
	26,221	33,344
Deduct capital funding recognized	**24,846**	60,939
	$ 9,791	$ 8,416

8. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2019**	2018
2014-2045	Jun. 1	4.100	WD1	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**	-
2019-2051	Nov. 15	2.667	WC7	6976/97, 7751/01, and 40/16	**28,001**	-
					607,113	481,562
Equity in Sinking Fund (Note 8b)					**(36,493)**	(28,806)
Net sinking fund debentures outstanding					**570,620**	452,756

Other long-term debt outstanding

	2019	2018
Serial and installment debt issued by the City matured in in 2019 and had a weighted average interest rate of 4.50%	**-**	4,320

8. *Debt (continued)*

	2019	2018
Service concession arrangement obligations (Notes 8c and 12a)	**146,075**	148,338
Capital lease obligations with varying maturities up to 2038 and a weighted average interest rate of 8.18% (2018 - 8.18%) (Note 8d)	**21,564**	22,519
Canada Mortgage and Housing Corporation ("CMHC") term loan, maturity February 1, 2026, interest rate of 3.72%	**5,176**	5,813
Toronto Dominion Bank fixed rate term loan, maturity December 22, 2027, interest rate of 2.87%	**11,696**	12,979
Tuxedo Yards development loan with an interest rate of 2.60%	**-**	2,484
Garden City Community Centre grant loan with an interest rate of 4.16%	**5,043**	5,188
Transcona East End Community Centre grant loan with an interest rate of 4.00%	**2,652**	2,737
General Revenue Fund debt issued to mature 2031 with an interest rate of 3.20%	**1,664**	1,818
	$ 764,490	$ 658,952

Debt to be retired over the next five years:

	2020	2021	2022	2023	2024	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 607,113
Serial and installment debt	-	-	-	-	-	-
Service concession arrangements	2,449	2,648	2,863	3,097	3,349	131,669
Capital lease obligations	1,155	1,365	1,618	1,970	4,225	11,231
CMHC	661	686	711	737	765	1,616
Toronto Dominion	1,320	1,358	1,397	1,438	1,479	4,704
General Revenue Fund	146	146	146	146	146	934
Community Centre Grants	237	247	258	268	279	6,406
	$ 5,968	$ 6,450	$ 6,993	$ 7,656	$ 10,243	$ 763,673

8. *Debt (continued)*

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

b) The City of Winnipeg Charter required the City to make annual payments to The Sinking Fund Trustees on debt outstanding as at December 31, 2002. At the end of 2018, all outstanding debt that required annual payments by the City to The Sinking Fund Trustees has matured. Sinking fund arrangements after December 31, 2002 are managed by the City in a separate fund. The City of Winnipeg General Revenue Fund, on behalf of the General Capital Fund, is currently paying between one to 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, 2019, $107.4 million was capitalized (Note 10). 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 12.

(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, 2019, $195.0 million was capitalized for commissioned works (Note 10). 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 12.

		2019		2018
Plenary Roads Winnipeg GP - Disraeli Bridges	**$**	**100,608**	$	102,137
DBF2 - Chief Peguis Trail		**45,466**		46,202
	$	**146,074**	$	148,339

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

	2020		2,680
	2021		2,794
	2022		2,930
	2023		3,141
	2024		5,225
	thereafter		15,701
Total future minimum lease payments			32,471
Amount representing interest at a weighted average interest rate of 8.18%			(10,907)
Balance of the capital lease obligations		$	21,564

9. *Establishment of a New Land Drainage System Fund*

Effective January 1, 2018 a new Land Drainage System fund was established to provide financing for flood pumping stations, storm water retention, support services allocation, debt and finance, local land drainage maintenance, and lot grades.

Previous to the establishment of the new Land Drainage System fund, land drainage activities were primarily operated within the General Capital fund. On January 1, 2018 all land drainage assets and liabilities were transferred to the new fund totaling $829.7 million.

		2019		2018
Tangible capital assets transferred	**$**	**-**	$	1,293,077
Accumulated amortization of assets transferred		**-**		471,221
Net tangible capital assets transferred		**-**		821,856
Other assets and liabilities transferred		**-**		7,875
Total assets and liabilities transferred	**$**	**-**	$	829,731

10. Tangible Capital Assets

	2019	2018
Land	**$ 242,237**	$ 233,148
Buildings	**581,112**	579,374
Vehicles	**118**	128
Computer	**29,012**	33,482
Other	**122,483**	121,934
Plants and facilities	**20,738**	14,463
Roads	**1,526,283**	1,464,555
Underground and other networks	**19,248**	19,260
Bridges and other structures	**514,363**	501,017
Assets under construction	**41,666**	90,953
	$ 3,097,260	$ 3,058,314

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

During the year, there were no write-downs of tangible capital assets (2018 - $0.2 million). Administration fees and interim financing charges capitalized during 2019 were $2.4 million (2018 - $3.8 million). In addition, land, roads, parks, recreation facilities and underground networks contributed to the City and recorded in the General Capital Fund totaled $14.8 million in 2019 (2018 - $20.8 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $263.6 million (2018 - $267.6 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

11. Accumulated Surplus

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

12. Commitments

a) Service concession arrangements

(i) As disclosed in Note 8c, the City will pay DBF2 a monthly performance-based maintenance payment related to the Chief Peguis Trail Extension contract. The monthly payment totaling $1.5 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.

13. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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	$ 233,148	$ 958,526	$ 11,341	$ 128,128	$ 248,999
Add: Additions during the year	13,431	27,653	-	4,190	18,466
Less: Disposals during the year	4,342	6,092	-	3,034	2,762
Less: Transfer to Land Drainage System	-	-	-	-	-
Balance, end of year	242,237	980,087	11,341	129,284	264,703
Accumulated amortization					
Balance, beginning of year	-	379,152	11,213	94,646	127,065
Add: Amortization	-	24,788	10	8,406	17,929
Less: Accumulated amortization on disposals	-	4,965	-	2,780	2,774
Less: Transfer to Land Drainage System	-	-	-	-	-
Balance, end of year	-	398,975	11,223	100,272	142,220
Net Book Value of Tangible Capital Assets	$ 242,237	$ 581,112	$ 118	$ 29,012	$ 122,483

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	**2019**	2018
$ 15,788	$ 2,727,906	$ 22,414	$ 770,113	$ 90,953	**$ 5,207,316**	$ 6,278,142
6,479	134,737	504	25,752	(49,287)	**181,925**	235,881
-	1,175	-	-	-	**17,405**	13,630
-	-	-	-	-	**-**	1,293,077
22,267	2,861,468	22,918	795,865	41,666	**5,371,836**	5,207,316
1,325	1,263,351	3,154	269,096	-	**2,149,002**	2,494,586
204	72,947	516	12,406	-	**137,206**	132,759
-	1,113	-	-	-	**11,632**	7,122
-	-	-	-	-	**-**	471,221
1,529	1,335,185	3,670	281,502	-	**2,274,576**	2,149,002
$ 20,738	$ 1,526,283	$ 19,248	$ 514,363	$ 41,666	**$ 3,097,260**	$ 3,058,314

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)

	2019	2018
TRANSFERS FROM OTHER CITY OF WINNIPEG FUNDS		
Federal Gas Tax Revenue Reserve	**$ 68,689**	$ 32,625
Local Street Renewal Reserve	**35,368**	29,768
Regional Street Renewal Reserve	**30,870**	25,270
Municipal Accommodations Fund (Note 7)	**5,209**	4,722
Land Operating Reserve	**8,866**	5,412
Economic Development Investment Reserve	**2,546**	3,595
Destination Marketing Reserve	**2,182**	2,182
Contributions in Lieu of Land Dedication Reserve	**885**	1,365
Transit System	**309**	-
Insurance Reserve	-	250
Commitment Reserve	-	150
Library Trust	-	42
	$ 154,924	$ 105,381
TRANSFERS TO OTHER CITY OF WINNIPEG FUNDS		
Land Drainage System	**$ 4,079**	839,171
General Revenue Fund	**2,525**	1,512
Waterworks System	**629**	3,088
Land Dedication Reserve	**220**	-
Fleet Management	**96**	101
Winnipeg Parking Authority	**12**	3
Sewage Disposal System	**-**	3,497
Transit System	**-**	18,396
Golf Services	**-**	27
	$ 7,561	$ 865,795

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

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

History:

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

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

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

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

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

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

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

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

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

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

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

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

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

On March 23, 2015, City Council, 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)

	2019	2018	2017	2016	2015
General Revenue Fund's adopted budget expense	**$ 1,124,952**	$ 1,082,088	$ 1,079,509	$ 1,055,130	$ 994,097
Equity	**$ 107,766**	$ 110,961	$ 79,764	$ 67,410	$ 75,632
Level (1)	**9.6%**	10.3%	7.4%	6.4%	7.6%
Over target (2)	**$ 40,269**	$ 46,036	$ 14,994	$ 4,103	$ 15,986

(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)

	2019	2018
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 107,766**	$ 110,961
EQUITY		
Unallocated	**$ 107,766**	$ 110,961

Subsequent event (Note 4)

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)

	2019	2018
Balance, beginning of year	**$ 110,961**	$ 79,764
Add:		
Transfer from General Revenue Fund	**-**	19,498
Interest earned	**1,896**	1,264
Transfer from Commitment Reserve	**198**	495
Net realty taxes added to the assessment roll	**6,581**	10,262
	8,675	31,519
Deduct:		
Transfer to General Revenue Fund - investment management fee	**428**	322
Transfer to General Revenue Fund	**11,442**	-
	11,870	322
Balance, end of year	**$ 107,766**	$ 110,961

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(unaudited)

1. *Significant Accounting Policies*

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

a) Basis of presentation

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

b) Basis of accounting

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

2. *Status of the Financial Stabilization Reserve*

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

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

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

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

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

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

2. Status of the Financial Stabilization Reserve (continued)

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, 2019 effective interest rate was 1.70% (2018 - 1.70%).

4. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
CAPITAL RESERVES

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

Water Main Renewal Reserve Fund

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

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

The Director of Water and Waste is the Fund Manager.

Sewer System Rehabilitation Reserve Fund

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

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

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

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

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

The Director of Water and Waste is the Fund Manager.

Environmental Projects Reserve Fund

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

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

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

On September 3, 2004, the Province issued Environment Act License No. 2669 for the West End Water Pollution Control Centre, which provided for the plan as directed by the Minister of Conservation. Certain provisions of this license were appealed by the City. Revised 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.

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.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

Transit Bus Replacement Reserve Fund

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

The Director of Transit is the Fund Manager.

Computer, Critical Systems and Support Reserve Fund

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

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

The Chief Innovation Officer is the Fund Manager.

Federal Gas Tax Revenue Reserve Fund

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

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

On March 24, 2006, the Province and the City signed the Gas Tax Funding Agreement. The agreement was effective as of April 1, 2005 and continues until March 31, 2015. A subsequent agreement was signed September 2, 2014 ensuring funding until 2024.

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

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

The Director of Public Works is the Fund Manager.

Southwest Rapid Transit Corridor Reserve Fund

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

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

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

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

The Director of Transit is the Fund Manager.

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

On March 23, 2015 City Council approved the establishment of the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve. The purpose of the Reserve is to set aside funding for the P3 annual service/financing payment which commenced in 2019 for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project.

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.

Regional Street Renewal Reserve Fund

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

The Director of Public Works is the Fund Manager.

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.

The Chief Financial Officer is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW

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

	2019	2018	2017	2016	2015
Water Main Renewal Reserve Fund					
Water main renewals funded	**$ 15,394**	$ 21,049	$ 19,817	$ 16,081	$ 14,927
Kilometres of water mains	**2,689**	2,679	2,660	2,637	2,614
Water main repairs	**493**	721	236	268	317
Sewer System Rehabilitation Reserve Fund					
Sewer renewals funded	**$ 14,613**	$ 13,071	$ 22,266	$ 25,594	$ 16,331
Kilometres of sewers	**2,673**	2,658	2,640	2,722	2,608
Kilometres of sewers renewed	**-**	0.23	0.11	0.23	0.39
Environmental Projects Reserve Fund					
Transfer from Sewage Disposal System	**$ 93,092**	$ 23,561	$ 18,367	$ 16,739	$ 16,838
Transfer to Sewage Disposal System - capital projects	**$ 35,117**	$ 12,094	$ 17,860	$ 6,836	$ 6,761
Brady Landfill Site Rehabilitation Reserve Fund					
Transfer from Solid Waste Disposal	**$ -**	$ -	$ 348	$ 357	$ 175
Landfill Rehabilitation Reserve Fund					
Transfer from Solid Waste Disposal	**$ 319**	$ 327	$ -	$ -	$ -
Transfer to Solid Waste Disposal	**$ 316**	$ 107	$ -	$ -	$ -
Waste Diversion Reserve Fund					
Transfer from Solid Waste Disposal	**$ -**	$ -	$ 1,000	$ 4,500	$ 1,000
Golf Course Reserve Fund					
Equity	**$ -**	$ -	$ -	$ 343	$ 453
Transit Bus Replacement Reserve Fund					
Transfer (to)/from Transit System, net	**$ (9,735)**	$ (368)	$ (5,010)	$ 4,690	$ (5,243)
Number of buses financed	**28**	55	25	13	45

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW (continued)

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

	2019	2018	2017	2016	2015
Computer, Critical Systems and Support Reserve Fund					
Allocation of equity:					
Innovation, Transformation and Technology	**$ 1,041**	$ 1,267	$ 658	$ 186	$ 1,018
Public Works	**199**	212	190	123	40
Planning, Property and Development	**48**	92	76	88	79
Community Services	**5**	18	43	78	123
	$ 1,293	$ 1,589	$ 967	$ 475	$ 1,260
Federal Gas Tax Revenue Reserve Fund					
Government of Canada funding	**$ 72,141**	$ 32,625	$ 38,959	$ 39,840	$ 47,452
Transfer to General Capital Fund	**$ 68,689**	$ 32,625	$ 29,751	$ 36,323	$ 41,690
Transfer to Transit System - capital projects	**$ 3,452**	$ -	$ 9,208	$ 3,517	$ 5,762
Southwest Rapid Transit Corridor Reserve Fund					
Transfer (to)/from Transit System, net	**$ -**	$ (815)	$ -	$ (523)	$ (4,200)
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve Fund					
Transfer from/(to) Transit System, net	**$ 5,362**	$ 5,235	$ 3,303	$ 1,700	$ -
Local Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 35,370**	$ 29,770	$ 24,370	$ 19,000	$ 14,100
Transfer to General Capital Fund	**$ 33,898**	$ 28,298	$ 23,278	$ 18,375	$ 12,663
Regional Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 30,870**	$ 25,270	$ 19,870	$ 14,500	$ 9,600
Transfer to General Capital Fund	**$ 29,538**	$ 23,938	$ 18,937	$ 13,405	$ 8,519
Impact Fee Reserve					
Impact Fees collected	**$ 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	Sewer System Rehabilitation Reserve	Environmental Projects Reserve	Landfill Rehabilitation Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$ 3,908**	**$ 9,938**	**$ 165,991**	**$ 2,847**
Call loans - General Revenue Fund (Note 4)	**-**	**-**	**-**	**354**
Accounts receivable	**-**	**-**	**-**	**56**
	3,908	**9,938**	**165,991**	**3,257**
Investments (Note 5)	**-**	**-**	**-**	**4,770**
	$ 3,908	**$ 9,938**	**$ 165,991**	**$ 8,027**
LIABILITIES				
Accounts payable	**$ -**	**$ -**	**$ -**	**$ -**
Deferred revenue	**-**	**-**	**-**	**-**
Debt	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**
EQUITY				
Allocated	**3,908**	**9,938**	**165,991**	**8,027**
Unallocated	**-**	**-**	**-**	**-**
	3,908	**9,938**	**165,991**	**8,027**
	$ 3,908	**$ 9,938**	**$ 165,991**	**$ 8,027**

Subsequent event (Note 6)

See accompanying notes to the financial statements

Waste Diversion Reserve	Golf Course Reserve	Transit Bus Replacement Reserve	Computer, Critical Systems and Support Reserve	Sub-total
$ 5,221	$ -	$ 1,417	$ 1,293	$ 190,615
-	-	-	-	354
-	-	-	-	56
5,221	-	1,417	1,293	191,025
-	-	-	-	4,770
$ 5,221	$ -	$ 1,417	$ 1,293	$ 195,795
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,221	-	190	1,293	194,568
-	-	1,227	-	1,227
5,221	-	1,417	1,293	195,795
$ 5,221	$ -	$ 1,417	$ 1,293	$ 195,795

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Sub-total Brought Forward	Federal Gas Tax Reserve	SWRT Corridor Reserve	SWRT Payment Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	$ 190,615	$ 49,518	$ 2,172	$ 15,866
Call loans - General Revenue Fund (Note 4)	354	-	-	-
Accounts receivable	56	-	-	-
	191,025	49,518	2,172	15,866
Investments (Note 5)	4,770	-	-	-
	$ 195,795	$ 49,518	$ 2,172	$ 15,866
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue	-	48,207	-	-
Debt	-	-	-	-
	-	48,207	-	-
EQUITY				
Allocated	194,568	-	535	15,866
Unallocated	1,227	1,311	1,637	-
	195,795	1,311	2,172	15,866
	$ 195,795	$ 49,518	$ 2,172	$ 15,866

Subsequent event (Note 6)

See accompanying notes to the financial statements

Local Street Renewal Reserve	Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2019	Totals 2018
$ 190	$ 199	$ 30,375	$ 288,935	$ 195,648
-	-	-	354	221
-	-	-	56	53
190	199	30,375	289,345	195,922
-	-	-	4,770	4,704
$ 190	$ 199	$ 30,375	$ 294,115	$ 200,626
$ 86	$ 76	$ -	$ 162	$ 162
-	-	-	48,207	31,858
-	-	-	-	-
86	76	-	48,369	32,020
104	123	-	211,196	149,134
-	-	30,375	34,550	19,472
104	123	30,375	245,746	168,606
$ 190	$ 199	$ 30,375	$ 294,115	$ 200,626

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Water Main Renewal Reserve	Sewer System Rehabilitation Reserve	Environmental Projects Reserve	Landfill Rehabilitation Reserve
Balance, beginning of year	$ 258	$ 6,496	$ 106,383	$ 7,788
Add:				
Government of Canada transfers	-	-	-	-
Transfer from Sewage Disposal System	-	18,000	93,092	-
Transfer from Waterworks System	19,000	-	-	-
Transfer from Transit System	-	-	-	-
Interest earned	58	72	2,134	206
Transfer from General Revenue Fund	-	-	-	-
Transfer from Solid Waste Disposal	-	-	-	319
Transfer from Municipal Accommodations	-	-	-	-
Transfer from Golf Services SOA	-	-	-	-
Other	-	-	-	64
	19,058	18,072	95,226	589
Deduct:				
Transfer to General Capital Fund	-	-	-	-
Transfer to General Revenue Fund	-	-	-	-
Transfer to Transit System	-	-	-	-
Transfer to Sewage Disposal System	-	14,613	35,117	-
Transfer to Waterworks System	15,394	-	-	-
Purchase of equipment	-	-	-	-
Transfer to General Revenue Fund - investment management fee	14	17	501	34
Transfer to General Capital Fund - principal and interest	-	-	-	-
Transfer to Solid Waste Disposal	-	-	-	316
Transfer to Golf Services SOA	-	-	-	-
Other	-	-	-	-
	15,408	14,630	35,618	350
Balance, end of year	$ 3,908	$ 9,938	$ 165,991	$ 8,027

See accompanying notes to the financial statements

Waste Diversion Reserve	Golf Course Reserve	Transit Bus Replacement Reserve	Computer, Critical Systems and Support Reserve	Federal Gas Tax Reserve	Sub-total
$ 5,188	$ -	$ 11,026	$ 1,589	$ 491	$ 139,219
-	-	-	-	72,141	72,141
-	-	-	-	-	111,092
-	-	-	-	-	19,000
-	-	431	-	-	431
88	-	165	16	819	3,558
-	-	-	1,314	-	1,314
-	-	-	-	-	319
-	-	-	10	-	10
-	-	-	-	-	-
-	-	-	-	1	65
88	-	596	1,340	72,961	207,930
-	-	-	-	68,689	68,689
-	-	-	-	-	-
-	-	10,166	-	3,452	13,618
-	-	-	-	-	49,730
-	-	-	-	-	15,394
-	-	-	1,632	-	1,632
21	-	39	4	-	630
-	-	-	-	-	-
34	-	-	-	-	350
-	-	-	-	-	-
-	-	-	-	-	-
55	-	10,205	1,636	72,141	150,043
$ 5,221	$ -	$ 1,417	$ 1,293	$ 1,311	$ 197,106

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	$ 139,219	$ 2,144	$ 10,325	$ 98
Add:				
Government of Canada transfers	72,141	-	-	-
Transfer from Sewage Disposal System	111,092	-	-	-
Transfer from Waterworks System	19,000	-	-	-
Transfer from Transit System	431	-	7,148	-
Interest earned	3,558	37	234	8
Transfer from General Revenue Fund	1,314	-	-	35,370
Transfer from Solid Waste Disposal	319	-	-	-
Transfer from Municipal Accommodations	10	-	-	-
Transfer from Golf Services SOA	-	-	-	-
Other	65	-	-	-
	207,930	37	7,382	35,378
Deduct:				
Transfer to General Capital Fund	68,689	-	-	33,898
Transfer to General Revenue Fund	-	-	-	-
Transfer to Transit System	13,618	-	1,786	-
Transfer to Sewage Disposal System	49,730	-	-	-
Transfer to Waterworks System	15,394	-	-	-
Purchase of equipment	1,632	-	-	-
Transfer to General Revenue Fund - investment management fee	630	9	55	2
Transfer to General Capital Fund - principal and interest	-	-	-	1,472
Transfer to Solid Waste Disposal	350	-	-	-
Transfer to Golf Services SOA	-	-	-	-
Other	-	-	-	-
	150,043	9	1,841	35,372
	-			
Balance, end of year	$ 197,106	$ 2,172	$ 15,866	$ 104

See accompanying notes to the financial statements

Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2019	Totals 2018
$ 118	$ 16,702	$ 168,606	$ 143,411
-	-	72,141	32,625
-	-	111,092	36,561
-	-	19,000	19,000
-	-	7,579	7,259
7	399	4,243	2,464
30,870	-	67,554	55,823
-	-	319	327
-	-	10	80
-	-	-	-
-	13,270	13,335	19,864
30,877	13,669	295,273	174,003
29,538	-	132,125	84,861
-	-	-	1,300
-	-	15,404	3,207
-	-	49,730	25,165
-	-	15,394	21,049
-	-	1,632	252
2	(4)	694	572
1,332	-	2,804	2,802
-	-	350	2,176
-	-	-	-
-	-	-	7,424
30,872	(4)	218,133	148,808
$ 123	$ 30,375	$ 245,746	$ 168,606

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

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

a) Basis of presentation

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

Water Main Renewal Reserve Fund
Sewer System Rehabilitation Reserve Fund
Environmental Projects Reserve Fund
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.

d) Bond coupons

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

e) Deferred revenue

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

1. Significant Accounting Policies (continued)

f) Government transfers

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

Government transfers 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.

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.

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

Environmental Projects Reserve Fund

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

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

The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund. The 2019 sewer rate includes a provision of 0.4000 cents (2018 - 0.4000 cents) per cubic meter of billed water consumption to fund this transfer.

The Director of Water and Waste is the Fund Manager.

Landfill Rehabilitation Reserve Fund

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

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

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

The Director of Water and Waste is the Fund Manager.

Waste Diversion Reserve Fund

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

The Director of Water and Waste is the Fund Manager.

Golf Course Reserve Fund

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

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

2. Status of the Capital Reserves (continued)

Transit Bus Replacement Reserve Fund

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

The Director of Transit is the Fund Manager.

Computer, Critical Systems and Support Reserve

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

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

The Chief Innovation Officer is the Fund Manager.

Federal Gas Tax Revenue Reserve Fund

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

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.

2. Status of the Capital Reserves (continued)

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.

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.

2. Status of the Capital Reserves (continued)

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.

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, 2019 effective interest rate was 1.70% (2018 - 1.70%).

4. Call Loans - General Revenue Fund

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

5. Investments

	2019	2018
Marketable securities		
Municipal bonds	**$ 4,770**	$ 4,704

The aggregate market value of marketable securities at December 31, 2019 was $5,192 thousand (2018- $4,565 thousand).

6. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

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

Workers Compensation Reserve Fund

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

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

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

The Corporate Controller is the Fund Manager.

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

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

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

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

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

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

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

Insurance Reserve Fund

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

The Corporate Controller is the Fund Manager.

Contributions in Lieu of Land Dedication Reserve Fund

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

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

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

Land Operating Reserve Fund

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

In accordance with City Council directives, 5% of the gross sales revenue is allocated to Gail Parvin Hammerquist Fund (Heritage Investment Reserve), another 5% of gross sales revenue is allocated to the Enhanced Land Marketing Program to finance those activities necessary to facilitate the sale of surplus lands.

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

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

Wading and Outdoor Pool Extended Season Reserve Fund

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

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

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

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

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

December 31, 2016 Council adopted the Wading and Outdoor Pool Extended Season Reserve be dissolved effective January 1, 2017.

The Director of Community Services is the Fund Manager.

Snow Clearing Reserve Fund

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

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

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

The Director of Public Works is the Fund Manager.

Commitment Reserve Fund

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

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

The Chief Financial Officer is the Fund Manager.

Heritage Investment Reserve Fund

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

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

Housing Rehabilitation Investment Reserve Fund

The Housing Rehabilitation Investment Reserve Fund was created by City Council on June 21, 2000. It funds City housing programs not provided for in operating budgets. It 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. 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."

The Chief Financial Officer is the Fund Manager.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES (continued)

Multiple-Family Dwelling Tax Investment Reserve Fund

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

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

Insect Control Urgent Expenditures Reserve Fund

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

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

The Director of Public Works is the Fund Manager.

Permit Reserve Fund

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

	2019	2018	2017	2016	2015
Workers Compensation Reserve Fund					
Call loans - General					
Revenue Fund	**$ 3,325**	$ 1,160	$ 1,844	$ 5,081	$ 736
Investments	**$ -**	$ 2,003	$ 3,008	$ -	$ 4,001
Interest earned	**$ 72**	$ 72	$ 28	$ 25	$ 61
	56				
Brookside Cemetery Reserve Fund					
Call loans - General					
Revenue Fund	**$ 938**	$ 482	$ 788	$ 749	$ 13
Investments	**$ 16,558**	$ 16,586	$ 15,878	$ 15,509	$ 15,561
Interest earned	**$ 680**	$ 670	$ 650	$ 645	$ 644
St. Vital Cemetery Reserve Fund					
Call loans - General					
Revenue Fund	**$ 222**	$ 169	$ 127	$ 97	$ 60
Investments	**$ 1,046**	$ 1,046	$ 1,046	$ 1046	$ 1046
Interest earned	**$ 37**	$ 36	$ 34	$ 34	$ 33
Transcona Cemetery Reserve Fund					
Call loans - General					
Revenue Fund	**$ 198**	$ 152	$ 122	$ 95	$ 76
Investments	**$ 697**	$ 697	$ 697	$ 697	$ 696
Interest earned	**$ 26**	$ 25	$ 24	$ 23	$ 23
Insurance Reserve Fund					
Call loans - General					
Revenue Fund	**$ 4,031**	$ 4,705	$ 3,560	$ 3,646	$ 428
Investments	**$ -**	$ 1,002	$ 2,003	$ -	$ 1,000
Interest earned	**$ 98**	$ 81	$ 28	$ 7	$ 60
Contributions in Lieu of Land Dedication Reserve Fund					
Cash dedications revenue	**$ 1,143**	$ 1,501	$ 5,055	$ 1,219	$ 697
Interest earned	**$ 145**	$ 143	$ 66	$ 34	$ 42
Park improvement expenses	**$ 1,260**	$ 1,922	$ 1,233	$ 315	$ 919
Land Operating Reserve Fund					
Number of properties sold	**$ 28**	20	27	31	28
Number acquired - tax sale	**$ 33**	21	29	11	13
Number exchanged	**$ 2**	2	5	2	-
Wading and Outdoor Pool Extended Season Reserve Fund					
Transfer from					
General Revenue Fund	**$ -**	$ -	$ -	$ 487	$ 405
Total expenses	**$ -**	$ -	$ -	$ 488	$ 469

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2019	2018	2017	2016	2015
Snow Clearing Reserve Fund					
Transfer (to)/from					
General Revenue Fund	**$ -**	$ -	$ -	$ -	$ -
Commitment Reserve Fund					
Allocation of equity:					
Corporate and other	**$ 1,573**	$ 2,443	$ 2,462	$ 1,130	$ 368
Fire Paramedic Services	**1,200**	300	200	200	120
Innovation, Transformation and Technology	**658**	440	379	-	-
Community Services	**263**	50	465	89	455
Water and Waste	**219**				
Planning, Property and Development	**-**	249	802	-	100
Police Service	**-**	-	-	249	3,082
Public Works	**-**	178	21	120	560
	$ 3,913	$ 3,660	$ 4,329	$ 1,788	$ 4,685
Heritage Investment Reserve Fund					
Municipal realty tax revenue	**$ 839**	$ 769	$ 817	$ 804	$ 780
Housing Rehabilitation Investment Reserve Fund					
Grant expense	**$ 5,204**	$ 11,305	$ 9,945	**$** 6,640	$ 4,541
Economic Development Investment Reserve Fund					
Municipal realty tax revenue	**$ 5,808**	$ 4,859	$ 3,210	$ 2,442	$ 2,402
General Purpose Reserve Fund					
Net transfer from (to)					
General Revenue Fund	**$ 206**	$ 110	$ 88	$ (16,212)	$ 15,502
Interest earned	**$ 3**	$ 1	$ -	$ 40	$ 3
Multiple-Family Dwelling Tax Investment Reserve Fund					
Municipal realty tax revenue	**$ 3,447**	$ -	$ -	$ 1,919	$ 854
Interest earned	**$ 33**	$ 42	$ 31	$ 24	$ 32
Insect Control Urgent Expenditures Reserve Fund					
Net transfer from (to)					
General Revenue Fund	**$ 1**	$ -	$ 772	$ (427)	$ 647

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2019	2018	2017	2016	2015
Permit Reserve Fund					
Net transfer (to) from					
General Revenue Fund	**$ 608**	$ (635)	$ 41	$ 489	$ 651
Destination Marketing Reserve Fund					
Accommodation tax revenue	**$ 10,009**	$ 9,977	$ 9,856	$ 10,165	$ 9,017
Grants expense:					
Economic Development Winnipeg Inc.	**$ 5,170**	$ 4,548	$ 4,356	$ 3,794	$ 2,993
The Convention Centre Corporation Inc.	**4,580**	1,500	1,500	1,500	-
Downtown Winnipeg Biz	**180**	-	-	-	-
West End Biz	**100**	-	-	-	-
Exchange District Biz	**95**	-	-	-	-
	$ 10,125	$ 6,048	$ 5,856	$ 5,294	$ 2,993

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)	3,325	938	222	4,485
Accounts receivable	-	141	8	149
Land held for resale	-	-	-	-
	3,325	1,079	230	4,634
Investments (Note 5)	-	16,558	1,046	17,604
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 3,325	$ 17,637	$ 1,276	$ 22,238
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ -	$ -
Deferred Revenue	-	-	-	-
Due to Winnipeg Parking Authority - SOA	-	-	-	-
	-	-	-	-
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	3,325	17,637	1,276	22,238
	3,325	17,637	1,276	22,238
	$ 3,325	$ 17,637	$ 1,276	$ 22,238

Subsequent event (Note 9)

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)	$ -	$ -	$ -	$ 8,148
Call loans - General Revenue Fund (Note 4)	4,485	198	4,031	-
Accounts receivable	149	5	-	-
Land held for resale	-	-	-	-
	4,634	203	4,031	8,148
Investments (Note 5)	17,604	697	-	-
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 22,238	$ 900	$ 4,031	$ 8,148
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ 955	$ 54
Deferred Revenue	-	-	-	-
Due to Winnipeg Parking Authority - SOA	-	-	-	-
	-	-	955	54
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	22,238	900	3,076	8,094
	22,238	900	3,076	8,094
	$ 22,238	$ 900	$ 4,031	$ 8,148

Subsequent event (Note 9)

See accompanying notes to the financial statements

Land Operating Reserve	Wading & Outdoor Pool Extended Season Reserve	Snow Clearing Reserve	Commitment Reserve	Heritage Investment Reserve	Housing Rehabilitation Reserve	Sub-Total
$ 5,941	$ -	$ -	$ 3,913	$ 307	$ 1,556	$ 19,865
-	-	-	-	-	-	8,714
1,053	-	-	-	-	-	1,207
5,140	-	-	-	-	-	5,140
12,134	-	-	3,913	307	1,556	34,926
(53)	-	-	-	-	-	18,248
3,601	-	-	-	-	-	3,601
10,607	-	-	-	-	-	10,607
98	-	-	-	-	-	98
$ 26,387	$ -	$ -	$ 3,913	$ 307	$ 1,556	$ 67,480
$ 1,968	$ -	$ -	$ -	$ 497	$ -	$ 3,474
-	-	-	-	-	-	-
					-	
-	-	-	-	-	-	-
1,968	-	-	-	497	-	3,474
8,425	-	-	-	-	-	8,425
3,280	-	-	-	1,018	-	4,298
12,714	-	-	3,913	(1,208)	1,556	51,283
15,994	-	-	3,913	(190)	1,556	55,581
$ 26,387	$ -	$ -	$ 3,913	$ 307	$ 1,556	$ 67,480

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)	$ 19,865	$ 3,172	$ 171	$ 426
Call loans - General Revenue Fund (Note 4)	8,714	-	-	-
Accounts receivable	1,207	-	-	-
Land held for resale	5,140	-	-	-
	34,926	3,172	171	426
Investments (Note 5)	18,248	-	-	-
Investments in government business (Note 6)	3,601	-	-	-
Land	10,607	-	-	-
Deferred charges	98	-	-	-
	$ 67,480	$ 3,172	$ 171	$ 426
LIABILITIES				
Current				
Accounts payable	$ 3,474	$ -	$ -	$ 35
Deferred Revenue	-	-	-	-
Due to Winnipeg Parking Authority - SOA	-	-	-	-
	3,474	-	-	35
EQUITY				
Contributed surplus (Note 7)	8,425	-	-	-
Allocated	4,298	-	-	-
Unallocated	51,283	3,172	171	391
	55,581	3,172	171	391
	$ 67,480	$ 3,172	$ 171	$ 426

Subsequent event (Note 9)

See accompanying notes to the financial statements

Insect Control Reserve	Permit Reserve	Destination Marketing Reserve	Totals 2019	Totals 2018
$ 3,001	$ 2,000	$ 10,698	$ 39,333	$ 49,762
-	-	-	8,714	6,668
-	-	700	1,907	2,331
-	-	-	5,140	2,728
3,001	2,000	11,398	55,094	61,489
-	-	-	18,248	21,100
-	-	-	3,601	6,177
-	-	-	10,607	9,829
-	-	-	98	103
$ 3,001	$ 2,000	$ 11,398	$ 87,648	$ 98,698
$ -	$ -	$ 144	$ 3,653	$ 7,747
-	-	-	-	2,954
-	-	-	-	4,405
-	-	144	3,653	15,106
-	-	-	8,425	8,425
-	-	11,254	15,552	17,600
3,001	2,000	-	60,018	57,567
3,001	2,000	11,254	75,570	75,167
$ 3,001	$ 2,000	$ 11,398	$ 87,648	$ 98,698

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Workers Compensation Reserve	Brookside Cemetery Reserve	St. Vital Cemetery Reserve	Transcona Cemetery Reserve
Balance, beginning of year	**$ 3,173**	**$ 17,210**	**$ 1,223**	**$ 854**
Add:				
Transfer from General Revenue Fund	**-**	**120**	**37**	**34**
Transfer from Municipal Accommodations	**-**	**-**	**-**	**-**
Other (Note 6)	**1,489**	**-**	**-**	**-**
Accommodation tax	**-**	**-**	**-**	**-**
Land sales	**-**	**-**	**-**	**-**
Municipal realty tax	**-**	**-**	**-**	**-**
Interest earned	**55**	**679**	**37**	**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	**-**	**-**	**-**	**-**
	1,544	**799**	**74**	**60**
Deduct:				
Transfer to General Revenue Fund	**1,000**	**300**	**15**	**10**
Grants	**-**	**-**	**-**	**-**
Transfer to General Capital Fund	**-**	**-**	**-**	**-**
Other	**377**	**-**	**-**	**-**
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	**15**	**72**	**6**	**4**
Transfer to Financial Stabilization Reserve	**-**	**-**	**-**	**-**
Transfer to Fleet Management - SOA	**-**	**-**	**-**	**-**
Transfer to Golf Services - SOA	**-**	**-**	**-**	**-**
Transfer to Transit	**-**	**-**	**-**	**-**
Transfer to Heritage Reserve	**-**	**-**	**-**	**-**
	1,392	**372**	**21**	**14**
Balance, end of year	**$ 3,325**	**$ 17,637**	**$ 1,276**	**$ 900**

See accompanying notes to the financial statements

Insurance Reserve	Land Dedication Reserve	Land Operating Reserve	Wading & Outdoor Pool Extended Season Reserve	Snow Clearing Reserve	Sub-Total
$ 4,758	$ 8,763	$ 9,009	$ -	$ -	$ 44,990
727	-	-	-	-	918
-	-	-	-	-	-
-	2	428	-	-	1,919
-	-	-	-	-	-
-	-	12,264	-	-	12,264
-	-	-	-	-	-
98	145	296	-	-	1,336
-	1,143	-	-	-	1,143
391	-	-	-	-	391
-	-	-	-	-	-
-	220	-	-	-	220
-	-	1,255	-	-	1,255
-	-	4,405	-	-	4,405
1,216	1,510	18,648	-	-	23,851
1,700	-	235	-	-	3,260
-	-	-	-	-	-
-	885	8,866	-	-	9,751
518	1,260	1,188	-	-	3,343
-	-	737	-	-	737
259	-	-	-	-	259
-	-	-	-	-	-
20	34	16	-	-	167
-	-	-	-	-	-
58	-	-	-	-	58
5	-	-	-	-	5
338	-	-	-	-	338
	-	621	-	-	621
2,898	2,179	11,663	-	-	18,539
$ 3,076	$ 8,094	$ 15,994	$ -	$ -	$ 50,302

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	$ 44,990	$ 3,648	$ 62	$ 3,134
Add:				
Transfer from General Revenue Fund	918	3,650	-	1,000
Transfer from Municipal Accommodations	-	-	-	-
Other (Note 6)	1,919	-	-	2,750
Accommodation tax	-	-	-	-
Land sales	12,264	-	-	-
Municipal realty tax	-	-	838	-
Interest earned	1,336	-	48	80
Cash payments-in-lieu of land dedication	1,143	-	-	-
Transfer from Transit System Fund	391	-	-	-
Transfer from Land Operating Reserve	-	-	621	-
Transfer from General Capital Fund	220	-	-	-
Transfer from Multi-Family Reserve	1,255	-	-	-
Transfer from Winnipeg Parking - SOA	4,405	-	-	-
	23,851	3,650	1,507	3,830
Deduct:				
Transfer to General Revenue Fund	3,260	-	-	191
Grants	-	-	948	5,204
Transfer to General Capital Fund	9,751	-	-	-
Other	3,343	3,187	808	(7)
Cost of sales	737	-	-	-
Transfer to Municipal Accommodations Fund	259	-	-	-
Transfer to Contributions in Lieu of Land Dedication Reserve	-	-	-	-
Transfer to General Revenue Fund - investment management fee	167	-	3	20
Transfer to Financial Stabilization Reserve	-	198	-	-
Transfer to Fleet Management - SOA	58	-	-	-
Transfer to Golf Services - SOA	5	-	-	-
Transfer to Transit	338	-	-	-
Transfer to Heritage Reserve	621	-	-	-
	18,539	3,385	1,759	5,408
Balance, end of year	$ 50,302	$ 3,913	$ (190)	$ 1,556

See accompanying notes to the financial statements

Economic Development Reserve	General Purpose Reserve	Multiple-Family Dwelling Reserve	Insect Control Reserve	Permit Reserve	Sub-Total
$ 2,482	$ 173	$ 1,469	$ 3,000	$ 1,376	$ 60,334
-	205	-	3,201	1,179	10,153
-	-	-	-	-	-
-	-	974	-	-	5,643
-	-	-	-	-	-
-	-	-	-	-	12,264
5,808	-	3,447	-	-	10,093
87	3	33	41	21	1,649
-	-	-	-	-	1,143
-	-	-	-	-	391
-	-	-	-	-	621
-	-	-	-	-	220
-	-	-	-	-	1,255
-	-	-		-	4,405
5,895	208	4,454	3,242	1,200	47,837
1,806	-	1,500	3,231	571	10,559
831	-	2,770	-	-	9,753
2,546	-	-	-	-	12,297
1	210	1,254	-	-	8,796
-	-	-	-	-	737
-	-	-	-	-	259
-	-	-	-	-	-
21	-	8	10	5	234
-	-	-	-	-	198
-	-	-	-	-	58
-	-	-	-	-	5
-	-	-	-	-	338
-	-	-	-	-	621
5,205	210	5,532	3,241	576	43,855
$ 3,172	$ 171	$ 391	$ 3,001	$ 2,000	$ 64,316

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 2019	Totals 2018
Balance, beginning of year	**$ 60,334**	**$ 14,834**	**$ 75,168**	$ 79,214
Add:				
Transfer from General Revenue Fund	**10,153**	**-**	**10,153**	5,660
Transfer from Municipal Accommodations	**-**	**-**	**-**	236
Other (Note 6)	**5,643**	**-**	**5,643**	12,750
Accommodation tax	**-**	**10,009**	**10,009**	9,977
Land sales	**12,264**	**-**	**12,264**	7,993
Municipal realty tax	**10,093**	**-**	**10,093**	5,761
Interest earned	**1,649**	**206**	**1,855**	1,511
Cash payments-in-lieu of land dedication	**1,143**	**-**	**1,143**	1,501
Transfer from Transit System Fund	**391**	**-**	**391**	135
Transfer from Land Operating Reserve	**621**	**-**	**621**	538
Transfer from General Capital Fund	**220**	**-**	**220**	-
Transfer from Multi-Family Reserve	**1,255**	**-**	**1,255**	-
Transfer from Winnipeg Parking - SOA	**4,405**	**-**	**4,405**	5,014
	47,837	**10,215**	**58,052**	51,076
Deduct:				
Transfer to General Revenue Fund	**10,559**	**80**	**10,639**	9,611
Grants	**9,753**	**10,125**	**19,878**	22,935
Transfer to General Capital Fund	**12,297**	**2,182**	**14,479**	12,954
Other	**8,796**	**1,360**	**10,156**	7,401
Cost of sales	**737**	**-**	**737**	572
Transfer to Municipal Accommodations Fund	**259**	**-**	**259**	283
Transfer to Contributions in Lieu of Land Dedication Reserve	**-**	**-**	**-**	137
Transfer to General Revenue Fund - investment management fee	**234**	**48**	**282**	298
Transfer to Financial Stabilization Reserve	**198**	**-**	**198**	495
Transfer to Fleet Management - SOA	**58**	**-**	**58**	-
Transfer to Golf Services - SOA	**5**	**-**	**5**	3
Transfer to Transit	**338**	**-**	**338**	33
Transfer to Heritage Reserve	**621**	**-**	**621**	401
	43,855	**13,795**	**57,650**	55,123
Balance, end of year	**$ 64,316**	**$ 11,254**	**$ 75,570**	$ 75,167

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

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

a) Basis of presentation

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

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

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

b) Basis of accounting

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

c) Land held for resale

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

d) Investment in bonds

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

e) Bond coupons

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

1. Significant Accounting Policies (continued)

f) Investment in government business

The investment in River Park South Developments Inc. 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.

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

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

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

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

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

Insurance Reserve Fund

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

The Corporate Controller is the Fund Manager.

Contributions in Lieu of Land Dedication Reserve Fund

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

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

Land Operating Reserve Fund

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

In accordance with City Council directives, 5% of the gross sales revenue is allocated to 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 lan 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.

Wading and Outdoor Pool Extended Season Reserve Fund

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

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

December 31, 2016 Council adopted the Wading and Outdoor Pool Extended Season Reserve be dissolved effective January 1, 2017.

The Director of Community Services is the Fund Manager.

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

Snow Clearing Reserve Fund

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

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

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

The Director of Public Works is the Fund Manager.

Commitment Reserve Fund

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

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

The Chief Financial Officer is the Fund Manager.

Heritage Investment Reserve Fund

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

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

Housing Rehabilitation Investment Reserve Fund

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

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

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

Economic Development Investment Reserve Fund

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

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

General Purpose Reserve Fund

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

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

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

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

The Chief Financial Officer is the Fund Manager.

Multiple-Family Dwelling Tax Investment Reserve Fund

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

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

Insect Control Urgent Expenditures Reserve Fund

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

The Director of Public Works is the Fund Manager.

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

Permit Reserve Fund

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

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

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

Destination Marketing Reserve Fund

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

Guidelines established for the Reserve include the following:

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

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, 2019 effective interest rate was 1.70% (2018 - 1.70%).

4. Call Loans - General Revenue Fund

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

5. Investments

	2019	2018
Marketable securities		
Municipal bonds	**$ 17,607**	$ 18,638
Bank and trust companies	**-**	2,003
Provincial bonds and bond coupons	**694**	693
	18,301	21,334
Other	**(53)**	(234)
	$ 18,248	$ 21,100

The aggregate market value of marketable securities at December 31, 2018 was $21,529 thousand (2018 - $22,427 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 jointl develop and sell residential land owned by the partners in the River Park South community of Winnipeg.

The results of operations in 2019 of $236 thousand (2018 - $26 thousand) are included in the Statement of Changes in Equity as other revenue.

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 Revenu Fund to fund the accrued liability for assessment appeal refunds and interest.

8. Comparative Figures

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

9. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

As at December 31
(unaudited)

	Library Trust	**Portage and Main Concourse Trust**	**2019 Totals**	2018 Totals
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$ -**	**$ 1**	**$ 1**	$ 224,357
EQUITY				
Unallocated	**$ -**	**$ 1**	**$ 1**	$ 224,357

Subsequent event (Note 4)

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
TRUST FUNDS

STATEMENT OF CHANGES IN TRUST ACCOUNTS

For the years ended December 31
(unaudited)

	Library Trust	**Portage and Main Concourse Trust**	**2019 Totals**	2018 Totals
Opening balance	**$ 224,357**	**$ 1**	**$ 224,358**	$ 219,008
Add:				
Contributions	**1,913**	**-**	**1,913**	119,386
Interest earned	**573**	**-**	**573**	3,097
	2,486	**-**	**2,486**	122,483
Deduct:				
Disbursements	**226,843**	**-**	**226,843**	117,133
Closing balance	**$ -**	**$ 1**	**$ 1**	$ 224,358

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(unaudited)

1. *Significant Accounting Policies*

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

a) Basis of presentation

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

b) Basis of accounting

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

2. *Status of The City of Winnipeg Trust Funds*

Library Trust

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

The Library Trust was closed January 1, 2019 with any remaining surplus balance transferred to a deferred revenue account in the General Revenue Fund.

Portage and Main Concourse Trust

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

3. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2019 effective interest rate was 1.70% (2018 - 1.70%).

4. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF FINANCIAL POSITION

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

		2019		2018
ASSETS				
Current				
Due from General Revenue Fund (Note 2)	**$**	**138**	$	136
Investment (Note 3)		**1,148**		1,148
	$	**1,286**	$	1,284
RETAINED EARNINGS	**$**	**1,286**	$	1,284

Subsequent event (Note 4)

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)

	2019	2018
REVENUES		
Interest	**$ 2**	$ 2
Net earnings for the year	**2**	**2**
RETAINED EARNINGS, BEGINNING OF YEAR	**1,284**	1,282
RETAINED EARNINGS, END OF YEAR	**$ 1,286**	$ 1,284

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Summary of Significant Accounting Policies*

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

a) Basis of accounting

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

2. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2019 effective interest rate was 1.60% (2018 - 1.60%).

3. *Investment*

	2019	2018
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.

4. *Subsequent Event*

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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)

	2019	2018	2017	2014	2013
Number of facilities	**122**	120	113	135	132
Total area square footage	**3,230,895**	3,140,995	3,104,626	3,243,444	3,286,049

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

STATEMENT OF FINANCIAL POSITION

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

		2019		2018
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	**$**	**4,127**	$	7,096
Accounts receivable (Note 4)		**42**		62
Prepaid expenses		**833**		704
	$	**5,002**	**$**	7,862
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 5)	**$**	**4,385**	$	7,407
Deferred revenue		**617**		455
	$	**5,002**	$	7,862

Commitments (Note 6)

Subsequent event (Note 12)

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)

	2019 Budget	**2019 Actual**	2018 Actual
REVENUES			
Contributions from City of Winnipeg departments (Note 8b)	**$ 71,971**	**$ 71,792**	$ 68,801
Other rental	**394**	**431**	502
Investment and other	**77**	**19**	1,827
Total Revenues	**72,442**	**72,242**	71,130
EXPENSES			
Municipal Accommodations	**56,198**	**56,965**	53,385
Transfer to General Revenue Fund	**10,152**	**9,354**	13,086
Transfer to General Capital Fund	**6,092**	**5,923**	4,659
Total Expenses (Note 9)	**72,442**	**72,242**	71,130
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

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

a) Basis of presentation

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

b) Basis of accounting

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

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

c) Inventory

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

d) Deferred revenue

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

e) Debt and finance charges

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

1. Significant Accounting Policies (continued)

f) Administration and interest on capital work

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

2. Status of the Municipal Accommodations Fund

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

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

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

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, 2019 effective interest rate was 1.60% (2018 - 1.60%).

4. Accounts Receivable

	2019	2018
Maintenance billings and other	**$ 42**	$ 212
Allowance for doubtful accounts	**-**	(150)
	$ 42	$ 62

5. Accounts Payable and Accrued Liabilities

	2019	2018
Accounts payable and accrued liabilities	**$ 3,126**	$ 4,788
Performance deposits	**322**	1,865
Wages and employee benefits payable	**631**	457
Accrued interest on long-term debt	**297**	297
Accrued debenture principal	**9**	-
	$ 4,385	$ 7,407

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:

2019	7,771
2020	7,762
2021	7,337
2022	6,541
2023	6,283
Subsequent	54,458
	$ 90,152

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, 2019 at $1.3 million (2018 $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, 2019 is estimated at $1.0 million (2018 - $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, 2019 is estimated at $1.5 million (2018 - $1.5 million).

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2019 is estimated at $1.0 million (2018 - $1.1 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, $1.6 million (2018 - $1.6 million) of pension costs were allocated to Municipal Accommodations. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2018 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 $953 thousand (2018 - $909 thousand)
- Transfer from the Insurance Reserve Fund for recovery of insurance claims is $259 thousand (2018 - $283 thousand);
- Transfer to the Computer Replacement Reserve Fund is $10 thousand (2018 - $80 thousand);
- Transfer to the Commitment Reserve Fund is $nil (2018 - $236 thousand);
- Transfer to the General Revenue Fund for general government charges is $622 thousand (2018 - $620 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 (2018 - $94 thousand); and
- Transfer to the City of Winnipeg Parking Authority - Special Operating Agency for parking space rental is $13 thousand (2018 - $16 thousand).

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

	2019	2018
General Revenue Fund	**$ 67,122**	$ 64,211
Sewage Disposal System	**1,151**	1,123
Waterworks System	**1,055**	1,030
Fleet Management - Special Operating Agency	**759**	759
Municipal Accommodations Fund	**671**	634
Winnipeg Parking Authority - Special Operating Agency	**345**	249
Transit System	**302**	383
Animal Services - Special Operating Agency	**205**	215
Solid Waste Disposal Fund	**182**	197
	$ 71,792	$ 68,801

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

9. *Expenses by Object*

	2019 Budget	**2019 Actual**	2018 Actual
Services, materials and supplies	**$ 36,582**	**$ 36,855**	$ 34,010
Salaries and employee benefits	**20,441**	**20,549**	20,275
Transfer to General Revenue Fund	**10,153**	**9,354**	13,086
Transfer to General Capital Fund	**6,092**	**5,923**	4,659
Other grants and transfers	**1,278**	**1,164**	1,544
Debt and finance charges	**1,157**	**1,126**	1,263
Recoveries	**(3,260)**	**(2,729)**	(3,707)
	$ 72,443	**$ 72,242**	$ 71,130

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.

12. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

2019 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 - regular transit, Winnipeg Transit Plus and chartered bus and special events transit service. The department's mission is to provide the best public transit service possible and to be the mode of choice for travel to the City's major activity centres.

Passenger fare revenue increased by $1.0 million from 2018, a 1.2 % increase. There was no Council approved rate increase for 2019. Revenue passengers for 2019 numbered 48.8 million, a 0.83% increase from 2018.

In 2019 the Province of Manitoba provided an operating transfer of $40.1 million to Winnipeg's transit system. This is the same level of funding as the previous year. The Province of Manitoba's capital grant commitment for various projects under of the Public Transit Infrastructure Fund (PTIF) was $4.5 million and their commitment under the South West Rapid Transitway (Stage 2) and Pembina Highway Underpass project was $135.1 million.

For purposes of funding capital investments, funds transferred to the Transit System included $10.2 million from the Bus Replacement Reserve, $3.5 million from the Federal Gas Tax Reserve and $1.8 million from the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Reserve.

$11.8 million of Federal funding was recorded for their commitment towards various projects under the PTIF program. An additional $86.9 million of Federal funding was recorded for their share of eligible costs to date on the South West Rapid Transitway (Stage 2) and Pembina Highway Underpass project.

The appropriation from the General Revenue Fund increased by $4.2 million from the previous year. The increase was necessary to maintain adequate funding for operating and capital expenses.

Operating expenses increased by $6.7 million from the previous year mainly due to the impact contractual agreements and an aggressive recruitment campaign had on salaries and benefits combined with an increase in spending on bus and other parts.

Several achievements were realized during the year, including:

- The successful completion of the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Project (which is Winnipeg's largest capital project to date) eight weeks ahead of schedule and approximately $166 million under budget. The project included the widening and pedestrian enhancements to the existing Pembina Hwy underpass, a 7.6 kilometre dedicated transitway and active transportation paths, eight new structures, seven transitway stations, an events station at IG Field, two park and rides, a 15 acre dog park, and upgrades to the U of M bus depot.

- The Bus Maintenance Garage Expansion project was also completed. This project which was funded as part of the Public Transit Infrastructure Fund program, added 66,000 square feet of new space, 18 new hoists for both 60’ articulated buses and for 40’ buses, state of the art preparation and paint booths, critical electrical upgrades and an enhanced weld and body shop to improve productivity.

- Progress on the Winnipeg Transit Master Plan advanced by completing several public and stakeholder engagement events and completing a draft new route network plan.

- Winnipeg Transit Plus implemented a new system (RouteMatch) which replaced several outdated legacy systems with the ability to optimize schedules, dispatch vehicles, maintain registrant information and pay contractors.

- Transit contributed two critical datasets to Winnipeg’s open data portal (on-time performance and pass-ups), improving transparency to the public.

THE CITY OF WINNIPEG
TRANSIT SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2019	2018	2017	2016	2015
Regular cash fare	**$ 2.95**	$ 2.95	$ 2.70	$ 2.65	$ 2.60
Winnipeg Transit Plus (formerly Handi-Transit)					
Annual ridership (in thousands)	**427.0**	459.1	473.4	467.9	459.4
Total cost per passenger	**$ 29.67**	$ 27.95	$ 24.30	$ 23.25	$ 22.74
Revenue to cost ratio	**5%**	7%	7%	10%	7%
Regular transit					
Annual ridership (in millions)	**48.8**	48.4	48.1	48.5	48.2
Bus hours operated (in thousands)	**1,579**	1,554	1,549	1,542	1,523
Direct operating cost per passenger	**$ 3.36**	$ 3.27	$ 3.12	$ 3.02	$ 2.91
Direct operating cost per vehicle hour	**$ 103.77**	$ 101.79	$ 96.92	$ 94.92	$ 92.15
Revenue to cost ratio	**55%**	56%	54%	55%	57%
Municipal operating cost per capita	**$ 87.09**	$ 86.77	$ 69.19	$ 93.12	$ 61.93

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2019	2018
FINANCIAL ASSETS		
Cash	**$ 480**	$ 277
Accounts receivable (Note 3)	**53,467**	67,038
Due from General Revenue Fund (Note 4)	**10,561**	-
	64,508	67,315
LIABILITIES		
Accounts payable and accrued liabilities	**$ 6,775**	$ 10,652
Expropriation liability	**11,692**	12,124
Deferred revenue	**7,127**	8,629
Due to General Revenue Fund (Note 4)	**-**	23,475
Debt (Note 5)	**295,291**	157,342
	320,885	212,222
NET FINANCIAL LIABILITIES	**(256,377)**	(144,907)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**796,123**	444,886
Inventory (Note 7)	**7,907**	5,376
Prepaid expenses	**857**	1,002
	804,887	451,264
ACCUMULATED SURPLUS (Note 8)	**$ 548,510**	$ 306,357

Subsequent event (Note 20)

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)

	2019 Budget	2019 Actual	2018 Actual
REVENUES			
Sale of goods and services (Note 9)	**$ 90,483**	**$ 90,518**	$ 89,666
Appropriation from General Revenue Fund	**66,182**	**66,182**	62,386
Provincial Government transfers (Note 10)	**41,970**	**42,048**	42,024
Interest and other	**1,192**	**1,491**	1,035
Total revenues from operations	**199,827**	**200,239**	195,111
EXPENSES			
Operations (Note 11)	**85,240**	**83,854**	81,537
Plant and equipment (Note 12)	**65,903**	**62,420**	59,331
Client Services	**13,391**	**13,749**	12,858
Other departmental (Note 13)	**13,358**	**12,136**	12,038
Finance and administration	**3,422**	**3,186**	3,145
Information systems	**2,147**	**2,073**	1,905
Planning, schedules and marketing	**1,524**	**1,325**	1,220
Human resources	**867**	**848**	727
Communications	**1,253**	**743**	784
Asset Management	**535**	**313**	427
Total expenses from operations (Note 14)	**187,640**	**180,647**	173,972
Transfers to other funds (Note 15)	**7,148**	**7,578**	7,259
Transfer to Capital	**5,039**	**5,039**	607
Total expenses	**199,827**	**193,264**	181,838
Surplus for the year from operations	**-**	**6,975**	13,273
Net surplus from capital (Note 16)	**-**	**235,178**	54,041
NET SURPLUS FOR THE YEAR	**$ -**	**242,153**	67,314
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**306,357**	239,043
ACCUMULATED SURPLUS, END OF YEAR		**$ 548,510**	$ 306,357

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 242,153**	$ 67,314
Non-cash items related to operations		
Amortization	**26,747**	23,639
Loss on disposal of tangible capital assets	**562**	565
Working capital from operations	**269,462**	91,518
Net change in other working capital	**5,806**	(38,919)
	275,268	52,599
FINANCING		
Interest on funds on deposit with The City of Winnipeg Sinking Fund	**(538)**	(460)
Debt issued	**142,935**	35,500
Payments on long term debt	**(3,184)**	(1,285)
Payments to The City of Winnipeg Sinking Fund for outstanding debt	**(1,264)**	(1,264)
Expropriation liability	**(432)**	883
Due to/from General Revenue Fund	**(34,036)**	29,536
	103,481	62,910
INVESTING		
Acquisition and construction of tangible capital assets	**(378,546)**	(115,530)
	(378,546)	(115,530)
Increase (decrease) in cash	**203**	(21)
CASH, BEGINNING OF YEAR	**277**	298
CASH, END OF YEAR	**$ 480**	$ 277

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(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.

3. *Accounts Receivable*

	2019	2018
Province of Manitoba	**$ 42,057**	$ 22,407
Government of Canada	**7,781**	41,867
Fare products, charter and other	**3,629**	2,764
	$ 53,467	$ 67,038

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 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, 2019 effective interest rate was 1.6% (2018 - 1.70%).

5. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2019**	Amount of Debt 2018
2010-2041	June 3	5.150	WB	183/2008	**$ 60,000**	$ 60,000
2011-2051	Nov 15	4.300	WC	150/09	**29,750**	29,750
2015-2045	May 16	3.828	WD-3	6/2015	**3,619**	3,619
2019-2051	Oct 2	2.667	WC7	40/2016	**10,000**	-
					103,369	93,369
Funds on deposit with the Sinking Funds (Note 5b)					**(13,152)**	(11,350)
Net sinking fund debentures outstanding					**90,217**	82,019

Other long term debt outstanding

	2019	2018
Serial debentures	**-**	75
Bank of Nova Scotia revolving term loan due June 30, 2020 with an interest rate of the bank's prime rate minus 1.05%	**31,000**	18,500
Bank of Montreal loan due August 1, 2034 with a fixed interest rate of 2.92%	**8,840**	-
General Capital Fund debt issued by the City with varying maturities up to 2035 and a weighted average interest rate of 1.39% (2018 - 1.85%). Individual interest rates range from 0 to 7.25%	**26,696**	21,248
Service concession arrangement obligations (Notes 5d and 17)	**138,538**	35,500
	$ 295,291	$ 157,342

5. Debt (continued)

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

	2020	2021	2022	2023	2024	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 103,369
Revolving term loan	31,000	-	-	-	-	-
Long term loan	490	505	520	535	551	6,239
General Capital Fund debt	3,180	3,081	3,109	3,028	2,940	11,358
Service Concession Arrangement	2,313	2,416	2,525	2,638	2,756	125,890
	$ 36,983	$ 6,002	$ 6,154	$ 6,201	$ 6,247	$ 246,856

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

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

c) The Fund has a revolving term loan from the Bank of Nova Scotia for the purpose of financing the construction of Southwest Rapid Transit corridor to a maximum amount of $143.0 million. The credit facility bears interest at the bank's prime rate minus 1.05% per annum and is secured by a general security agreement. The loan is due June 30, 2020 but repayment can be made at any time. Interest is payable monthly. The balance at December 31, 2019 is $31.0 million (2018 - $18.5 million)

d) Service concession arrangement obligations are as follows:

	2019	2018
Plenary Roads Winnipeg Transitway LP	**$ 138,538**	$ 35,500

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 2020. The total project costs are estimated to be $420.9 million and are to be financed through a Provincial government transfer of $163.8 million, a $137.2 million service concession arrangement obligation to PRWT, a payment of $93.3 million from Infrastructure Canada, sinking fund debentures of $16.8 million, and other cash consideration of $9.8 million.

5. *Debt (continued)*

As at December 31, 2019, $375.89 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 $420.9 million project is 1.5%. Specifically, the sinking fund debt and service concession arrangement obligation to PRWT bear a combined weighted average interest rate of 4.2%.

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

e) Included in interest and finance charges expense is $372 thousand (2018 - $418 thousand) paid to the General Capital Fund.

f) Cash paid for interest during the year was $4.7 million (2018 - $4.5 million).

6. *Tangible Capital Assets*

	Net Book Value	
	2019	2018
Vehicles	**$ 157,602**	$ 137,478
Buildings	**103,095**	47,012
Land improvements	**19,150**	6,177
Land	**47,532**	27,769
Roads, bridges and tunnels	**445,341**	131,754
Other	**12,187**	11,966
Assets under construction	**11,216**	82,730
	$ 796,123	$ 444,886

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

7. *Inventory*

	2019	2018
Parts and uniforms	**$ 7,887**	$ 5,341
Tickets, passes and other	**20**	35
	$ 7,907	$ 5,376

8. *Accumulated Surplus*

	2019	2018
Appropriated	**$ 8,257**	$ 6,195
Unappropriated	**19,715**	14,538
Retained earnings	**27,972**	20,733
Invested in tangible capital assets	**520,538**	285,624
	$ 548,510	$ 306,357

9. *Sale of Goods and Services*

		2019 Budget		2019 Actual		2018 Actual
Passenger Fares	$	86,448	$	87,111	$	86,089
Advertising rights		2,750		2,926		2,387
Charter and other		1,285		481		1,190
	$	90,483	$	90,518	$	89,666

10. *Provincial Government Transfers*

The Provincial Government provided transfers of $40.1 million (2018 - $40.1 million) towards the operation of the Transit System, $1.9 million (2018 - $1.9 million) as a local government support transfer and $139.6 million (2018 - $24.7 million) as a capital transfer.

11. *Operations*

		2019 Budget		2019 Actual		2018 Actual
Bus operators	$	75,785	$	75,316	$	73,814
Inspectors		5,504		5,215		4,379
Operations administration		2,418		1,831		1,887
Instruction		1,533		1,492		1,457
	$	85,240	$	83,854	$	81,537

12. *Plant and Equipment*

		2019 Budget		2019 Actual		2018 Actual
Vehicle maintenance and overhaul	$	29,795	$	29,527	$	26,768
Bus servicing		24,184		21,737		22,165
Facilities maintenance		8,720		7,806		7,057
Maintenance administration		3,204		3,350		3,341
	$	65,903	$	62,420	$	59,331

13. *Other Departmental*

		2019 Budget		2019 Actual		2018 Actual
Interest and finance charges	$	5,453	$	5,146	$	4,984
Taxes		3,183		3,064		2,917
Insurance and claims		2,211		1,804		1,679
General government charges and other		1,668		1,357		1,913
Employee benefits		843		765		545
	$	13,358	$	12,136	$	12,038

13. *Other Departmental (continued)*

a) Employee benefits

Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2019 is estimated at $6.7 million (2018 - $6.3 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2019 at $6.2 million (2018 - $5.8 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, 2019 at $5.2 million (2018 - $4.8 million).

The City of Winnipeg operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, The City of Winnipeg pays actual costs incurred plus an administration fee. The City of Winnipeg recognizes a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability is estimated to be $9.0 million (2018 - $7.1 million).

Transit System's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $9.0 million (2018 - $8.6 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, 2017 and has an actuarial surplus.

b) General government charges

Included in general government charges and other is $804 thousand (2018 - $801 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 $302 thousand (2018 - $383 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

d) Property and business taxes

Realty and business taxes represent full taxes paid to The City of Winnipeg. Taxes are assessed on property as if it were privately owned. During 2019, realty and business taxes paid to the General Revenue Fund was $937 thousand (2018 - $864 thousand).

e) Insurance

During 2019, $54 thousand was transferred to the Insurance Reserve (2018 - $135 thousand).

f) 311 and business technology services

Included in expenses is $1.0 million (2018 - $0.8 million) that has been charged by the General Revenue Fund for services provided by Customer Services and Communication and Innovation Departments (previously the Corporate Support Services department).

14. Expenses by Object

	2019 Budget	2019 Actual	2018 Actual
Salaries and wages	**$ 101,570**	**$ 98,955**	$ 95,416
Materials and supplies	**35,476**	**33,867**	32,314
Employee benefits	**19,186**	**19,726**	18,472
Services	**18,954**	**16,851**	15,893
Interest on debt	**5,266**	**5,027**	4,932
Taxes - municipal and payroll	**3,183**	**3,064**	2,917
Other	**2,973**	**2,813**	3,110
Insurance and transfer to Insurance Reserve	**2,481**	**2,421**	2,346
Recoveries	**(1,449)**	**(2,077)**	(1,428)
	$ 187,640	**$ 180,647**	$ 173,972

15. Transfers to Other Funds

	2019 Budget	2019 Actual	2018 Actual
Transfer to SW Transit Payment Reserve	**$ 7,148**	**$ 7,148**	$ 5,300
Transfer to Transit Bus Replacement Reserve	**-**	**430**	1,959
	$ 7,148	**$ 7,578**	$ 7,259

16. Net Surplus from Capital

	2019 Budget	2019 Actual	2018 Actual
Revenues			
Province of Manitoba capital transfers (Note 10)	**$ -**	**$ 139,602**	$ 24,674
Government of Canada capital transfers	**-**	**98,685**	35,792
Transfer from Transit Bus Replacement Reserve	**-**	**10,166**	2,327
Transfer from capital	**-**	**6,545**	10,603
Transfer from General Revenue Fund - principal repayment	**4,379**	**4,379**	4,019
Transfer from Federal Gas Tax Reserve	**-**	**3,452**	-
Transfer from SW Rapid Transitway Pmt Reserve	**-**	**1,786**	65
Transfer from SW Rapid Transit Corridor Reserve	**-**	**-**	815
	4,379	**264,615**	78,295
Expenses			
Amortization	**4,379**	**26,747**	23,639
Interest	**-**	**1,525**	-
Work in process costs expensed in year	**-**	**603**	50
Loss on disposal of tangible capital assets	**-**	**562**	565
	4,379	**29,437**	24,254
	$ -	**$ 235,178**	$ 54,041

17. *Commitments*

a) Service concession arrangements

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

18. *Related Party Transactions*

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

19. *Comparative Figures*

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

20. *Subsequent Event*

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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	$ 263,622	$ 60,456	$ 28,123
Add: Additions during the year	35,275	57,693	14,278
Less: Disposals during the year	(8,656)	-	-
Balance, end of year	290,241	118,149	42,401
Accumulated amortization			
Balance, beginning of year	(126,144)	(13,444)	(21,946)
Add: Amortization	(14,589)	(1,610)	(1,305)
Less: Accumulated amortization on disposal	8,094		
Balance, end of year	(132,639)	(15,054)	(23,251)
Net Book Value of Tangible Capital Assets	$ 157,602	$ 103,095	$ 19,150

Land	Roads, Bridges, and Tunnels	Other	Assets Under Construction	2019	2018
$ 27,769	$ 157,884	$ 38,519	$ 82,730	**$ 659,103**	$ 561,064
19,763	319,845	3,206	(71,514)	**378,546**	115,530
-	-	-	-	**(8,656)**	(17,491)
47,532	477,729	41,725	11,216	**1,028,993**	659,103
-	(26,130)	(26,553)	-	**(214,217)**	(207,504)
-	(6,258)	(2,985)	-	**(26,747)**	(23,639)
-	-	-	-	**8,094**	16,926
-	(32,388)	(29,538)	-	**(232,870)**	(214,217)
$ 47,532	$ 445,341	$ 12,187	$ 11,216	**$ 796,123**	$ 444,886

Photo: Brian Gould, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

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

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

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

City Council approved The Utility Dividend Policy on March 22, 2011. The policy stated the utility will pay an annual dividend to the City of Winnipeg based on 8% of budgeted gross sales for the current year. The dividend policy is to be reviewed every four years within three months of each new term of City Council. On March 3, 2015, as part of the 2015 budget adoption process, Council amended the rate from 8% to 12% of budgeted gross water sales. On March 20, 2019, as part of the 2019 budget adoption process, Council amended the rate from 12% to 11% of budgeted gross water sales.

The Waterworks System utility dividend was $13.9 million in 2019 (2018 - $15.5 million).

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2019	2018	2017	2016	2015
Block 1 rate in dollars (per cu. metre)	**$ 1.82**	$ 1.82	$ 1.78	$ 1.63	$ 1.45
Annual water pumped (million litres)	**71,883**	71,330	69,005	69,096	71,100
Water pumped in litres per capita per day	**257**	255	252	260	271
Average daily water pumped (million litres per day)	**197**	195	189	189	195
Maximum day water pumping rates (million litres per day)	**253**	262	236	221	240
Maximum hour water pumping rates (million litres per day)	**374**	365	342	342	337
Kilometres of aqueduct	**174.5**	174.5	174.5	174.5	174.5
Kilometres of feeder mains	**151.5**	151.6	151.6	151.9	151.9
Kilometres of water mains	**2,689.5**	2,679.4	2,659.8	2,637.1	2,614.2
Number of hydrants	**22,928**	22,785	22,376	22,045	21,919
Number of billed services	**212,403**	210,490	208,008	205,759	203,607

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2019	2018
ASSETS		
Current		
Cash	**$ 2**	$ 2
Accounts receivable (Note 3)	**27,224**	28,794
Due from General Revenue Fund (Note 4)	**1,618**	-
Inventories	**1,629**	1,614
Prepaid expenses	**2**	1
	30,475	30,411
Tangible capital assets (Note 5)	**990,086**	980,358
Deferred charges (Note 6)	**1,572**	1,666
	$ 1,022,133	$ 1,012,435
LIABILITIES		
Current		
Due to General Revenue Fund (Note 4)	**$ -**	$ 10,184
Accounts payable and accrued liabilities (Note 7)	**6,961**	7,228
Current portion of long-term debt (Note 8)	**3,073**	3,065
	10,034	20,477
Long-term debt (Note 8)	**115,005**	119,880
	125,039	140,357
ACCUMULATED SURPLUS (Note 9)	**897,094**	872,078
	$ 1,022,133	$ 1,012,435

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)

	2019 Budget	**2019 Actual**	2018 Actual
REVENUES (Schedule 1)			
Sale of goods and services (Note 10)	**$ 126,229**	**$ 127,676**	$ 129,626
Government transfers and permits	**2,049**	**2,227**	2,149
Interest	**1,897**	**1,910**	1,682
Other	**172**	**561**	651
Total revenues	**130,347**	**132,374**	134,108
EXPENSES (Schedules 2 and 3)			
Water distribution	**48,582**	**49,280**	45,083
Debt and finance	**13,342**	**8,473**	8,484
Taxes, employee benefits and other (Note 11)	**7,108**	**6,750**	6,637
Engineering services	**4,242**	**4,031**	4,107
Finance and administration	**4,135**	**3,701**	3,802
Information systems and technology	**2,380**	**2,730**	2,282
Customer services	**1,611**	**1,512**	1,455
Environmental standards	**1,566**	**1,432**	1,430
Human resources	**1,102**	**1,019**	961
Total expenses from operations	**84,068**	**78,928**	74,241
Surplus for the year from operations	**46,279**	**53,446**	59,867
Transfers to other funds (Note 12)	**32,862**	**32,862**	34,487
Net surplus from operations after transfers to other funds	**13,417**	**20,584**	25,380
Net surplus from capital (Schedule 4)	-	**4,432**	18,348
NET SURPLUS FOR THE YEAR	**$ 13,417**	**25,016**	43,728
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**872,078**	828,350
ACCUMULATED SURPLUS, END OF YEAR		**$ 897,094**	$ 872,078

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 25,016**	$ 43,728
Non-cash items related to operations		
Amortization	**25,083**	24,735
Loss on disposal of tangible capital assets	**-**	33
Working capital from operations	**50,099**	68,496
Change in net working capital other than cash	**1,296**	(3,952)
	51,395	64,544
FINANCING		
Amortization of debenture discount	**94**	91
Debt retired	**(237)**	(229)
Due to/from General Revenue Fund	**(11,802)**	(7,627)
Interest on sinking fund	**(1,802)**	(1,603)
Payments to sinking fund	**(2,836)**	(2,836)
	(16,583)	(12,204)
INVESTING		
Purchase of tangible capital assets	**(34,812)**	(52,340)
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

(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:

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 y-law No. B7958/2002 to include that frontage levies also fund the repair and replacement of streets and sidewalks in residential areas.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002. In 2009, City Council directed that the frontage levy revenue collected on the property tax be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. Since 2009, the Water Main Renewal Reserve is funded through water rates.

2. Status of the Waterworks System

Although the water supply system for the City of Winnipeg dates back to 1882, the Waterworks System ("Utility") was created in 1972 with the inception of Unicity. The Utility is self-supporting and is primarily funded by user fees which provide financing for the planning, design and construction, operation, maintenance and administration of the aqueduct, five pumping stations, four reservoir systems, a water treatment plant and the distribution network. The purpose of the Fund is to provide a structure to measure financial performance and accommodate long-term financial planning for the supply of water.

3. Accounts Receivable

	2019	2018
Water billings and other	**$ 27,624**	$ 29,194
Allowance for doubtful accounts	**(400)**	(400)
	$ 27,224	$ 28,794

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, 2019 effective interest rate was 1.60% (2018 - 1.60%).

5. *Tangible Capital Assets*

	Net Book Value	
	2019	2018
Underground networks	**$ 662,396**	$ 646,879
Water pumping stations and reservoirs	**300,438**	307,791
Road and bridges	**9,783**	9,867
Computer	**6,213**	6,032
Assets under construction	**5,549**	3,839
Buildings	**3,032**	3,138
Land	**1,791**	1,791
Machinery and equipment	**884**	1,021
	$ 990,086	$ 980,358

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

During 2019 and 2018 there were no write-downs of tangible capital assets, and interim financing charges capitalized during 2019 were $75 thousand (2018 - $177 thousand). In addition, underground networks contributed to the City and recorded in the Waterworks System Fund totaled $12.5 million in 2019 (2018 - $16.1 million) and were capitalized at their fair value at the time of receipt.

6. *Deferred Charges*

	2019	2018
Deferred debenture discount	**$ 1,572**	$ 1,666

7. *Accounts Payable and Accrued Liabilities*

	2019	2018
Accrued debenture interest	**$ 3,807**	$ 3,807
Other accrued liabilities	**1,634**	1,366
Deferred revenue and other	**747**	720
Trade accounts payable	**633**	901
Performance deposits (miscellaneous capital holdbacks)	**140**	434
	$ 6,961	$ 7,228

8. *Long Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2019**	Amount of Debt 2018
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)					**(43,394)**	(38,756)
Net sinking fund debentures outstanding					**116,606**	121,244

Other long-term debt outstanding

	2019	2018
Canada Mortgage and Housing Corporation ("CMHC") debt, maturity in 2025, interest rate of 3.35%	**1,472**	1,701
	118,078	122,945
Current portion of long-term debt	**(3,073)**	(3,065)
	$ 115,005	$ 119,880

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

	2020	2021	2022	2023	2024	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 160,000
CMHC	237	244	253	261	270	207
	$ 237	$ 244	$ 253	$ 261	$ 270	$ 160,207

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 (2018 - $8.5 million).

9. Accumulated Surplus

		2019		2018
Invested in tangible capital assets	**$**	**872,009**	$	857,413
Retained earnings		**25,085**		14,665
	$	**897,094**	$	872,078

10. Revenue

Effective January 1, 2019 the water rate was $1.82 per cubic metre (2018 - $1.82).

11. Taxes, Employee Benefits and Other

Property taxes

Property taxes represent full taxes paid to outside municipalities and to The City of Winnipeg General Revenue Fund. Taxes are assessed on property as if it were privately owned. The only exceptions to this are payments-in-lieu of taxes paid to the R.M. of Tache, the R.M. of Springfield and the Local Government District of Reynolds which equate to 10% of full taxes - "full taxes" being in each case the verifiable product of the City's (exempt) assessment multiplied by the jurisdiction's prevailing mill rate adjusted to mill rates which would prevail if "full taxes" were being paid by the City. During 2019, tax paid to the General Revenue Fund was $2.8 million (2018 - $2.8 million).

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2019 is $3.2 million (2018 - $3.3 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, 2019 is estimated at $1.9 million (2018 - $3.0 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, 2019 at $2.3 million (2018 - $2.1 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, 2019 at $3.3 million (2018 - $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 $3.8 million (2018 - $3.6 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, 2017 and has disclosed an actuarial surplus.

11. Taxes, Employee Benefits and Other (continued)

General government charges

Included in expenses is $1.1 million (2018- $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 $1.1 million (2018 - $1.0 million) that has been charged by the Municipal Accommodations Fund for the rental of office space.

Insurance and damage claims

Included in expenses is $224 thousand credit (2018 - $321 thousand credit) from the City of Winnipeg Insurance Reserve.

12. Transfers to Other Funds

The Waterworks System transfers to other funds are as follows:

	2019	2018
Transfer to Water Main Renewal Reserve	**$ 19,000**	$ 19,000
Utility dividend transfer to General Revenue	**13,862**	15,487
	$ 32,862	$ 34,487

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. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 1

REVENUES

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

	2019 Budget	2019 Actual	2018 Actual
Sale of goods and services			
Water sales	**$ 126,020**	**$ 127,380**	$ 129,349
Fire hydrant and other rentals	**144**	**209**	169
Sale of goods and services	**65**	**87**	108
	126,229	**127,676**	129,626
Government transfers, permits and other			
Permits and fees	**1,284**	**1,459**	1,353
Provincial support transfer	**765**	**768**	796
	2,049	**2,227**	2,149
Interest			
Sinking Fund earnings	**1,802**	**1,802**	1,603
Capital construction interest	**120**	**75**	177
Interest	**(25)**	**33**	(98)
	1,897	**1,910**	1,682
Other	**172**	**561**	651
Total revenues	**$ 130,347**	**$ 132,374**	$ 134,108

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Water treatment and distribution			
Water main maintenance	**$ 20,124**	**$ 21,707**	$ 18,848
Water treatment plant	**20,087**	**19,522**	18,450
General administration	**2,401**	**2,532**	2,203
Railway maintenance and operations	**2,500**	**2,161**	2,355
Emergency services	**2,131**	**2,055**	1,988
Stores - 552 Plinguet	**486**	**642**	508
Intake operation	**608**	**415**	503
Mechanical/civil/electrical maintenance allocation	**163**	**165**	148
Meter shop	**82**	**81**	80
	48,582	**49,280**	45,083
Corporate Division			
Taxes, employee benefits and other			
Property taxes	**3,280**	**3,277**	3,230
General government charges	**1,078**	**1,078**	1,073
Rent	**1,045**	**1,059**	1,030
Provincial payroll tax	**898**	**846**	816
Employee benefits	**856**	**794**	1,130
Insurance and damage claims	**540**	**740**	716
Other services	**261**	**211**	118
Transfer (from) to insurance reserve	**-**	**(224)**	(321)
Recoveries	**(850)**	**(1,031)**	(1,155)
	7,108	**6,750**	6,637
Debt and finance			
Long-term debt			
Interest	**8,382**	**8,380**	8,391
Finance charges	**93**	**93**	93
Amortization	**4,867**	**-**	-
	13,342	**8,473**	8,484

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2019 Budget	**2019 Actual**	2018 Actual
Engineering services division			
Water planning	**1,341**	**1,418**	1,484
Design and construction	**643**	**651**	679
Drafting and graphics	**654**	**561**	560
Customer technical services	**415**	**410**	402
Administration	**393**	**339**	328
Asset management	**306**	**251**	259
Engineer designate support	**275**	**223**	212
Services development	**215**	**178**	183
	4,242	**4,031**	4,107
Finance and administration division			
Customer billing	**2,966**	**2,634**	2,540
Accounting services	**478**	**493**	395
Capital planning	**275**	**230**	217
Office of the Director	**156**	**159**	152
Rates and business analysis	**118**	**94**	98
Knowledge management	**142**	**91**	113
Plinguet operational support	**-**	**-**	287
	4,135	**3,701**	3,802
Information systems and technology division			
Support services	**1,046**	**1,172**	1,129
Major systems	**1,083**	**1,132**	742
Planning and design	**251**	**426**	411
	2,380	**2,730**	2,282
Customer services division			
Customer relations	**1,120**	**1,070**	1,009
Administration	**277**	**271**	274
Communications	**214**	**171**	172
	1,611	**1,512**	1,455
Environmental standards division			
Analytical services	**975**	**907**	919
Compliance	**385**	**362**	350
Administration	**206**	**163**	161
	1,566	**1,432**	1,430

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Human resources division			
Human resources	**523**	**489**	447
Work place health and safety	**198**	**221**	178
Timekeeping and payroll	**188**	**186**	177
Human resources training	**193**	**123**	159
	1,102	**1,019**	961
Total expenses from operations	**84,068**	**78,928**	74,241
Transfers to other funds (Note 12)			
Transfer to Water Main Renewal Reserve	**19,000**	**19,000**	19,000
Dividend transfer to General Revenue	**13,862**	**13,862**	15,487
Total transfers to other funds	**32,862**	**32,862**	34,487
Total expenses	**$ 116,930**	**$ 111,790**	$ 108,728

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2019 Budget	2019 Actual	2018 Actual
Goods and services	$ 39,145	$ 39,633	$ 35,617
Salaries	41,505	39,391	37,738
Transfers	35,005	34,784	36,283
Interest on long-term debt	8,475	8,473	8,484
Employee benefits	7,972	7,572	7,664
Other expenses	4,755	4,787	4,623
Grants	124	124	124
Finance charges	65	59	58
Amortization/sinking fund	4,867	-	-
Recoveries	(24,983)	(23,033)	(21,863)
Total expenses	$ 116,930	$ 111,790	$ 108,728

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2019 Actual	2018 Actual
Revenues		
Transfers		
Water Main Renewal Reserve	**$ 15,394**	$ 21,049
Provincial and Federal Capital	**735**	2,059
General Capital	**629**	3,088
Sewage Disposal System	**336**	934
	17,094	27,130
Developer contributions-in-kind	**12,494**	16,073
Total revenue from capital	**29,588**	43,203
Expenses		
Amortization	**25,083**	24,735
Other expenses	**73**	120
Total expenses from capital	**25,156**	24,855
Net surplus from capital	**$ 4,432**	$ 18,348

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	General			
	Land	Buildings	Machinery and Equipment	Computer
Cost				
Balance, beginning of year	$ 1,791	$ 5,752	$ 10,153	$ 44,243
Add: Additions during the year	-	-	-	1,792
Less: Disposals during the year	-	-	-	-
Balance, end of year	1,791	5,752	10,153	46,035
Accumulated amortization				
Balance, beginning of year	-	2,614	9,132	38,211
Add: Amortization	-	106	137	1,611
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	2,720	9,269	39,822
Net Book Value of Tangible Capital Assets	$ 1,791	$ 3,032	$ 884	$ 6,213

Schedule 5

Infrastructure				Totals	
Underground Networks	Roads and Bridges	Water Pumping Stations and Reservoirs	Assets Under Construction	**2019**	2018
$ 935,597	$ 10,675	$ 430,289	$ 3,839	**$ 1,442,339**	$ 1,395,403
30,097	346	867	1,710	**34,812**	52,340
(5,801)	-	-	-	**(5,801)**	(5,404)
959,893	11,021	431,156	5,549	**1,471,350**	1,442,339
288,718	808	122,499	-	**461,982**	442,617
14,580	430	8,219	-	**25,083**	24,735
(5,801)	-	-	-	**(5,801)**	(5,371)
297,497	1,238	130,718	-	**481,264**	461,981
$ 662,396	$ 9,783	$ 300,438	$ 5,549	**$ 990,086**	$ 980,358

Photo: City of Winnipeg

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

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

The objective of the Sewage Disposal System is to protect public health and the aquatic environment through adequate collection and treatment of sewage generated in Winnipeg as well as hauled liquid waste received from Winnipeg and surrounding communities. The Department is responsible for the planning, engineering, contract administration, operation, maintenance and management of the system. The Sewage Disposal System budget provides funding for local collection sewers, the interception system, three sewage treatment plants, biosolids disposal and an industrial and hazardous waste control program along with debt charges, employee benefits, taxes and a contribution to the Land Drainage Fund, utility dividend and transfers to the Environmental Projects Reserve and Sewer System Rehabilitation Reserve.

An Environmental Projects Reserve Fund was authorized by City Council on December 17, 1993. It was established to fund environmental projects to protect river quality. River quality is under the jurisdiction of the Province of Manitoba. In 2003, the Clean Environment Commission (CEC) conducted public hearings to review and receive comments on the City's sewage collection and treatment improvement program, and made several recommendations to upgrade and improve the sewage collection and treatment systems. In response Manitoba 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 forecsted to cost $1.8 billion dependng 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. An Engineering assignment for the NEWPCC nutrient reduction and recovery, including biosolids handling, was awarded in January, 2016. Preliminary design for this project is now complete. On March 20, 2019, as part of the 2019 budget adoption

City Council approved The Utility Dividend Policy on March 22, 2011. The policy stated the utility will pay an annual dividend to the City of Winnipeg based on 8% of budgeted gross sales for the current year. The dividend policy is to be reviewed every four years within three months of each new term of City Council. On March 3, 2015, as part of the 2015 budget adoption process, Council amended the rate from 8% to 12% of budgeted gross water sales. On March 20, 2019, as part of the 2019 budget adoption process, Council amended the rate from 12% to 11% of budgeted gross water sales. The Sewage Disposal System dividend was $20.3 million in 2019 (2018 - $22.7 million).

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2019	2018	2017	2016	2015
Rate in dollars (per cubic meter)	**$ 2.80**	$ 2.80	$ 2.55	$ 2.40	$ 2.28
Annual sewage received (million litres)*	**102,482**	82,070	91,956	100,716	93,245
Daily sewage received (million litres)*	**281.0**	225.0	252.0	275.0	255.6
Kilometres of interceptor sewers**	**135.4**	134.3	133.3	139.7	133.8
Kilometres of combined sewers**	**1,019.8**	1,020.5	1,021.0	1,020.7	1,026.2
Kilometres of wastewater sewers**	**1,517.6**	1,503.2	1,485.7	1,493.4	1,448.4
Number of lift stations ***	**75**	75	75	74	74
Number of billed sewer services	**212,300**	210,386	207,903	205,655	203,491

Note:

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

** Net decrease in 2017 due to assets being retired.

*** Saint Boniface station came off warranty in 2017 as an additional lift station.

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2019	2018
ASSETS		
Current		
Cash	**$ 1**	$ 1
Due from General Revenue Fund (Note 3)	**40,062**	72,101
Accounts receivable (Note 4)	**51,767**	55,067
Prepaid expenses	**335**	460
Inventory	**282**	228
	92,447	127,857
Long-term receivable	**4,339**	4,648
Tangible capital assets (Note 5)	**1,301,861**	1,160,713
	$ 1,398,647	$ 1,293,218
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 45,754**	$ 21,123
Current portion of long-term debt (Note 7)	**1,848**	453
	47,602	21,576
Other liabilities	**2,206**	1,498
Long-term debt (Note 7)	**100,704**	22,601
	150,512	45,675
ACCUMULATED SURPLUS (Note 9)	**1,248,135**	1,247,543
	$ 1,398,647	$ 1,293,218

Commitment (Note 8)

Subsequent event (Note 15)

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)

	2019 Budget	2019 Actual	2018 Actual
REVENUES (Schedule 1)			
Sewer services (Note 10)	**$ 184,999**	$ **188,649**	$ 189,984
Government transfers, permits and other	**8,998**	**10,953**	10,202
Interest	**706**	**1,448**	1,678
Total revenues	**194,703**	**201,050**	201,864
EXPENSES (Schedules 2 and 3)			
Collection, interception and treatment	**50,070**	**50,088**	48,806
Taxes, employee benefits and other (Note 11)	**16,856**	**16,038**	17,034
Engineering services	**6,757**	**6,662**	6,313
Finance and administration	**4,136**	**3,708**	3,635
Information systems and technology	**3,395**	**3,266**	2,853
Environmental standards	**3,203**	**2,858**	2,952
Debt and finance	**4,357**	**1,905**	843
Customer services	**1,285**	**1,224**	1,161
Human resources	**992**	**939**	896
Total expenses from operations	**91,051**	**86,688**	84,493
Surplus for the year from operations	**103,652**	**114,362**	117,371
Transfers to other funds (Note 12)	**142,523**	**141,651**	70,140
Net (deficit) surplus from operations after transfer to other funds	**(38,871)**	**(27,289)**	47,231
Net surplus from capital (Schedule 4)	**-**	**27,881**	25,806
Net surplus for the year	**$ (38,871)**	**592**	73,037
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**1,247,543**	1,174,506
ACCUMULATED SURPLUS, END OF YEAR		**$ 1,248,135**	$ 1,247,543

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 592**	$ 73,037
Non-cash items related to operations		
Amortization	**24,625**	23,758
Loss on disposal of tangible capital assets	**102**	84
Working capital from operations	**25,319**	96,879
Change in net working capital other than cash	**28,518**	(17,236)
	53,837	79,643
FINANCING		
Due from General Revenue Fund	**32,039**	13,074
Debt issued	**80,000**	-
	112,039	13,074
INVESTING		
Purchase of tangible capital assets	**(165,876)**	(92,717)
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
SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(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
Machinery and equipment
Information systems
Water and sewage plants and networks:
  Underground networks
  Sewage treatment plants and lift stations

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 2019 sewer rate includes a provision of 40 cents (2018 - 40 cents) per cubic meter of billed water consumption to be transferred from the Sewage Disposal System Fund to this Reserve.

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

2. *Status of the Sewage Disposal System*

Although sewer collection and treatment began in the City of Winnipeg in 1935, the Sewage Disposal System was created in 1972 with the inception of Unicity. The Utility is self-supporting and is primarily funded by user fees which provide financing for the planning, design and construction, operation, maintenance and administration of local collection sewers, the interception system, three treatment plants, sludge disposal and an industrial and hazardous waste control program. The purpose of the Fund is to provide a structure to measure financial performance and accommodate long-term financial planning for the City's sewage collection and treatment system.

3. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2019 effective interest rate was 1.60% (2018 - 1.60%).

4. *Accounts Receivable*

	2019	2018
Trade Accounts	**$ 46,182**	$ 47,711
Government of Canada	**4,485**	4,051
Province of Manitoba	**1,100**	3,305
	$ 51,767	$ 55,067

5. *Tangible Capital Assets*

	Net Book Value	
	2019	2018
Land	**$ 1,422**	$ 1,428
Land improvement	**506**	586
Buildings	**318**	330
Equipment	**89**	113
Information technology	**1,245**	900
Underground networks	**750,222**	720,628
Sewage treatment plants and lift stations	**262,716**	252,098
Assets under construction	**285,343**	184,630
	$ 1,301,861	$ 1,160,713

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

During 2019 there was no write-down of tangible capital assets. Interim financing charges capitalized during 2019 were $406 thousand (2018 - $199 thousand). In addition, underground networks contributed to the City and recorded in the Sewage Disposal System Fund totaled $16.2 million in 2019 (2018 - $18.3 million) and were capitalized at their fair value at the time of receipt.

6. *Accounts Payable and Accrued Liabilities*

	2019	2018
Trade accounts payable	**$ 43,777**	$ 19,547
Other accrued liabilities	**986**	890
Performance deposits	**657**	621
Accrued debenture interest	**334**	65
	$ 45,754	$ 21,123

7. *Long-term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2019	2018
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	**80,000**	-
					104,000	24,000
Equity in Sinking Fund (Note 7b)					**(1,448)**	(946)
Net Sinking fund debentures outstanding					**102,552**	23,054
Current portion of long-term debt					**(1,848)**	(453)
Net Long-Term Debt					**$ 100,704**	$ 22,601

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

	2020	2021	2022	2023	2024	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 104,000

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) 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 Sewage Disposal System is currently paying 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 $1.4 million (2018 - $0.8 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.

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, 2019, prepaid expenses include $335 thousand on account of the City's payment of Direct Costs related to the PGS (2018 - $460 thousand). In addition to the PGS, Veolia is providing a Parental Guarantee by its parent company.

8. Commitment (continued)

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

	2019	2018
Invested in tangible capital assets	**$ 1,199,308**	$ 1,142,549
Retained earnings	**48,827**	104,994
	$ 1,248,135	$ 1,247,543

10. Sewer Services Revenue

The sewer rate for 2019 was $2.80 per cubic meter (2018 - $2.80). The Environmental Projects Reserve contribution for 2019 was 40 cents per cubic meter (2018 - 40 cents).

11. Taxes, Employee Benefits and Other

Property taxes

Property taxes represent full taxes paid to outside municipalities and to The City of Winnipeg General Revenue Fund. Taxes are assessed on property as if it were privately owned. During 2019, realty taxes paid and transferred to the General Revenue Fund were $11.3 million (2018 - $11.5 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, 2019 is $1.5 million (2018 - $1.5 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2019 is estimated at $0.9 million (2018 - $1.2 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, 2019 is estimated at $1.1 million (2018 - $1.0 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, 2019 at $1.4 million (2018 - $1.2 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 $1.7 million (2018 - $1.7 million) of pension costs were allocated to the Sewage Disposal System. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2017 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 2019, this amounted to $0.9 million (2018 - $0.9 million) and was transferred to the General Revenue Fund.

Rent

Included in expenses is $1.2 million (2018 - $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 $27 thousand recoverable (2018 - $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:

	2019	2018
Transfer to Environmental Projects Reserve	**$ 93,093**	$ 23,561
Utility dividend transfer to General Revenue Fund	**20,350**	22,728
Transfer to Sewer System Rehabilitation Reserve	**18,000**	13,000
Transfer to Land Drainage System Fund	**10,208**	10,851
	$ 141,651	$ 70,140

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 with the current year's presentation.

15. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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

REVENUES

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

	2019 Budget	2019 Actual	2018 Actual
Sewer services	**$ 184,999**	**$ 188,649**	$ 189,984
Government transfers, permits and other			
Industrial waste surcharges	**3,500**	**5,138**	4,965
Hauled waste	**4,087**	**3,302**	2,860
Permits and fees	**400**	**1,346**	553
Other	**675**	**824**	1,478
Provincial transfers	**336**	**343**	346
	8,998	**10,953**	10,202
Interest			
Interest	**500**	**994**	1,450
Capitalized	**150**	**406**	199
Sinking Fund earnings	**56**	**48**	29
	706	**1,448**	1,678
Total revenues	**$ 194,703**	**$ 201,050**	$ 201,864

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM **Schedule 2**

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Collection, interception and treatment			
North end sewage treatment plant	**$ 15,876**	**$ 14,544**	$ 15,064
Local sewer	**6,796**	**6,846**	6,498
Sludge disposal	**5,908**	**6,696**	6,126
South end sewage treatment plant	**4,819**	**4,779**	4,864
Interception system	**3,516**	**4,381**	4,145
Mechanical maintenance	**3,116**	**3,141**	2,813
Electrical maintenance/instrumentation	**2,666**	**2,590**	2,567
Administration	**2,912**	**2,535**	2,579
West end sewage treatment plant	**2,364**	**2,301**	2,323
Civil maintenance	**1,296**	**1,303**	1,208
Process control	**801**	**972**	619
	50,070	**50,088**	48,806
Taxes, employee benefits and other			
Property taxes	**11,613**	**11,316**	11,511
Miscellaneous	**2,650**	**2,528**	2,663
Rent	**1,141**	**1,154**	1,123
General government charges	**931**	**931**	926
Insurance and claims	**515**	**515**	491
Employee benefits	**592**	**402**	549
Provincial payroll tax	**414**	**390**	364
Recoveries	**(1,000)**	**(1,198)**	(593)
	16,856	**16,038**	17,034
Engineering services			
Wastewater planning	**2,131**	**1,952**	1,948
Sewer connections	**1,300**	**1,695**	1,347
Design and construction	**643**	**651**	679
Drafting and graphic	**653**	**561**	560
Asset management	**530**	**476**	484
Customer technical services	**414**	**410**	402
Engineer designate support	**429**	**349**	332
Administrative services	**393**	**340**	328
Engineering services development	**214**	**178**	183
Land drainage and flood planning	**50**	**50**	50
	6,757	**6,662**	6,313

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Finance and administration			
Customer accounts	$ 2,961	$ 2,635	$ 2,540
Accounting services and administration	603	620	527
Capital planning	253	219	209
Rates / business analysis	184	147	154
Knowledge management	135	87	109
Plinguet operational support	-	-	96
	4,136	3,708	3,635
Environmental standards			
Analysis	1,834	1,707	1,730
Industrial waste	1,035	867	945
Administration	206	163	161
Compliance	128	121	116
	3,203	2,858	2,952
Information systems and technology			
Support services	1,706	1,606	1,548
Planning and design	1,082	1,076	742
Major systems	607	584	563
	3,395	3,266	2,853
Customer services			
Customer relations	1,119	1,070	1,006
Administration	119	116	117
Communications	47	38	38
	1,285	1,224	1,161
Human resources			
Human resources	471	451	416
Workplace health and safety	178	203	167
Timekeeping and payroll	169	171	165
Human resources training	174	114	148
	992	939	896
Debt and finance			
Long-term debt interest	3,043	1,345	793
Finance charges	1,314	560	50
	4,357	1,905	843
Total expenses from operations	$ 91,051	$ 86,688	$ 84,493

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Transfers to other funds (Note 12)			
Transfer to Environmental Projects Reserve	**$ 92,371**	**$ 93,093**	$ 23,561
Utility dividend transfer to General Revenue Fund	**20,350**	**20,350**	22,728
Transfer to Sewer System Rehabilitation Reserve	**18,000**	**18,000**	13,000
Transfer to Land Drainage System - Capital	**6,324**	**6,324**	6,690
Transfer to Land Drainage System - Operating	**5,478**	**3,884**	4,161
	142,523	**141,651**	70,140
Total expenses	**$ 233,574**	**$ 228,339**	$ 154,633

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2019 Budget	**2019 Actual**	2018 Actual
Transfers to other funds	**$ 142,524**	**$ 141,651**	$ 70,140
Goods and services	**53,330**	**52,397**	51,575
Salaries	**19,170**	**18,927**	17,630
Other expenses	**13,461**	**13,062**	13,228
Employee benefits	**3,694**	**3,430**	3,414
Interest on long-term debt	**3,048**	**1,345**	793
Finance charges	**1,309**	**560**	50
Recoveries	**(2,961)**	**(3,033)**	(2,197)
Total expenses	**$ 233,575**	**$ 228,339**	$ 154,633

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM **Schedule 4**

NET SURPLUS FROM CAPITAL

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

	2019 Actual	2018 Actual
Revenues		
Transfers		
Provincial and Federal capital transfers	**$ 10,094**	$ 18,421
Environmental Projects Reserve	**35,117**	12,094
Sewer System Rehabilitation Reserve	**14,613**	13,071
General Capital	**-**	3,497
	59,824	47,083
Developer contributions-in-kind	**16,287**	18,334
Total revenues from capital	**76,111**	65,417
Expenses		
Amortization	**24,625**	23,758
Transfer to Land Drainage System	**21,159**	13,358
Capital maintenance	**2,011**	1,477
Transfer to Waterworks System	**337**	934
Loss on disposal of tangible capital assets	**98**	84
Total expenses from capital	**48,230**	39,611
Net surplus from capital	**$ 27,881**	$ 25,806

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	General				
	Land	Land Improvements	Buildings	Equipment	Information Technology
Cost					
Balance, beginning of year	$ 1,428	$ 806	$ 989	$ 526	$ 1,248
Add: Additions during the year	-	-	-	-	474
Less: Disposals during the year	(6)	-	-	-	-
Balance, end of year	1,422	806	989	526	1,722
Accumulated amortization					
Balance, beginning of year	-	219	660	413	349
Add: Amortization	-	81	11	24	128
Less: Accumulated amortization on disposals	-	-	-	-	-
Balance, end of year	-	300	671	437	477
Net Book Value of Tangible Capital Assets	$ 1,422	$ 506	$ 318	$ 89	$ 1,245

Schedule 5

Infrastructure			Totals	
Underground Networks	Sewage Treatment Plants and Lift Stations	Assets Under Construction	**2019**	2018
$ 1,116,420	$ 455,584	$ 184,631	**$ 1,761,632**	$ 1,670,060
45,578	19,112	100,712	**165,876**	92,717
(696)	-		**(702)**	(1,145)
1,161,302	474,696	285,343	**1,926,806**	1,761,632
395,793	203,485	-	**600,919**	578,222
15,886	8,495	-	**24,625**	23,758
(599)	-	-	**(599)**	(1,061)
411,080	211,980	-	**624,945**	600,919
$ 750,222	$ 262,716	$ 285,343	**$ 1,301,861**	$ 1,160,713

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 $79.00 per tonne (2018 - $78.00).

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.

The revenues from the recycling programs are comprised of support payments received from the Multi Material Stewardship Manitoba and the sale of recyclables. In 2019, the City realized $10.9 million in revenue (2018 - $11.9 million) from recycling.

In 2009, the Province of Manitoba introduced the Provincial Waste Reduction and Recycling Support initiative. Under this program, a levy is collected based on the volume of waste disposed at landfills within Manitoba. The levy is set at $10 per tonne on residential, commercial and small loads. The total levy collected throughout the province is granted to municipalities based on their share of total recycling throughout the province.

Waste diversion initiatives are also funded through the waste diversion user fee. In 2019 this fee is $0.1726 per day (2018 - $0.1575). 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)

	2019	2018	2017	2016	2015
Solid Waste (tonnes)					
Single family residential	**121,982**	119,837	120,300	121,826	124,838
Multi-family and small commercial	**52,068**	52,204	51,909	52,454	53,007
Large commercial / industrial	**90,276**	86,601	91,591	91,544	95,637
Other (1)	**52,252**	71,438	88,891	95,018	120,208
Charitable organization	**2,522**	2,484	2,635	2,822	2,138
Total landfill tonnage	**319,100**	332,564	355,326	363,664	395,828
Residential small loads					
Brady 4R Depot					
Number of loads	**93,090**	82,722	69,658	80,439	93,220
Residential small loads					
Other 4R Depots (2)					
Number of loads	**96,328**	72,063	18,836	-	-
Compostable yard waste					
Total tonnage	**31,525**	33,041	28,528	34,123	32,947
Recyclables (tonnes)					
Blue cart	**45,367**	47,054	47,701	48,610	49,504
Depots/apartments	**5,489**	5,499	6,476	6,400	6,193
Total recyclables	**50,856**	52,553	54,177	55,010	55,697
Leachate removed					
Total kilolitres	**49,687**	39,541	53,930	65,360	72,475

(1) Includes tonnage for small loads on an estimated weight of 500kg per load entering the landfill for the years 2013-2015. In 2016, with the opening of the 4R Winnipeg Depot, all small loads were weighed.
(2) The 4R Winnipeg Depots are located at 1120 Pacific Avenue and 429 Panet Road. There is no garbage collection at these sites.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

STATEMENT OF FINANCIAL POSITION

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

	2019	2018
ASSETS		
Current		
Cash	**$ 116**	$ 122
Due from General Revenue Fund (Note 3)	**2,840**	7,784
Accounts receivable (Note 4)	**11,638**	8,844
	14,594	16,750
Tangible capital assets (Note 5)	**46,168**	45,790
	$ 60,762	$ 62,540
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 4,671**	$ 4,795
Current portion of long-term debt (Note 7)	**2,363**	2,304
	7,034	7,099
Long-term debt (Note 7)	**25,428**	23,360
	32,462	30,459
ACCUMULATED SURPLUS (Note 8)	**28,300**	32,081
	$ 60,762	$ 62,540

Subsequent event (Note 12)

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)

	2019 Budget	2019 Actual	2018 Actual
REVENUES (Schedule 1)			
Sales of services and regulatory fees	**$ 40,020**	**$ 39,368**	$ 38,467
Government transfers and other	**4,988**	**4,933**	5,516
Interest	**206**	**234**	383
Total revenues	**45,214**	**44,535**	44,366
EXPENSES (Schedules 2 and 3)			
Solid waste operations	**47,941**	**43,744**	42,011
Debt and finance	**3,387**	**902**	833
Employee benefits, taxes and other (Note 9)	**615**	**541**	698
Total expenses from operations	**51,943**	**45,187**	43,542
(Deficit) surplus for the year from operations	**(6,729)**	**(652)**	824
Transfers to other funds (Note 10)	**334**	**319**	327
(Deficit) surplus from operations after transfers to other funds	**(7,063)**	**(971)**	497
Net deficit from capital (Schedule 4)	**-**	**(2,810)**	(750)
Net deficit for the year	**$ (7,063)**	**(3,781)**	(253)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**32,081**	32,334
ACCUMULATED SURPLUS, END OF YEAR		**$ 28,300**	$ 32,081

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ (3,781)**	$ (253)
Non-cash items related to operations		
Amortization	**3,052**	2,864
Working capital from operations	**(729)**	2,611
Change in net working capital other than cash	**(2,918)**	2,546
	(3,647)	5,157
FINANCING		
Proceeds from loan	**4,449**	-
Repayment of loan	**(2,141)**	(2,083)
Due from General Revenue Fund	**4,943**	4,025
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg ("The Sinking Fund")	**(17)**	(10)
Payments to The Sinking Fund for outstanding debt	**(163)**	(163)
	7,071	1,769
INVESTING		
Purchase of tangible capital assets	**(3,430)**	(7,113)
Decrease in cash	**(6)**	(187)
Cash position, beginning of year	**122**	309
Cash position, end of year	**$ 116**	$ 122

See accompanying notes and schedules to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

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

Basis of accounting

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

The operations are accounted for on the accrual basis except for vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims which are recorded on a cash basis.

a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 100 years
Building and improvements	10 to 50 years
Machinery and equipment	10 to 20 years
Information technology	5 to 10 years

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

b) Landfill Rehabilitation Reserve

City Council on December 15th, 1993, in accordance with Sections 338 (1) and (2) of the former City of Winnipeg Act, established the Reserve to provide funding, over time, for the future rehabilitation of the Brady Landfill Site.

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

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

1. Significant Accounting Policies (continued)

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund. The transfer is based on $1.00 per tonne of the tipping fee charged at the Brady Landfill Site.

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

c) Waste Diversion Reserve

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

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

d) Government transfers

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

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

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

2. Status of the Solid Waste Disposal Fund

On March 23, 1992, City Council adopted a motion establishing the Solid Waste Disposal Fund ("Utility") as a separate fund within The City of Winnipeg's ("City") financial records. Upon establishment of this Utility, the capital assets, work in progress and related debt were transferred to this Utility from the General Capital Fund. The Utility is self-supporting and is primarily funded by landfill tipping fees, third party grants and the waste diversion user fee. The purpose of the Fund is to improve the cost accountability of the solid waste management system and to establish a financial structure to accommodate long-term planning and financing of solid waste management programs.

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, 2019 effective interest rate was 1.60% (2018 - 1.60%).

4. Accounts Receivable

	2019	2018
Landfill tipping, recycling and waste diversion	**$ 11,878**	$ 9,084
Allowance for doubtful accounts	**(240)**	(240)
	$ 11,638	$ 8,844

5. *Tangible Capital Assets*

	Net Book Value 2019	Net Book Value 2018
Land	**$ 541**	$ 541
Land improvements	**25,160**	23,156
Building and improvements	**15,730**	16,134
Machinery and equipment	**4,343**	5,424
Information technology	**377**	430
	46,151	45,685
Assets under construction	**17**	105
	$ 46,168	$ 45,790

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

During the year, there were no write-downs of tangible capital assets (2018 - $nil). Interim financing charges capitalized during 2019 were $58 thousand (2018 - $131 thousand).

6. *Accounts Payable and Accrued Liabilities*

	2019	2018
Trade accounts payable	**$ 2,674**	$ 2,634
Waste Reduction and Recycling Support Levy	**1,673**	1,666
Other accrued liabilities	**283**	472
Accrued debenture interest payable	**41**	23
	$ 4,671	$ 4,795

7. *Long-Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2019	Amount of Debt 2018
2016-2045	June 1	3.303	WD4	5/2015	**$ 8,637**	$ 8,637
2019-2051	November 1	3.499	WC6	136/2016	**2,450**	-
2019-2051	November 15	2.667	WC7	133/2018	**1,999**	-
Equity in sinking fund (Note 7b)					**(521)**	(340)
Net Sinking Fund Debentures outstanding					**12,565**	8,297

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%	**12,269**	12,886
TD Commercial Bank loan with a maturity date of November 13, 2021 and an interest rate of 2.63%	**2,957**	4,481
	15,226	17,367
Total Debt Outstanding	**27,791**	25,664
Current portion of debentures	**(163)**	(163)
Current portion of loan	**(2,200)**	(2,141)
Current Portion of Debt	**(2,363)**	(2,304)
Long-term Debt	**$ 25,428**	$ 23,360

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

	2020	2021	2022	2023	2024	2025 and Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 13,086
Other debt	2,200	2,049	677	698	719	8,883
	$ 2,200	$ 2,049	$ 677	$ 698	$ 719	$ 21,969

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

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City in a separate fund. The City of Winnipeg Solid Waste Disposal is currently paying 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 $0.9 million (2018 - $0.8 million).

8. *Accumulated Surplus*

	2019	2018
Invested in tangible capital assets	**$ 18,377**	$ 20,126
Retained earnings	**9,923**	11,955
	$ 28,300	$ 32,081

9. *Employee Benefits, Taxes and Other*

Property taxes

Property taxes represent full taxes paid to The City of Winnipeg General Revenue Fund. In 2019, the amount incurred was $57 thousand (2018 - $50 thousand).

9. Employee Benefits, Taxes and Other (continued)

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2019 is $360 thousand (2018 - $300 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, 2019 is estimated at $791 thousand (2018 - $916 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, 2019 at $228 thousand (2018 - $198 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, 2019 at $228 thousand (2018 - $211 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 2019, $446 thousand (2018 - $444 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, 2017 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 2019 this amounted to $139 thousand (2018 - $138 thousand) and was transferred to the General Revenue Fund.

Rent

Included in various expense categories is an amount of $176 thousand (2018 - $196 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

10. Transfers to Other Funds

	2019	2018
Transfer to Landfill Rehabilitation Reserve	**$ 319**	$ 327

11. Related Party Transactions

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

12. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 1

REVENUES

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

	2019 Budget	2019 Actual	2018 Actual
Sales of services and regulatory fees			
Landfill tipping fees	**$ 13,980**	**$ 14,764**	$ 13,705
Waste diversion user fee	**12,476**	**12,431**	11,601
Recycling	**12,324**	**10,911**	11,905
Small load fees	**1,240**	**1,262**	1,256
	40,020	**39,368**	38,467
Government transfers and other			
Waste reduction support	**4,585**	**4,800**	4,790
Provincial support	**403**	**133**	726
	4,988	**4,933**	5,516
Interest			
Late payment charges and returned payments	**96**	**102**	96
Interest capitalized	**90**	**58**	131
Interest	**-**	**57**	146
Sinking fund earnings	**20**	**17**	10
	206	**234**	383
Total revenues	**$ 45,214**	**$ 44,535**	$ 44,366

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 2

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Solid waste operations			
Recycling	**$ 24,638**	**$ 23,152**	$ 23,432
Waste minimization	**10,259**	**9,170**	8,704
Brady Road Resource Management Facility	**9,892**	**8,557**	7,915
Landfill and environmental	**2,057**	**1,833**	861
Support services	**875**	**843**	837
Administration	**220**	**189**	262
	47,941	**43,744**	42,011
Debt and finance			
Interest on long-term debt	**974**	**871**	833
Amortization	**2,413**	**-**	-
Debenture Issue Expense	**-**	**31**	-
	3,387	**902**	833
Employee benefits, taxes and other			
Employee benefits	**276**	**196**	366
General government charges	**139**	**139**	138
Provincial payroll tax	**124**	**129**	125
Property taxes	**57**	**57**	50
Insurance and damage claims	**17**	**17**	16
Other	**2**	**3**	3
	615	**541**	698
Total Expenses from Operations	**51,943**	**45,187**	43,542
Transfers to other funds (Note 10)			
Transfer to Landfill Rehabilitation Reserve	**334**	**319**	327
Total expenses	**$ 52,277**	**$ 45,506**	$ 43,869

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 3

EXPENSES BY OBJECT

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

	2019 Budget	**2019 Actual**	2018 Actual
Goods and services	**$ 41,894**	**$ 37,726**	$ 37,026
Salaries	**5,510**	**4,987**	4,895
Employee benefits	**1,186**	**1,024**	1,181
Interest on long-term debt	**3,388**	**902**	832
Transfers	**334**	**319**	327
Finance charges	**155**	**126**	151
Other expenses	**625**	**613**	629
Recoveries	**(815)**	**(191)**	(1,172)
Total expenses	**$ 52,277**	**$ 45,506**	$ 43,869

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 4

DEFICIT FROM CAPITAL

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

	2019 Actual	2018 Actual
Revenues		
Transfer from Landfill Rehabilitation Reserve Fund	**$ 316**	$ 107
Transfer from Waste Diversion Reserve Fund	**34**	2,069
Total revenues from capital	**350**	2,176
Expenses		
Amortization	**3,052**	2,864
Capital maintenance	**108**	62
Total expenses from capital	**3,160**	2,926
Net deficit from capital	**$ (2,810)**	$ (750)

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	General			
	Land	**Land Improvements**	**Buildings**	**Machinery and Equipment**
Cost				
Balance, beginning of year	**$ 541**	**$ 30,684**	**$ 17,912**	**$ 13,859**
Add: Additions (completions) during the year	**-**	**3,208**	**310**	**-**
Balance, end of year	**541**	**33,892**	**18,222**	**13,859**
Accumulated amortization				
Balance, beginning of year	**-**	**7,528**	**1,778**	**8,435**
Add: Amortization	**-**	**1,204**	**714**	**1,081**
Balance, end of year	**-**	**8,732**	**2,492**	**9,516**
Net Book Value of Tangible Capital Assets	**$ 541**	**$ 25,160**	**$ 15,730**	**$ 4,343**

Schedule 5

		Totals	
Information Technology	**Assets Under Construction**	**2019**	2018
$ 625	**$ 105**	**$ 63,726**	$ 56,613
-	**(88)**	**3,430**	7,113
625	**17**	**67,156**	63,726
195	**-**	**17,936**	15,072
53	**-**	**3,052**	2,864
248	**-**	**20,988**	17,936
$ 377	**$ 17**	**$ 46,168**	$ 45,790


Photo: City of 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:	**2019**	2018	2017	2016	2015
Number of stormwater retention basins[1]	**101**	102	92	86	86
Number of permanent of flood pumping stations	**31**	31	31	31	31
Number of stormwater retention basin pumping stations	**5**	5	5	5	5
Kilometers of land drainage sewer mains	**1,260**	1,243	1,218	1,206	1,183
Kilometers of storm relief mains	**183**	184	188	188	187
Peak river elevations (>8.5 feet) - spring	**18.33**	15.67	19.31	16.5	14.2
Peak river elevations (>8.5 feet) - summer	**12.53**	7.61	7.15	12.1	11.5
Meters of city owned riverbank protected [2] annually	**-**	150	70	360	620
Number of waterway permits issued [3]	123	136	116	128	128

Note:

1 SRBs 4-4 and 4-8 located in Kilcona Park. They were previously designated as City owned but are now classified as private. SRB 6-52 was previously classified as part of Beaujolais Drain but was converted to an SRB.

2 No riverbank protection capital funding available in 2019.

3 Decrease in number of permits as a result of annual variability.

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2019	2018
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 16,437**	$ 9,538
Prepaid expenses	**-**	1
	16,437	9,539
Long-term receivable	**3,219**	9,532
Tangible capital assets (Note 4)	**894,869**	856,162
	$ 914,525	$ 875,233
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 16,951**	$ 11,524
Current portion of long-term debt (Note 6)	**259**	704
	17,210	12,228
Long-term debt (Note 6)	**2,019**	2,279
	19,229	14,507
ACCUMULATED SURPLUS (Note 7)	**895,296**	860,726
	$ 914,525	$ 875,233

Subsequent event (Note 11)

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)

	2019 Budget	2019 Actual	2018 Actual
REVENUES (Schedule 1)			
Transfer from Sewage Disposal (Note 8)	**$ 5,478**	$ **3,884**	$ 4,161
Government transfers, permits and other	**250**	**311**	318
Interest	**-**	**156**	33
Total revenues	**5,728**	**4,351**	4,512
EXPENSES (Schedules 2 and 3)			
Flood pumping stations	**2,208**	**1,774**	2,045
Storm water retention	**1,167**	**1,000**	958
Support services allocation, debt and finance	**983**	**902**	870
Local land drainage maintenance	**531**	**528**	469
Debt and finance	**789**	**91**	120
Lot grades	**50**	**50**	50
Flood costs	**-**	**6**	-
Total expenses from operations	**5,728**	**4,351**	4,512
Surplus for the year from operations	**-**	**-**	-
Net surplus from capital (Schedule 4)	**-**	**34,570**	860,726
Net surplus for the year	**$ -**	**34,570**	860,726
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**860,726**	-
ACCUMULATED SURPLUS, END OF YEAR		$ **895,296**	$ 860,726

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 34,570**	$ 860,726
Non-cash items related to operations		
Amortization	**18,687**	18,020
Working capital from operations	**53,257**	878,746
Change in net working capital other than cash	**4,723**	4,974
	57,980	883,720
FINANCING		
Due from General Revenue Fund	**(6,899)**	(9,538)
Proceeds from loan	**6,313**	-
	(586)	(9,538)
INVESTING		
Purchase of tangible capital assets	**(57,394)**	(52,326)
Transfer of assets from General Capital Fund	**-**	(821,856)
	(57,394)	**(874,182)**
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, 2019
(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 receipt of goods or services and/or the creation of a legal upon 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.

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, 2019 effective interest rate was 1.6% (2018 1.6%)

b) General Capital Fund - capital loan receivable

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

4. Tangible Capital Assets

	Net Book Value	
	2019	2018
Land	**$ 881**	$ 881
Land improvement	**293**	315
Information technology	**1,692**	1,957
Underground networks	**876,344**	837,832
Sewage treatment plants and lift stations	**15,635**	15,153
Assets under construction	**24**	24
	$ 894,869	$ 856,162

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 $26.0 million ($27.4 million in 2018) and were capitalized at their fair value at the time of receipt.

5. Accounts Payable and Accrued Liabilities

		2019		2018
Deferred revenue and other	**$**	**12,875**	$	6,690
Performance deposits		**3,883**		4,101
Trade accounts payable		**193**		733
	$	**16,951**	$	11,524

6. Long-term Debt

Debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.		Amount of Debt 2019		2018
2009-2019	6-Oct	2.870	WA	31/2009	**$**	**-**	$	453

		2019		2018
Other debt outstanding				
TD Commercial Bank loan with a maturity date of December 22, 2027 and an interest rate of 2.87%	**$**	**2,278**	$	2,530
Total Debt Outstanding		**2,278**		2,983
Current portion of debentures		**-**		(453)
Current portion of long-term debt		**(259)**		(251)
Current Portion of Debt		**(259)**		(704)
Net Long-Term Debt	**$**	**2,019**	$	2,279

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

	2020	2021	2022	2023	2024	Thereafter
Other debt	$ 259	$ 266	$ 273	$ 281	$ 287	$ 912

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 $0.1 million,($0.2 million in 2018).

7. Accumulated Surplus

		2019		2018
Invested in tangible capital assets	**$**	**895,830**	$	861,432
Retained earnings		**(534)**		(706)
	$	**895,296**	$	860,726

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, 2019.

Insurance and damage claims

Included in expenses is $9.6 thousand ($9.2 thousand in 2018) 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.

11. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 1

REVENUES

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

	2019 Budget	2019 Actual	2018 Actual
Transfer from sewage disposal	**$ 5,478**	**$ 3,884**	$ 4,161
Government transfers, permits and other			
Building lot grade permits	**250**	**311**	318
	250	**311**	318
Interest	**-**	**156**	33
Total revenues	**$ 5,728**	**$ 4,351**	$ 4,512

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 2

EXPENSES

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

	2019 Budget	2019 Actual	2018 Actual
Collection, interception and treatment			
Local land drainage maintenance	**$ 2,208**	**$ 1,774**	$ 2,045
Support services allocation, debt and finance	**1,167**	**1,000**	958
Flood pumping stations	**983**	**902**	870
Storm water retention	**531**	**528**	469
Lot grades	**50**	**50**	50
Flood costs	**-**	**6**	-
	4,939	**4,260**	4,392
Debt and finance			
Long-term debt interest	**789**	**90**	119
Finance charges	**-**	**1**	1
	789	**91**	120
Total expenses from operations	**$ 5,728**	**$ 4,351**	$ 4,512

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2019 Budget	2019 Actual	2018 Actual
Goods and services	**$ 4,931**	**$ 4,267**	$ 4,398
Interest on long-term debt	**789**	**90**	119
Salaries	**8**	**3**	3
Finance charges	**-**	**1**	1
Other expenses	**-**	**(10)**	(9)
Total expenses	**$ 5,728**	**$ 4,351**	$ 4,512

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2019 Actual	2018 Actual
Revenues		
Transfer from Sewage Disposal	**$ 28,510**	$ 19,021
Transfer from General Capital	**4,079**	839,007
Transfer utility capital - allocated	**1,010**	-
Transfer utility capital - unallocated	**(6,324)**	(6,690)
	27,275	851,338
Developer contributions-in-kind	**26,004**	27,408
Total revenues from capital	**53,279**	878,746
Expenses		
Amortization	**18,687**	18,020
Contracts Construction & Maintenance (WIP Expense)	**22**	-
Total expenses from capital	**18,709**	18,020
Net surplus from capital	**$ 34,570**	$ 860,726

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**	**$ 418**	**$ 5,209**
Add: Additions during the year	**-**	**21**	**8**
Less: Disposals during the year	**-**	**-**	**-**
Balance, end of year	**881**	**439**	**5,217**
Accumulated amortization			
Balance, beginning of year	**-**	**103**	**3,252**
Add: Amortization	**-**	**43**	**273**
Less: Accumulated amortization on disposals	**-**	**-**	**-**
Balance, end of year	**-**	**146**	**3,525**
Net Book Value of Tangible Capital Assets	$ **881**	**$ 293**	**$ 1,692**

Schedule 5

Infrastructure			Totals	
Underground Networks	**Lift Stations**	**Assets Under Construction**	**2019**	2018
$ 1,315,233	**$ 23,638**	**$ 24**	**$ 1,345,403**	$ 1,293,077
56,465	**900**	**-**	**57,394**	52,326
-	**-**	**-**	**-**	-
1,371,698	**24,538**	**24**	**1,402,797**	1,345,403
477,401	**8,485**	**-**	**489,241**	471,221
17,953	**418**	**-**	**18,687**	18,020
-	**-**	**-**	**-**	-
495,354	**8,903**	**-**	**507,928**	489,241
$ 876,344	**$ 15,635**	**$ 24**	**$ 894,869**	$ 856,162

Photo: Ian Carter, courtesy Tourism Winnipeg

2019 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

	2019	2018
FINANCIAL ASSETS		
Cash	**$ 17,699**	$ 8,466
Accounts receivable	**-**	246
Due from the City of Winnipeg - General Revenue Fund (Note 3)	**2,907,708**	2,922,215
	2,925,407	2,930,927
LIABILITIES		
Accounts payable and accrued liabilities	**293,104**	347,889
Deferred revenue	**1,458,596**	1,273,318
Vacation and overtime payable	**99,187**	76,133
Retirement allowances and compensated absences (Note 4a)	**141,000**	129,000
	1,991,887	1,826,340
NET FINANCIAL ASSETS	**933,520**	1,104,587
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	**11,644**	25,174
ACCUMULATED SURPLUS (Note 6)	**$ 945,164**	$ 1,129,761

Commitments (Note 7)

Subsequent event (Note 10)

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 2019	Actual 2019	Actual 2018
REVENUES			
Regulation fees	**$ 2,388,531**	**$ 2,364,895**	$ 2,454,573
Transfer (Note 8)	**771,219**	**771,219**	1,295,396
Sales of goods and services	**66,711**	**90,947**	71,425
Government transfers	**28,174**	**27,234**	26,961
Other revenue	**49,419**	**198,823**	169,691
Total Revenues	**3,304,054**	**3,453,118**	4,018,046
EXPENSES			
Salaries and employee benefits	**1,912,775**	**1,754,594**	1,586,802
Grants, transfers and other	**865,276**	**868,019**	865,852
Services (Note 9)	**381,853**	**300,114**	276,580
Administrative expenses (Note 9)	**256,004**	**256,004**	255,646
Rent (Note 9)	**205,167**	**205,167**	215,254
Materials, parts and supplies	**127,289**	**162,547**	138,076
Debt and finance charges	**36,906**	**38,898**	37,851
Assets and purchases	**9,229**	**38,842**	31,956
Amortization	**20,000**	**13,530**	19,528
Total Expenses	**3,814,499**	**3,637,715**	3,427,545
(Deficiency) excess of Revenues Over Expenses	**$ (510,445)**	**(184,597)**	590,501
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**1,129,761**	539,260
ACCUMULATED SURPLUS, END OF YEAR (Note 6)		**$ 945,164**	$ 1,129,761

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:

	2019	2018
OPERATING		
(Deficiency) excess of revenues over expenses	**$ (184,597)**	$ 590,501
Non-cash charges to operations		
Amortization	**13,530**	19,528
Retirement allowances and compensated absences	**12,000**	2,000
	(159,067)	612,029
Net change in non-cash working capital balances related to operations	**153,793**	(34,936)
Cash (used in) provided by operating activities	**(5,274)**	577,093
FINANCING		
Change in due from The City of Winnipeg - General Revenue Fund	**14,507**	(596,696)
Increase (decrease) in cash	**9,233**	(19,603)
CASH, BEGINNING OF YEAR	**8,466**	28,069
CASH, END OF YEAR	**$ 17,699**	$ 8,466

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 2019	**Actual 2019**	Actual 2018
(Deficiency) excess of Revenues Over Expenses	**$ (510,445)**	**$ (184,597)**	$ 590,501
Amortization of tangible capital assets	**20,000**	**13,530**	19,528
(DECREASE) INCREASE IN NET FINANCIAL *ASSETS*	**(490,445)**	**(171,067)**	610,029
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**1,104,587**	**1,104,587**	494,558
NET FINANCIAL ASSETS, END OF YEAR	**$ 614,142**	**$ 933,520**	$ 1,104,587

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, 2019

1. *Description of Business*

Animal Services - Special Operating Agency (the "Agency") commenced operations on January 1, 2000. Goals since the establishment of the Agency have been to become financially self-sustaining to the greatest degree possible and to improve both the services provided to the public and the public's perception of Animal Services.

2. *Significant Accounting Policies*

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

Basis of accounting

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

Non-financial assets

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

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%

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)*

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, 2019 effective interest rate was 1.60% (2018 - 1.60%).

4. *Employee Benefits*

a) Retirement allowances and compensated absences

	2019	2018
Retirement allowances - accrued benefit liability	**$ 85,000**	$ 77,000
Compensated absences	**56,000**	52,000
	$ 141,000	$ 129,000

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 18.6 years. This represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance liability as at December 31 of each year. An actuarial valuation of the liability was calculated as of December 31, 2018. The results of this valuation were extrapolated to the financial reporting date of December 31, 2019 using year-end assumptions.

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

4. *Employee Benefits (continued)*

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

	2019		2018	
	Retirement allowances	**Compensated absences**	Retirement allowances	Compensated absences
Accrued benefit liability:				
Balance, beginning of year	**$ 48,000**	**$ 64,000**	$ 47,000	$ 60,000
Current service cost	**5,000**	**10,000**	5,000	10,000
Interest cost	**2,000**	**2,000**	2,000	2,000
Benefit payments	**-**	**(7,000)**	(8,000)	(7,000)
Net actuarial (gain)/loss	**(3,000)**	**5,000**	2,000	(1,000)
Balance, end of year	**52,000**	**74,000**	48,000	64,000
Unamortized net actuarial (gain)/loss	**33,000**	**(18,000)**	29,000	(12,000)
Accrued benefit liability	**$ 85,000**	**$ 56,000**	$ 77,000	$ 52,000
Benefit expenses:				
Current service cost	**$ 5,000**	**$ 10,000**	$ 5,000	$ 10,000
Interest cost	**2,000**	**2,000**	2,000	2,000
Amortization of net actuarial (gain)/loss	**1,000**	**(1,000)**	(2,000)	-
	$ 8,000	**$ 11,000**	$ 5,000	$ 12,000
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 77,000**	**$ 52,000**	$ 80,000	$ 47,000
Benefit expense	**8,000**	**11,000**	5,000	12,000
Benefit payments	**-**	**(7,000)**	(8,000)	(7,000)
Balance, end of year	**$ 85,000**	**$ 56,000**	$ 77,000	$ 52,000

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

	2019	2018
Valuation interest rate	**2.60%**	3.25%
General increases in pay	**2.50%**	2.50%
Expected average remaining service life	**18.6 years**	18.6 years

b) Pensions

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year $136,387 (2018 - $122,430) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2018 and it has an actuarial surplus.

5. Tangible Capital Assets

	Net Book Value 2019	2018
Computer equipment	**$ 11,644**	$ 18,493
Computer Software	**-**	6,681
	$ 11,644	$ 25,174

For additional information, see Schedule of Tangible Capital Assets.

6. Accumulated Surplus

	Actual 2019	Actual 2018
Invested in tangible capital assets	**$ 11,644**	$ 25,174
Operating	**933,520**	1,104,587
	$ 945,164	$ 1,129,761

7. Commitments

The Agency and the Winnipeg Humane Society entered into a contract effective January 1, 2019 to December 31, 2021. Subject to the Winnipeg Humane Society complying with the terms of the agreement, the Agency agreed to pay the Winnipeg Humane Society the sum of $652,273 per year.

8. Transfer from The City of Winnipeg

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

2015	$ 1,404,276
2016	1,378,836
2017	1,319,574
2018	1,295,396
2019	771,219

9. Related Party Transactions

The Agency is wholly-owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to those disclosed elsewhere in the financial statements, the transactions that occurred are as follows:

Included in the Agency's expenditures is a transfer to The City of Winnipeg Municipal Accommodations Fund for rent of $205,167 (2018 - $215,254) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $176,860 (2018 - $176,860). Also included are lease costs of $112,083 (2018 - $111,351) to The City of Winnipeg Fleet Management - Special Operating Agency and $79,144 (2018 - $78,786) 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.

10. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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	2019 Total	2018 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	**158,357**	**121,375**	**52,911**	**60,137**	**392,780**	373,252
Add:						
Amortization	**6,849**	**-**	**-**	**6,681**	**13,530**	19,528
Less:						
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**165,206**	**121,375**	**52,911**	**66,818**	**406,310**	392,780
Net Book Value of Tangible Capital Assets	**$ 11,644**	**$ -**	**$ -**	**$ -**	**$ 11,644**	$ 25,174

Photo: City of Winnipeg

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

The 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)

	2019	2018
FINANCIAL ASSETS		
Accounts receivable (Note 3)	**$ 121**	$ 129
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 4)	**5,096**	5,941
Accounts payable and accrued liabilities	**133**	84
Deferred revenue	**147**	131
Debt (Note 5)	**2,750**	2,791
Accrued employee benefits (Note 6a)	**128**	111
	8,254	9,058
NET FINANCIAL LIABILITIES	**(8,133)**	(8,929)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**22,716**	22,833
Inventories	**43**	50
Prepaid expenses	**10**	-
	22,769	22,883
ACCUMULATED SURPLUS (Note 8)	**$ 14,636**	$ 13,954

Commitments (Note 10)

Subsequent event (Note 11)

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 2019	**Actual 2019**	Actual 2018
REVENUES			
Green fees	**$ 1,600**	**$ 1,684**	$ 1,539
Transfer from The City of Winnipeg - General Revenue Fund	**730**	**730**	730
Equipment rentals	**348**	**405**	368
Net revenue from leasing operations	**174**	**188**	179
Merchandise sales	**56**	**59**	51
Concessions	**45**	**42**	41
Transfer from General Capital Fund	**-**	**-**	27
Other	**60**	**45**	75
Total Revenues	**3,013**	**3,153**	3,010
EXPENSES			
Salaries and employee benefits (Note 6)	**1,517**	**1,302**	1,246
Services (Note 9)	**715**	**581**	650
Amortization	**243**	**236**	240
Supplies	**272**	**213**	213
Interest (Notes 4 and 5)	**51**	**95**	89
Other	**45**	**44**	41
Total Expenses	**2,843**	**2,471**	2,479
Annual Surplus	**$ 170**	**682**	531
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**13,954**	13,423
ACCUMULATED SURPLUS, END OF YEAR		**$ 14,636**	$ 13,954

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 682**	$ 531
Non-cash charges to operations		
Amortization	**236**	240
Retirement allowance and compensated absences	**18**	(63)
	936	708
Net change in non-cash working capital balances related to operations	**69**	(2)
Cash provided by operating activities	**1,005**	706
CAPITAL		
Acquisition of tangible capital assets	**(119)**	(113)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(845)**	(554)
Repayment of debt - The City of Winnipeg	**(41)**	(39)
Cash used in financing activities	**(886)**	(593)
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 2019	**Actual 2019**	Actual 2018
ANNUAL SURPLUS	**$ 170**	**$ 682**	$ 531
Amortization of tangible capital assets	**243**	**236**	240
Acquisition of tangible capital assets	**(88)**	**(119)**	(113)
Change in inventories and prepaid expenses	**(1)**	**(3)**	(3)
DECREASE IN NET FINANCIAL LIABILITIES	**324**	**796**	655
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(9,543)**	**(8,929)**	(9,584)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (9,219)**	**$ (8,133)**	$ (8,929)

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, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. *Status of Golf Services - Special Operating Agency*

On February 23, 2000, City Council directed that a Business Plan and Operating Charter for Golf Services - Special Operating Agency (the "Agency") be prepared and further that the municipal golf course operations be realigned under the purview of the Planning, Property and Development Department.

The Agency manages the golf courses operated by The City of Winnipeg and administers the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to The City of Winnipeg on golf operations and ensure the long-term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

2. *Significant Accounting Policies*

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

a) Basis of accounting

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

b) Deferred revenue

Sales of prepaid passes that have not been redeemed are deferred and recognized as revenue in the year in which the rounds are played.

c) Employee benefit plan

The Winnipeg Civic Employees' Benefits Program is a multi-employer contributory defined benefit program and accordingly contributions are expensed as incurred. The costs of other retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. The liabilities are discounted using current interest rates on long-term bonds.

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.

2. Significant Accounting Policies (continued)

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 $50 thousand (2018 - $36 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

	2019	2018
Trade accounts receivable	**$ 540**	$ 548
Allowance for doubtful accounts	**(419)**	(419)
	$ 121	$ 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 Bank of Canada rate. The December 31, 2019 effective interest rate was 1.60% (2018 - 1.80%).

Interest paid to The City of Winnipeg - General Revenue Fund was $95 thousand (2018 - $89 thousand).

5. Debt

	2019	2018
The City of Winnipeg - General Revenue Fund		
Start-up loan, non-interest bearing	**$ 2,750**	$ 2,791

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

2020	$ 43
2021	46
2022	49
2023	51
2024	55
Thereafter	2,506
	$ 2,750

6. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

	2019	2018
Retirement allowance - accrued liability	**$ 40**	$ 31
Vacation	**32**	33
Compensated absences	**56**	47
	$ 128	$ 111

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 15.3 years (2018 - 15.3 years), which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

The 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, 2017. The results of this valuation were extrapolated to the financial reporting date of December 31, 2019 using year-end assumptions.

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

6. *Accrued Employee Benefits (continued)*

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

	2019		2018	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit liability:				
Balance, beginning of year	**$ 86**	**$ 83**	$ 87	$ 81
Current service cost	**5**	**11**	6	11
Interest cost	**3**	**3**	3	3
Benefit payments	**-**	**(9)**	(76)	(10)
Amortization of net actuarial loss (gain)	**-**	**3**	66	(2)
Balance, end of year	**94**	**91**	86	83
Unamortized net actuarial loss	**(54)**	**(35)**	(55)	(36)
Accrued benefit liability	**$ 40**	**$ 56**	$ 31	$ 47
Benefit expense consists of the following:				
Current service cost	**$ 5**	**$ 11**	$ 6	$ 11
Interest cost	**3**	**3**	3	3
Amortization of net actuarial loss (gain)	**1**	**4**	(6)	6
	$ 9	**$ 18**	$ 3	$ 20
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 31**	**$ 47**	$ 104	$ 37
Benefits expense	**9**	**18**	3	20
Benefits payments	**-**	**(9)**	(76)	(10)
Balance, end of year	**$ 40**	**$ 56**	$ 31	$ 47

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

	2019	2018
Valuation interest rate	**2.60%**	3.25%
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, $88 thousand (2018 - $84 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, 2018 and it has an actuarial surplus.

7. Tangible Capital Assets

	Net Book Value 2019	2018
Land	**$ 20,376**	$ 20,376
Building	**1,132**	1,193
Golf course improvements	**974**	1,009
Equipment	**234**	255
	$ 22,716	$ 22,833

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

8. Accumulated Surplus

	Budget 2019	**Actual 2019**	Actual 2018
Invested in tangible capital assets	**$ 2,327**	**$ 2,141**	$ 2,258
Allocated equity	**17**	**240**	179
Contributed surplus	**20,575**	**20,575**	20,575
Operating	**(9,188)**	**(8,320)**	(9,058)
	$ 13,731	**$ 14,636**	$ 13,954

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 $6 thousand (2018 - $5 thousand) has been charged to City of Winnipeg Departments for miscellaneous services;

b) An amount of $32 thousand (2018 - $28 thousand) has been charged by City of Winnipeg Departments for miscellaneous services. No amount (2018 - $nil) has been charged for the cost of financial, legal, 311, information technology and human resource support services provided by City of Winnipeg Departments;

c) An amount of $90 thousand (2018 - $167 thousand) has been charged by The City of Winnipeg - Municipal Accommodations Fund for services provided at the various golf courses;

d) An amount of $155 thousand (2018 - $170 thousand) has been charged by The City of Winnipeg Fleet Management - Special Operating Agency for insurance and rental on vehicles and equipment owned/leased by the Agency.

10. Commitments

The Agency has entered into a lease agreement with a third party for the lease of a building facility for a 25 year term until 2040. Future minimum annual lease payments are as follows:

	Operating Leases
2020	$ 24
2021	24
2022	24
2023 and thereafter	423
	$ 495

11. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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 2019	Total 2018
Cost						
Balance, beginning of year	**$ 20,376**	**$ 2,783**	**$ 1,348**	**$ 1,681**	**$ 26,188**	$ 26,075
Add:						
Additions during the year	**-**	**51**	**18**	**50**	**119**	113
Less:						
Disposals during the year	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**20,376**	**2,834**	**1,366**	**1,731**	**26,307**	26,188
Accumulated amortization						
Balance, beginning of year	**-**	**1,590**	**1,093**	**672**	**3,355**	3,115
Add:						
Amortization	**-**	**112**	**39**	**85**	**236**	240
Less:						
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**-**	**1,702**	**1,132**	**757**	**3,591**	3,355
Net Book Value of Tangible Capital Assets	**$ 20,376**	**$ 1,132**	**$ 234**	**$ 974**	**$ 22,716**	$ 22,833

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2019	2018
FINANCIAL ASSETS		
Cash	**$ 1**	$ 51
Accounts receivable	**279**	384
	280	435
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 3)	**2,028**	14,765
Accounts payable and accrued liabilities	**2,396**	1,343
Debt (Note 4)	**46,956**	37,415
Accrued employee benefits (Note 5a)	**2,037**	1,991
	53,417	55,514
NET FINANCIAL LIABILITIES	**(53,137)**	(55,079)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**73,622**	74,571
Inventories	**1,786**	1,670
Prepaid expenses	**619**	647
	76,027	76,888
ACCUMULATED SURPLUS (Note 7)	**$ 22,890**	$ 21,809

Subsequent event (Note 10)

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 2019	**Actual 2019**	Actual 2018
REVENUES			
Fleet leases	**$ 27,800**	**$ 26,657**	$ 25,521
Services and parts revenue (Schedule 1)	**8,748**	**9,970**	9,618
Fuel sales	**7,625**	**8,450**	8,368
Rental income	**3,892**	**3,928**	3,802
Gain on sale of tangible capital assets	**800**	**1,390**	1,472
Transfer from The City of Winnipeg - Innovative Capital Fund (Note 8e)	**-**	**96**	101
Total Revenues (Note 8a)	**48,865**	**50,491**	48,882
EXPENSES			
Amortization	**15,428**	**15,360**	15,224
Supplies	**10,341**	**11,502**	11,431
Salaries and employee benefits	**11,043**	**10,284**	9,908
Services	**8,945**	**9,267**	9,195
Interest (Notes 3 and 4)	**1,362**	**1,304**	1,224
Other expenses	**1,432**	**1,451**	1,393
Total Expenses	**48,551**	**49,168**	48,375
Annual Surplus Before Other	**314**	**1,323**	507
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 8d)	**242**	**242**	243
Annual Surplus	**$ 72**	**1,081**	264
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**21,809**	21,545
ACCUMULATED SURPLUS, END OF YEAR		**$ 22,890**	$ 21,809

See accompanying notes and schedules to the financial statements.

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF CASH FLOWS

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

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 1,081**	$ 264
Non-cash charges to operations		
Amortization	**15,360**	15,224
Gain on sale of tangible capital assets	**(1,390)**	(1,472)
	15,051	14,016
Net change in non-cash working capital balances related to operations	**1,116**	(689)
Cash provided by operating activities	**16,167**	13,327
CAPITAL		
Acquisition of tangible capital assets	**(14,882)**	(20,943)
Proceeds on disposal of tangible capital assets	**1,861**	1,927
Cash used in capital activities	**(13,021)**	(19,016)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(12,737)**	(681)
Proceeds from term loans	**19,300**	17,100
Repayment of term loans	**(9,759)**	(10,680)
Cash (used in) provided by financing activities	**(3,196)**	5,739
(Decrease) increase in cash	**(50)**	50
CASH, BEGINNING OF YEAR	**51**	1
CASH, END OF YEAR	**$ 1**	$ 51

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 2019	**Actual 2019**	Actual 2018
ANNUAL SURPLUS	**$ 72**	**$ 1,081**	$ 264
Amortization of tangible capital assets	**15,428**	**15,360**	15,224
Proceeds on disposal of tangible capital assets	**800**	**1,861**	1,927
Change in inventories and prepaid expenses	**153**	**(88)**	(5)
Gain on sale of tangible capital assets	**(800)**	**(1,390)**	(1,472)
Acquisition of tangible capital assets	**(23,477)**	**(14,882)**	(20,943)
DECREASE (INCREASE) IN NET FINANCIAL LIABILITIES	**(7,824)**	**1,942**	(5,005)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(58,507)**	**(55,079)**	(50,074)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (66,331)**	**$ (53,137)**	$ (55,079)

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, 2019
(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.

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.

i) Tangible capital assets

Tangible capital assets, other than land and buildings, transferred from The City of Winnipeg on January 1, 2003 are recorded at their estimated fair value on that date. Subsequent acquisitions are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Land and buildings are stated at fair value as of January 1, 2003, which was determined by The City of Winnipeg Assessment and Taxation Department.

Tangible capital assets are amortized on the basis of their cost less approximate residual value over their estimated useful lives using the following rates and methods:

Buildings	4% to 8%	Straight-line
Fleet assets		
Acquired at start-up	30%	Declining balance
Purchased	1 to 15 years	Straight-line
Equipment	3% to 30%	Straight-line

Amortization begins once an asset is placed into service.

2. *Significant Accounting Policies (continued)*

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

c) Revenue recognition

The Agency enters into operating lease agreements to supply and maintain vehicles and equipment to lessees for specified lease periods. The Agency recognizes the monthly lease payments from the lessees as income each month. Services and parts revenue, including insurance and fuel sales, are recognized upon the completion of the work or transfer of the goods or service. Revenue from short-term rentals of vehicles or equipment is recognized as income evenly over the rental period.

d) Government transfers

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or are not the result of a direct financial return.

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

e) Employee benefit plan

The Winnipeg Civic Employees' Benefits Program is a multi-employer contributory defined benefit program and accordingly contributions are expensed as incurred. The costs of other retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. The liabilities are discounted using current interest rates on long-term bonds.

f) Estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions. These estimates and assumptions are based on the Agency's best information and judgment and may differ significantly from actual results.

3. *Due to/from The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due to/from" account when they are processed through the bank. Interest is credited or charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2019 effective interest rate was 1.60% (2018 - 1.60%). As well, the Agency has negotiated an operating line of credit up to $20 million from The City of Winnipeg.

Funds were advanced during the year as short-term bridge financing between the time when cash is needed and term financing is arranged for capital acquisitions.

3. *Due to/from The City of Winnipeg - General Revenue Fund (continued)*

Interest paid to The City of Winnipeg - General Revenue Fund was $170 thousand (2018 - $174 thousand). Interest received from The City of Winnipeg - General Revenue Fund is $2 thousand (2018 - $nil).

4. *Debt*

Lender	Maturity Date	Interest Rate	2019	2018
Royal Bank of Canada (Note 4b)	2019 - 2025	2.66% - 5.20%	**$ 9,956**	$ 13,110
The Toronto-Dominion Bank (Note 4b)	2019 - 2033	1.50% - 4.14%	**18,348**	24,127
Bank of Montreal (Note 4b)	2019 - 2034	2.38% - 2.92%	**18,474**	-
			46,778	37,237
The City of Winnipeg - non-interest bearing, no repayment schedule			**178**	178
			$ 46,956	$ 37,415

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

2020	$ 9,171
2021	8,669
2022	7,897
2023	6,396
2024	4,853
Thereafter	9,792
	$ 46,778

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, 2019, $46,778 thousand (2018 - $37,237 thousand) was outstanding under these facilities. The effective interest rate at December 31, 2019 was 2.70% (2018 - 3.08%).

c) Cash paid for interest during the year is $1,088 thousand (2018 - $1,061 thousand).

5. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2019	2018
Retirement allowance - accrued liability	**$ 951**	$ 915
Vacation	**724**	758
Compensated absences	**362**	318
	$ 2,037	$ 1,991

Under the retirement allowance program, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 13.3 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.

5. *Accrued Employee Benefits (continued)*

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, 2017. The results of this valuation were extrapolated to the financial reporting date of December 31, 2019 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:

	2019		2018	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit liability:				
Balance, beginning of year	**$ 673**	**$ 507**	$ 693	$ 496
Current service cost	**43**	**59**	44	58
Interest cost	**22**	**17**	21	16
Benefit payments	**(15)**	**(55)**	(117)	(53)
Amortization of net actuarial (gain)/loss	**(9)**	**28**	32	(10)
Balance, end of year	**714**	**556**	673	507
Unamortized net actuarial gain/(loss)	**237**	**(194)**	242	(189)
Accrued benefit liability	**$ 951**	**$ 362**	$ 915	$ 318
Benefit expense consists of the following:				
Current service cost	**$ 43**	**$ 59**	$ 44	$ 58
Interest cost	**22**	**17**	21	16
Amortization of net actuarial (gain)/loss	**(14)**	**23**	(16)	25
	$ 51	**$ 99**	$ 49	$ 99
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 915**	**$ 318**	$ 983	$ 272
Benefits expense	**51**	**99**	49	99
Benefits payments	**(15)**	**(55)**	(117)	(53)
Balance, end of year	**$ 951**	**$ 362**	$ 915	$ 318

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

	2019	2018
Valuation interest rate	**2.60%**	3.25%
General increases in pay	**2.50%**	2.50%

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

5. Accrued Employee Benefits (continued)

b) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $835 thousand (2018 - $814 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, 2018 and it has an actuarial surplus.

6. Tangible Capital Assets

	Net Book Value 2019	Net Book Value 2018
Fleet assets	**$ 66,737**	$ 68,792
Equipment	**3,896**	3,285
Buildings	**2,599**	2,104
Land	**390**	390
	$ 73,622	$ 74,571

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

The net book value of fleet assets and property not yet in service is $4,610 thousand (2018 - $3,439 thousand).

7. Accumulated Surplus

	Budget 2019	Actual 2019	Actual 2018
Contributed surplus	**$ 11,425**	**$ 11,425**	$ 11,425
Invested in tangible capital assets	**22,724**	**24,816**	22,569
Operating	**(13,175)**	**(13,351)**	(12,185)
	$ 20,974	**$ 22,890**	$ 21,809

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 $47,616 thousand and (2018 - $46,009 thousand) to The City of Winnipeg.

b) An amount of $507 thousand (2018 - $448 thousand) has been transferred to the General Revenue Fund for miscellaneous services.

8. *Related Party Transactions (continued)*

c) An amount of $1,019 thousand (2018 - $1,175 thousand) has been transferred to the Municipal Accommodations Fund for the rental of office and garage space, building and leasehold improvements, and miscellaneous services.

d) An amount of $242 thousand (2018 - $243 thousand) has been transferred to the General Revenue Fund as a return on investment.

e) An amount of $96 thousand (2018 - $101 thousand) has been transferred to Fleet Management Agency from the Innovative Capital Fund.

9. *Contractual Rights*

The Agency enters into capital lease agreement with City departments and other SOAs which are rights to economic resources that result in capital lease revenue in the future.

Future capital lease revenue from contractual rights for the next five years are as follows:

2020	$	15,928
2021		13,432
2022		11,200
2023		8,156
2024		6,166
Thereafter		11,440
	$	66,322

10. *Subsequent event*

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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 2019	**Actual 2019**	Actual 2018
Consumables and corrective maintenance	**$ 4,823**	**$ 5,732**	$ 5,399
Insurance revenue	**2,013**	**2,133**	2,012
Manufacturing sales	**787**	**979**	917
Power tools	**704**	**704**	723
Other	**249**	**251**	393
Provincial support grant	**172**	**171**	174
	$ 8,748	**$ 9,970**	$ 9,618

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 2019	Total 2018
Cost						
Balance, beginning of year	$ 390	$ 4,303	$ 168,908	$ 8,676	$ 182,277	$ 171,951
Add:						
Additions during the year	-	695	12,901	1,286	14,882	20,943
Less:						
Disposals during the year	-	(72)	(13,262)	-	(13,334)	(10,617)
Balance, end of year	390	4,926	168,547	9,962	183,825	182,277
Accumulated amortization						
Balance, beginning of year	-	2,199	100,116	5,391	107,706	102,644
Add:						
Amortization	-	185	14,500	675	15,360	15,224
Less:						
Accumulated amortization on disposals	-	(57)	(12,806)	-	(12,863)	(10,162)
Balance, end of year	-	2,327	101,810	6,066	110,203	107,706
Net Book Value of Tangible Capital Assets	$ 390	$ 2,599	$ 66,737	$ 3,896	$ 73,622	$ 74,571

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2019	2018
FINANCIAL ASSETS		
Cash	**$ 52**	$ 71
Due from The City of Winnipeg - General Revenue Fund (Note 3)	**10,245**	11,432
Accounts receivable	**3,311**	2,827
Due from The City of Winnipeg - Land Operating Reserve (Note 4)	**-**	4,405
	13,608	18,735
LIABILITIES		
Accounts payable and accrued liabilities	**1,258**	380
Deferred revenue	**735**	403
Debt (Note 5)	**3,918**	3,918
Accrued employee benefits (Note 6)	**586**	561
	6,497	5,262
NET FINANCIAL ASSETS	**7,111**	13,473
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**5,764**	5,958
Inventories	**260**	181
Prepaid expenses	**4**	1
	6,028	6,140
ACCUMULATED SURPLUS (Note 8)	**$ 13,139**	$ 19,613

Subsequent event (Note 11)

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 2019	Actual 2019	Actual 2018
REVENUES			
Meters	$ 10,564	$ 9,475	$ 8,972
Enforcement	10,343	9,334	8,371
Parking fees (Note 9c)			
Surface parking lots	1,648	2,346	2,133
Millennium Library parkade	1,890	2,021	2,029
Vehicles for hire permits and fees	1,601	1,408	1,311
Interest received (Note 3)	25	245	176
Sundry	58	82	67
Total Revenues	26,129	24,911	23,059
EXPENSES			
Salaries and employee benefits (Note 6)	4,774	4,195	3,809
Services (Notes 9b, d, and h)			
Enforcement - contracts	2,984	2,994	3,097
Meters	2,147	1,339	1,677
Vehicles for Hire	445	380	381
Utilities	337	328	414
Parkade management	293	257	229
Special events	173	141	144
Other services (Note 9f)	1,180	1,338	832
Provision for bad debts	1,210	1,235	1,384
Amortization	903	865	1,063
Materials, parts and supplies	1,644	788	938
Debt and finance charges	222	310	287
Recoveries	(3)	(45)	(36)
Other (Notes 9a, e, g, i and j)	3,178	2,942	1,263
Total Expenses	19,487	17,067	15,482
Excess of Revenues over Expenses before Other	6,642	7,844	7,577
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 9k)	9,953	9,912	5,515
Transfer to the Land Operating Reserve (Note 9l)	4,405	4,405	5,000
Annual Deficiency of Revenues over Expenses	$ (7,716)	(6,473)	(2,938)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		19,613	22,551
ACCUMULATED SURPLUS, END OF YEAR		$ 13,139	$ 19,613

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)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Deficiency of revenues over expenses	**$ (6,473)**	$ (2,938)
Non-cash items related to operations		
Amortization	**865**	1,063
	(5,608)	(1,875)
Net change in non-cash working capital balances related to operations	**668**	4
Cash used in operating activities	**(4,940)**	(1,871)
FINANCING		
Change in due from/to The City of Winnipeg - General Revenue Fund	**1,187**	(2,211)
Change in due from/to The City of Winnipeg - Land Operating Reserve	**4,405**	5,000
Cash provided by financing activities	**5,592**	2,789
CAPITAL		
Purchase of tangible capital assets	**(671)**	(925)
Cash used in capital activities	**(671)**	(925)
DECREASE IN CASH	**(19)**	(7)
CASH, BEGINNING OF YEAR	**71**	78
CASH, END OF YEAR	**$ 52**	$ 71

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE OF NET FINANCIAL ASSETS

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

	Budget 2019	Actual 2019	Actual 2018
DEFICIENCY OF REVENUES OVER EXPENSES	**$ (7,716)**	**$ (6,473)**	$ (2,938)
Amortization of tangible capital assets	**903**	**865**	1,063
Change in inventories and prepaid expenses	**-**	**(83)**	40
Acquisition of tangible capital assets	**(141)**	**(671)**	(925)
DECREASE IN NET FINANCIAL ASSETS	**(6,954)**	**(6,362)**	(2,760)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**13,473**	**13,473**	16,233
NET FINANCIAL ASSETS, END OF YEAR	**$ 6,519**	**$ 7,111**	$ 13,473

See accompanying notes and schedule to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(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.

2. Significant Accounting Policies

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

a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which it is earned provided it is measurable and collection is reasonably certain. Expenses are recorded in the period in which they are incurred as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) Deferred revenue

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

2. Significant Accounting Policies (continued)

c) Non-financial assets

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

i) Tangible capital assets

Land and equipment were transferred January 1, 2005 from the City at a fair market value as determined by independent consultants.

Property, equipment and leasehold improvements are amortized on a straight-line basis over the estimated useful life of the asset. The amortization rates are as follows:

Leasehold improvements	15 Years
Parking surfaces	5%
Parkades	4%
Vehicles	20%
Meters and pay stations	10%
Equipment	10-20%
Computer equipment	33%
Office furniture and equipment	20%
Parkade betterments	5%

ii) Leases

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

iii) Inventories

Inventories held for consumption is recorded at the lower of cost and replacement cost.

d) Employee benefit plan

The Winnipeg Civic Employees' Benefits Program is a multi-employer contributory defined benefit program and accordingly contributions are expensed as incurred. The costs of other retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. The liabilities are discounted using current interest rates on long-term bonds.

2. Significant Accounting Policies (continued)

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally acceptable accounting principles requires management to make estimates. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

3. Due from The City of Winnipeg - General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is charged or credited based on the City's average short-term earnings (cost of funds) on the single bank account. The December 31, 2019 effective interest rate was 1.60% (2018 - 1.60%).

Interest received from The City of Winnipeg - General Revenue Fund on the line of credit was $245 thousand for the year (2018 - $176 thousand).

4. Due from The City of Winnipeg - Land Operating Reserve

In 2010, Winnipeg Square Parkade was sold and the proceeds of disposition were deposited to The City of Winnipeg - Land Operating Reserve. There is no specific repayment terms on the receivable. During 2019, a payment of $4.4 million (2018 - $5 million) was received from The City of Winnipeg - Land Operating Reserve. During 2019, the Agency transferred the $4.4 million back to The City of Winnipeg - Land Operating Reserve (note 9l).

5. Debt

	2019	2018
The City of Winnipeg - General Revenue Fund		
Start-up loan with no specific terms of repayment	**$ 3,918**	$ 3,918
	$ 3,918	$ 3,918

Interest paid to The City of Winnipeg General Revenue Fund on the start-up loan was $nil (2018 - $nil).

6. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

	2019	2018
Vacation	**$ 331**	$ 333
Retirement allowance - accrued benefit liability	**173**	156
Compensated absences	**82**	72
	$ 586	$ 561

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 14.3 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

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, 2017. The results of this valuation were extrapolated to the financial reporting date of December 31, 2019 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:

	2019		2018	
	Retirement Allowance	**Compensated Absences**	Retirement Allowance	Compensated Absences
Accrued benefit liability:				
Balance, beginning of year	**$ 154**	**$ 129**	$ 159	$ 127
Current service cost	**11**	**17**	12	16
Interest cost	**5**	**4**	5	4
Benefit payments	**-**	**(16)**	(12)	(16)
Net actuarial (gain)/loss	**(9)**	**7**	(10)	(2)
Balance, end of year	**161**	**141**	154	129
Unamortized net actuarial (loss)/gain	**12**	**(59)**	2	(57)
Accrued benefit liability	**$ 173**	**$ 82**	$ 156	$ 72
Benefit expense:				
Current service cost	**$ 11**	**$ 17**	$ 12	$ 16
Interest cost	**5**	**4**	5	4
Amortization of net actuarial loss	**1**	**5**	1	6
	$ 17	**$ 26**	$ 18	$ 26
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 156**	**$ 72**	$ 150	$ 62
Benefit expense	**17**	**26**	18	26
Benefit payments		**(16)**	(12)	(16)
	$ 173	**$ 82**	$ 156	$ 72

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

	2019	2018
Valuation discount rate	**2.60%**	3.25%
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, $346 thousand (2018 - $313 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, 2018 and it has an actuarial surplus.

7. *Tangible Capital Assets*

	Net Book Value 2019	2018
Land	**$ 73**	$ 73
Parkades	**4,170**	4,457
Authority assets		
Leasehold improvements	**260**	314
Parking surfaces	**166**	171
	426	485
Equipment		
Meters and pay stations	**184**	395
Equipment	**670**	355
Computer equipment	**122**	51
Office furniture and equipment	**10**	16
Vehicles	**109**	126
	1,095	943
	$ 5,764	$ 5,958

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

8. *Accumulated Surplus*

	Budget 2019	**Actual 2019**	Actual 2018
Restricted funds for future investment	**$ 566**	**$ 184**	$ **6,346**
Invested in tangible capital assets	**2,354**	**1,771**	**1,967**
Contributed surplus	**73**	**73**	**73**
Operating	**8,904**	**11,111**	**11,227**
	$ 11,897	**$ 13,139**	$ **19,613**

9. *Related Party Transactions*

The Agency is wholly-owned by the City. Transactions between the Agency and the City are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) An amount of $353 thousand (2018 - $351 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 $410 thousand (2018 - $387 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 $551 thousand (2018 - $774 thousand) to the City.

9. Related Party Transactions (continued)

d) In Services, an amount of $345 thousand (2018 - $249 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for the rental of office space.

e) An amount of $198 thousand (2018 - $194 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 $144 thousand (2018 - $73 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for services provided at the various locations.

g) An amount of $183 thousand (2018 - $133 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of 311 services.

h) In Services, an amount of $48 thousand (2018 - $48 thousand) has been charged by The City of Winnipeg Transit System Department for coin counting and deposit services.

i) An amount of $42 thousand (2018 - $42 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of assets transferred to the Agency.

j) An amount of $64 thousand (2018 - $59 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.

k) An amount of $9,912 thousand (2018 - $5,515 thousand) has been transferred to The City of Winnipeg General Revenue Fund as a return on investment.

l) An amount of $4,405 thousand (2018 - $5,000 thousand) has been transferred to The City of Winnipeg Land Operating Reserve.

10. Comparative Figures

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

11. Subsequent event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

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 2019	Total 2018
Cost						
Balance, beginning of year	**$ 73**	**$ 7,364**	**$ 1,150**	**$ 13,365**	**$ 21,952**	$ 21,027
Add:						
Additions during the year	**-**	**17**	**11**	**643**	**671**	925
Less:						
Disposal of tangible capital assets	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**73**	**7,381**	**1,161**	**14,008**	**22,623**	21,952
Accumulated amortization						
Balance, beginning of year	**-**	**2,907**	**665**	**12,422**	**15,994**	14,931
Add:						
Amortization	**-**	**304**	**70**	**491**	**865**	1,063
Less:						
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**-**	**3,211**	**735**	**12,913**	**16,859**	15,994
Net Book Value of Tangible Capital Assets	**$ 73**	**$ 4,170**	**$ 426**	**$ 1,095**	**$ 5,764**	$ 5,958

Photo: City of Winnipeg

2019 Wholly Owned Corporations

Detailed Financial Statements

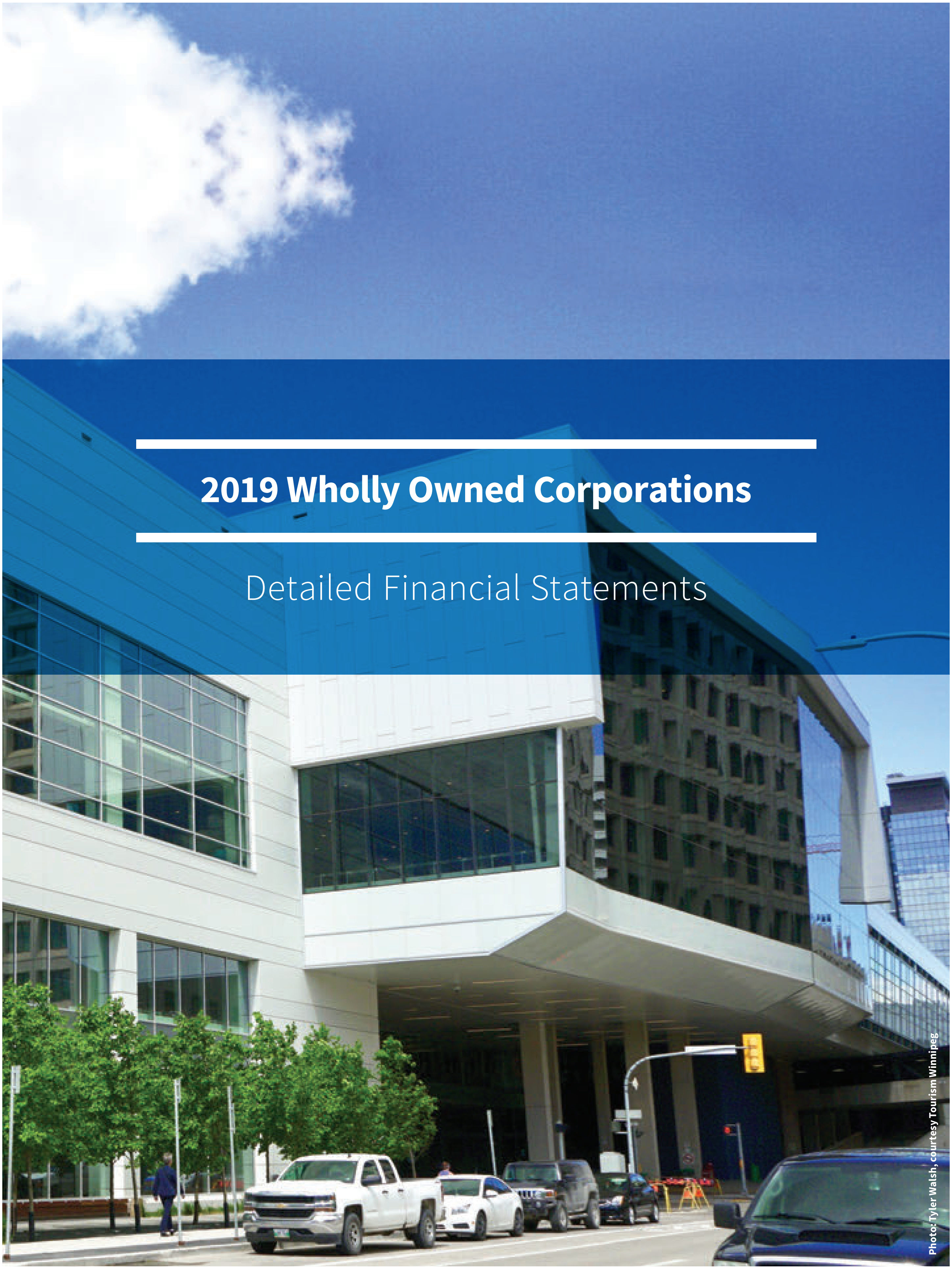


Photo: Tyler Walsh, courtesy Tourism Winnipeg

THE CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31

		2019		2018
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**900,100**	$	866,816
Accounts receivable		**3,284,551**		2,034,907
Inventory		**246,430**		226,383
Prepaid expenses		**87,181**		78,041
		4,518,262		3,206,147
Tangible capital assets (Note 2)		**167,115,602**		170,669,115
	$	**171,633,864**	$	173,875,262
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**3,303,369**	$	2,937,058
Interest payable		**486,610**		496,485
Customer deposits and unearned revenue		**1,483,478**		1,067,668
Demand loan - expansion (Note 6)		**10,250,000**		9,200,000
Current portion of long-term debt - expansion (Note 8)		**339,078**		325,912
Current portion of due to Province of Manitoba (Note 9)		**-**		1,400,000
Due to City of Winnipeg (Note 10)		**8,678,958**		4,817,186
		24,541,493		20,244,309
Deferred funding - wall cladding replacement and stabilization (Note 3)		**967,328**		1,297,287
Deferred funding - roof replacement (Note 4)		**2,083,459**		2,209,094
Deferred funding - expansion (Note 5)		**130,065,833**		135,020,722
Long-term debt - expansion (Note 8)		**15,720,662**		16,059,740
		173,378,775		174,831,152
Commitments (Note 19)				
FUND BALANCES				
Operating fund		**584,500**		573,000
Restricted fund		**1,478,071**		1,469,223
Invested in capital assets (Note 12)		**(3,807,482)**		(2,998,113)
		(1,744,911)		(955,890)
	$	**171,633,864**	$	173,875,262

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended December 31

	Operating Fund	Restricted Fund	Invested in Capital Assets Fund	**2019 Total**	2018 Total
Fund balances, beginning of year	$ 573,000	$ 1,469,223	$ (2,998,113)	**$ (955,890)**	$ 1,131,116
Excess (deficiency) of revenue over expenses	1,153,815	-	(1,942,836)	**(789,021)**	(2,087,006)
Capital assets purchased from operations	(80,238)	-	80,238	-	-
Transfer to restricted fund - budget	(112,367)	112,367	-	-	-
Capital assets purchased from restricted fund	-	(1,053,229)	1,053,229	-	-
Change in fund balance before allocations to restricted fund	961,210	(940,862)	(809,369)	**(789,021)**	(2,087,006)
Allocations to restricted fund	(949,710)	949,710	-	-	-
	11,500	8,848	(809,369)	**(789,021)**	(2,087,006)
Fund balances, end of year	$ 584,500	$ 1,478,071	$ (3,807,482)	**$ (1,744,911)**	$ (955,890)

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

	2019	2018
Operating revenue	**$ 20,726,420**	$ 18,308,415
Operating costs	**8,693,930**	7,795,445
Net operating revenue	**12,032,490**	10,512,970
General Operating Grant (Note 13)		
City of Winnipeg	**1,500,000**	1,500,000
Province of Manitoba	**763,000**	847,800
	2,263,000	2,347,800
	14,295,490	12,860,770
Expenses		
Accounting and financial services and human resources	**1,206,962**	1,083,151
Administration	**2,250,314**	2,417,483
Building maintenance	**5,739,314**	5,215,471
Client services	**1,943,500**	1,586,308
Sales and promotion	**1,074,195**	1,015,593
Security	**927,390**	872,205
	13,141,675	12,190,211
Operating fund excess of revenue over expenses	**1,153,815**	670,559
Capital fund		
City of Winnipeg debt servicing grant (Note 13)	**1,000,000**	-
Recognition of deferred funding related to capital assets	**5,410,483**	5,410,483
Amortization of tangible capital assets	**(7,415,674)**	(7,312,101)
Interest on demand loan and long-term debt	**(937,645)**	(855,947)
Capital fund deficiency of revenue over expenses	**(1,942,836)**	(2,757,565)
Deficiency of revenue over expenses	**$ (789,021)**	$ (2,087,006)

See accompanying notes to the financial statements

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	**$ (789,021)**	$ (2,087,006)
Adjustments for non-cash items		
Amortization of tangible capital assets	**7,415,674**	7,312,101
Amortization of deferred funding	**(5,410,483)**	(5,410,483)
	1,216,170	(185,388)
Changes in non-cash working capital balances		
Accounts receivable	**(1,249,644)**	(676,107)
Inventory	**(20,047)**	(4,022)
Prepaid expenses	**(9,140)**	7,757
Accounts payable and accrued liabilities	**366,311**	89,698
Interest payable	**(9,875)**	(9,492)
Customer deposits and unearned revenue	**415,810**	(160,687)
Net cash (used in) provided by operating activities	**709,585**	(938,241)
CASH FLOW FROM CAPITAL ACTIVITIES		
Major repair and replacement expenditures	**(3,862,161)**	(464,256)
Expansion costs	**-**	(272,773)
Net cash used in capital activities	**(3,862,161)**	(737,029)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to Province of Manitoba (repayment) advance	**(1,400,000)**	(1,400,000)
Due to City of Winnipeg advance (repayment)	**3,861,772**	1,086,207
Demand loan - expansion advance repayment	**1,050,000**	1,800,000
Long-term debt (repayment)	**(325,912)**	(313,256)
Net cash provided by financing activities	**3,185,860**	1,172,951
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**33,284**	(502,319)
Cash and cash equivalents, beginning of year	**866,816**	1,369,135
Cash and cash equivalents, end of year	**$ 900,100**	$ 866,816

See accompanying notes to the financial statements

1. *Nature of Operations and Summary of Significant Accounting Policies*

Nature of Operations

The Convention Centre Corporation ("Corporation") was incorporated by special act under the laws of Manitoba to operate and promote the RBC Convention Centre (formerly named the Winnipeg Convention Centre). The Corporation is a not-for-profit organization and is therefore not subject to income taxes under section 149(1)(I). These financial statements are consolidated with the City of Winnipeg financial statements.

Management's Responsibility for the Financial Statements

The financial statements of the Corporation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

Basis of Accounting

The Corporation's financial statements are prepared in accordance with Canadian public sector accounting standards in the CPA Public Sector Accounting Handbook. The Corporation has elected to apply the accounting standard recommendations applicable solely to government not-for-profit organizations in Sections PS 4200 to PS 4270 of the CPA Public Sector Accounting Handbook.

Fund Method of Accounting

Operating Fund

Under the fund method of accounting, the excess of operating revenue over expenditures is allocated to the Operating Fund. Any additions to the Operating Fund may be transferred to the Restricted Fund for future expenditures or major repairs and replacements by Board of Directors resolution. It is the policy of the Corporation to retain a defined sufficient amount in the Operating Fund to fund future operations, and if necessary, to transfer funds from the Restricted Fund to meet the defined objective.

Restricted Fund

The Restricted Fund represents the excess of revenues over expenses that are internally restricted by board resolution for future expenditures or major repairs and replacements on capital assets or debt repayments. As capital assets are acquired or debt repayment is made, a like amount is transferred from the Restricted Fund to the Invested in Capital Assets Fund.

Invested in Capital Assets Fund

This fund represents the unamortized investment in capital assets net of amounts funded by grants and debentures. The Invested in Capital Asset Fund is reduced by the amortization of such assets.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Inventory

Food and beverage inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Tangible Capital Assets

Tangible Capital assets are recorded at cost less accumulated amortization. Amortization is calculated at the following rates and basis:

Art Holdings	not amortized
Expansion - building	30 years straight-line basis
Expansion - equipment	10 years straight-line basis
Expansion - IT equipment	10 years straight-line basis
Major repair and replacement	5 years straight-line basis
Roof replacement	25 years straight-line basis
Wall cladding replacement and stabilization	20 years straight-line basis

When the Corporation recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the capital asset over its residual value is recognized as an expense in the statement of operations.

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Operating revenue, which consists mainly of room rentals and food and beverage sales from events held at the RBC Convention Centre, are recognized as revenue when the events are held.

Financial Instruments

The Corporation applies the recommendations of Sections PS 4200, Financial Statement Presentation, and PS 3450, Financial Instruments, of the CPA Public Sector Accounting Handbook.

Initial Measurement

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

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

Financial Instruments (continued)

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable, due to Province of Manitoba, 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. Tangible Capital Assets

	Cost	Accumulated Amortization	**2019 Net Book Value**	2018 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	20,854,676	**146,177,734**	151,745,481
Equipment	5,538,426	2,077,220	**3,461,206**	4,015,049
IT equipment	3,148,652	1,160,505	**1,988,147**	2,303,012
Major capital expenditures	2,000,000	2,000,000	**-**	-
Major repair and replacement	19,601,477	14,327,229	**5,274,248**	1,935,712
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	1,057,421	**2,083,459**	2,209,094
Wall cladding replacement	6,599,175	5,631,847	**967,328**	1,297,287
	$ 219,224,500	$ 52,108,898	**$ 167,115,602**	$ 170,669,115

2. *Tangible Capital Assets (continued)*

Amortization Expenses

		2019		2018
Expansion				
Building	$	**5,567,747**	$	5,567,747
Equipment		**553,843**		553,843
IT equipment		**314,865**		314,865
Major repair and replacement		**523,625**		420,052
Roof replacement		**125,635**		125,635
Wall cladding replacement		**329,959**		329,959
	$	**7,415,674**	$	7,312,101

Recognition of Deferred Contributions Related to Capital Assets

		2019		2018
Expansion (Note 5)	**$**	**4,954,889**	$	4,954,889
Roof replacement (Note 4)		**125,635**		125,635
Wall cladding replacement (Note 3)		**329,959**		329,959
	$	**5,410,483**	$	5,410,483

3. *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:

		2019		2018
Balance, beginning of year	**$**	**1,297,287**	$	1,627,246
Amount amortized to revenue		**(329,959)**		(329,959)
Balance, end of year	**$**	**967,328**	$	1,297,287

4. *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:

4. Deferred Funding - Roof Replacement (continued)

	2019	2018
Balance, beginning of year	**$ 2,209,094**	$ 2,334,729
Amount amortized to revenue	**(125,635)**	(125,635)
Balance, end of year	**$ 2,083,459**	$ 2,209,094

5. Deferred Funding - Expansion

In order to finance the cost of the expansion, the Corporation entered into agreements with the City of Winnipeg for funding of $51,000,000, the Province of Manitoba for funding of $51,000,000, and the Government of Canada for funding of $46,646,667 (total of $148,646,667).

The funding received was deferred until the completion of the project and is amortized on the same basis as the related asset. Deferred funding - expansion at December 31 are as follows:

	2019	2018
Balance, beginning of year	**$ 135,020,722**	$ 139,975,611
Amount amortized to revenue	**(4,954,889)**	(4,954,889)
Balance, end of year	**$ 130,065,833**	$ 135,020,722

6. 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 May 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 2019, the Corporation extended the maturity of the demand loan credit facility, bearing interest at the RBC prime rate minus 1% (2.95% as at December 31, 2019), maturing December 31, 2023. The balance drawn against this credit agreement at year-end is $10,250,000 ($9,200,000 in 2018).

7. 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, 2019 and December 31, 2018 is nil.

8. *Long-term Debt -Expansion*

		2019		2018
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 $17,000,000.	**$**	**16,059,740**	$	16,385,652
Less current portion		**(339,078)**		(325,912)
	$	**15,720,662**	$	16,059,740

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

2020	$	339,078
2021		352,777
2022		367,029
2023		381,857
2024		397,284
Thereafter		14,221,715
	$	16,059,740

9. *Due to Province of Manitoba*

Pursuant to an agreement made in 2012, the Province of Manitoba sold land to the City of Winnipeg, for the purpose of the expansion of the RBC Convention Centre. The City of Winnipeg is the registered owner of the land. However, the Corporation, as the beneficial owner of the land, agreed to pay the $7,000,000 purchase price to the Province of Manitoba. The balance is non-interest bearing and repayable over five years commencing in 2015. As at December 31, 2019, the amount has been paid in full.

10. *Due to the City of Winnipeg*

Balance due to the City of Winnipeg is non-interest bearing and due on demand.

11. *Inter-fund Loan*

The balance in the inter-fund loan from the Operating Fund to Invested in Capital Assets Fund at December 31, 2019 is $2,285,540 ($2,840,802 in 2018). This loan is non-interest bearing and will be repaid as funds are drawn from the credit facility available for the expansion.

12. Invested in Capital Assets

		2019		2018
Capital assets	$	**167,115,602**	$	170,669,115
Amounts financed by:				
Deferred funding - expansion		**(130,065,833)**		(135,020,722)
Deferred funding - roof replacement		**(2,083,459)**		(2,209,094)
Deferred funding - wall cladding		**(967,328)**		(1,297,287)
Demand loan - expansion		**(10,250,000)**		(9,200,000)
Holdback		**(45,616)**		-
Due to City of Winnipeg		**(8,678,958)**		(4,817,186)
Due to Province of Manitoba		**-**		(1,400,000)
Inter-fund loan from operating fund (Note 11)		**(2,285,540)**		(2,840,802)
Interest payable		**(486,610)**		(496,485)
Long-term debt - expansion		**(16,059,740)**		(16,385,652)
	$	**(3,807,482)**	$	(2,998,113)

Changes in Net Assets Invested in Capital Assets		**2019**		2018
Deficiency of revenue over expenses	$	**(1,942,836)**	$	(2,757,565)
Purchase of capital assets - expansion, net of prepaid		**-**		272,773
Purchase of capital assets - non-expansion		**3,862,161**		464,256
Due to City of Winnipeg - (net)		**(3,861,772)**		(1,086,207)
Due to Province of Manitoba		**1,400,000**		1,400,000
Demand loan - expansion		**(1,050,000)**		(1,800,000)
Capital Funding - City of Winnipeg		**(1,000,000)**		-
Long-term debt - expansion		**1,273,432**		1,178,695
Holdback		**(45,616)**		-
Interfund loan from operating fund for expansion purchases		**555,262**		307,512
	$	**(809,369)**	$	(2,020,536)

13. 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

		2019		2018
City of Winnipeg	$	**1,500,000**	$	1,500,000
Province of Manitoba		**763,000**		847,800
	$	**2,263,000**	$	2,347,800

Debt servicing capital fund

		2019		2018
City of Winnipeg	**$**	**1,000,000**	$	-

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

During the year, the Corporation entered into a formal funding agreement with the Province of Manitoba under the Partners for Economic Growth (PEG) program, for funding recognized in the amount of $763,000. The agreement includes the payment of three installments. The first installment was received on September 24, 2019 and the second installment was received on October 30, 2019. The $763,000 relates to the Province of Manitoba's 2019/20 fiscal year, representing the period April 1, 2019 to December 31, 2019. The final payment of $152,600 has been included in the accounts receivable balance and will be received once the Province of Manitoba's reporting requirements are considered to be met.

The use of funds provided by the 2019/2020 PEG funding are as follows:

	Recognized 2019	To be recognized 2020	Total
Utilities			
Gas	**$ 209,051**	$ -	$ 209,051
Electricity	**553,949**	-	553,949
	$ 763,000	$ -	763,000

15. Utilities Expense

The following utility expenses are included in building maintenance:

	2019	2018
Gas	**$ 435,828**	$ 365,889
Electricity	**992,536**	1,045,605
Water	**169,638**	152,175
	$ 1,598,002	$ 1,563,669

16. Related Party Transactions

In addition to the grants and contributions received from the City of Winnipeg and the Province of Manitoba (Notes 3, 4, 5, 6, and 13), the payable to the Province of Manitoba (Note 9), and the payable to the City of Winnipeg (Note 10), the Corporation had the following transactions with these related parties during the year: Operating revenues of $93,445 ($193,054 in 2018) related to events held at the RBC Convention Centre.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. Financial Instruments Risk Disclosures

The Corporation is exposed to various financial risks resulting from its operating, investing and financing activities. The Corporation's management manages financial risks. During the year, there were no changes to the financial instrument risk management policies, procedures and practices. The means used by the Corporation to manage each of the financial risks are described in the following paragraphs.

17. Financial Instruments Risk Disclosures (continued)

Credit risk (continued)

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 31,2019 and December 31, 2018 with the exception of an allowance for doubtful accounts amounting to $1,100 ($nil in 2018).

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.

As at December 31, 2019, the Corporation's contractual maturities for financial liabilities (including any interest payments) are as follows:

17. Financial Instruments Risk Disclosures (continued)

Liquidity risk (continued)

		Due within One Year		Due in One to Five Years
Accounts payable and accrued liabilities	$	3,303,369	$	-
Demand loan - expansion		10,250,000		-
Interest payable		486,610		-
Long-term debt - expansion		339,078		1,498,948
Due to City of Winnipeg		8,678,958		-
	$	23,058,015	$	1,498,948

18. Comparison to Budgeted Results

		Actual		Budget (Unaudited)		Variance
Operating revenue	**$**	**20,726,420**	$	18,680,131	$	2,046,289
Operating cost		**8,693,930**		8,209,774		484,156
Net operating revenue		**12,032,490**		10,470,357		1,562,133
General operating grants		**2,263,000**		2,347,800		(84,800)
		14,295,490		12,818,157		1,477,333
Expenditures		**13,141,675**		12,694,290		447,385
Operating fund excess of revenue over expenses		**1,153,815**		123,867		1,029,948
Capital asset additions not included in expenditures above		**(80,238)**		-		(80,238)
Transfer to restricted fund		**(112,367)**		(112,367)		-
Excess of revenue over expenses after capital purchases	**$**	**961,210**	$	11,500	$	949,710

19. Commitments

The Corporation has entered into various contracts and other commitments that expire at different periods between 2022 and 2024. Future minimum payments in aggregate for each of the next five years are as follows:

2020	$	2,131,519
2021		2,173,857
2022		1,561,553
2023		14,606
2024		14,606

20. Pension Plan

The employees of the Corporation are members of the City of Winnipeg Civic Employees Defined Benefit Pension Plan. The Corporation funds its required portion of pension costs in monthly amounts specified by the City of Winnipeg. Total cash payments by the Corporation for employee future benefits for fiscal year end 2019 were $654,649 ($589,930 in 2018).

21. Economic Dependency

The Corporation is dependent on the City of Winnipeg and the Province of Manitoba for funding and financing which is essential to its continuing operations.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2019, with comparative information for 2018

	2019	2018 (Restated Note 2)
ASSETS		
Current Assets		
Cash	$ **1,421,542**	$ -
Accounts receivable (Note 4)	**4,233,055**	3,823,394
Prepaid expenses	**2,353**	18,571
Property held for resale (Note 5)	**2,049,606**	4,329,406
Current portion of mortgages receivable (Note 5)	**785,841**	177,903
Current portion of loans receivable (Note 7)	**749,467**	832,200
Current portion of SHED project receivable (Note 8)	**502,661**	483,900
	9,744,525	9,665,374
Mortgages receivable (Note 6)	**3,715,621**	2,018,265
SHED project receivable (Note 8)	**4,116,271**	4,616,788
Capital assets (Note 9)	**4,099,777**	4,378,298
	$ **21,676,194**	$ 20,678,725
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current Liabilities		
Bank indebtedness (Note 10)	$ **-**	$ 636,684
Accounts payable and accrued liabilities	**624,921**	525,320
Current portion of long-term debt (Note 11)	**688,502**	661,789
	1,313,423	1,823,793
Long-term debt (Note 11)	**6,612,830**	7,301,332
Forgivable loans (Note 12)	**2,360,851**	2,713,398
Deferred contributions (Note 13)		
Expenses of future periods	**3,691,940**	3,523,094
Capital assets	**1,220,252**	962,072
	4,912,192	4,485,166
NET ASSETS		
Invested in capital assets (Note 15)	**2,568,280**	5,032,234
Unrestricted	**3,908,618**	(677,198)
	6,476,898	4,355,036
Commitments (Note 14)		
	$ **21,676,194**	$ 20,678,725

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2019, with comparative information for 2018

	2019 Total	2018 Total (Restated Note 2)
Revenue		
Rental properties (Note 16)	**$ 485,207**	$ 397,258
Interest	**111,094**	281,685
SHED project (Note 16)	**264,628**	283,363
Designated grants (Note 13)	**100,000**	147,248
Commissions	**88,500**	140,021
Gain on sale of property held for resale (Note 5)	**4,049,260**	867,300
Other	**3,187**	2,169
	5,101,876	2,119,044
Expenditures		
General operations	**706,183**	796,693
Rental properties	**345,421**	311,663
SHED project expenditures	**264,628**	283,363
Grants	**100,000**	147,248
Projects	**1,096,578**	264,526
	2,512,810	1,803,493
Excess of revenue over expenditures before the undernoted	**$ 2,589,066**	**$** 315,551
Write-down of property held for resale (Note 5)	**(600,000)**	(935,000)
Amortization	**(279,926)**	(273,233)
Amortization of deferred contribution (Note 13)	**412,722**	210,027
Excess (deficiency) of revenue over expenditures for the year	**$ 2,121,862**	**$** (682,655)

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2019, with comparative information for 2018

	Invested in Capital Assets	Unrestricted	Total
Balance, December 31, 2017	$ 2,720,019	$ 2,317,672	$ 5,037,691
Deficiency of revenue over expenditures	(130,906)	(551,749)	(682,655)
Transfer for purchase of capital assets (Note 15)	62,515	(62,515)	-
Transfer for repurchase of property held for resale	3,584,606	(3,584,606)	-
Transfer of proceeds on disposal of property held for resale (Note 5)	(1,204,000)	1,204,000	-
Balance, December 31, 2018	$ **5,032,234**	$ **(677,198)**	$ **4,355,036**
Excess (deficiency) of revenue over expenditures	**3,582,056**	**(1,460,194)**	**2,121,862**
Transfer for purchase of capital assets (Note 15)	**1,405**	**(1,405)**	**-**
Transfer of contribution for previous years purchase of capital assets (Note 15)	**(318,355)**	**318,355**	**-**
Transfer of proceeds on disposal of property held for resale (Note 5)	**(5,729,060)**	**5,729,060**	**-**
Balance, December 31, 2019	**$ 2,568,280**	**$ 3,908,618**	**$ 6,476,898**

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2019, with comparative information for 2018

	2019	2018 (Restated Note 2)
Cash provided by (used in):		
OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenditures for the year	$ **2,121,862**	$ (682,655)
Adjustments for:		
Amortization of capital assets	**279,926**	273,233
Amortization of deferred contributions	**(412,722)**	(210,027)
Loss from investment in hotel properties	**600,000**	935,000
Gain on disposal of property held for resale	**(4,049,260)**	(867,300)
	(1,460,194)	(551,749)
Changes in non-cash working capital balances:		
Restricted cash	**-**	1,426,013
Accounts receivable	**(110,279)**	181,164
Prepaid expenses	**16,218**	(15,330)
Accounts payable and accrued liabilities	**99,601**	(36,627)
Increase (decrease) in deferred contributions related to expenses of future periods	**2,999,579**	(88,232)
	1,544,925	915,239
CAPITAL ACTIVITIES:		
Purchase of capital assets	**(1,405)**	(62,515)
Repurchase of property held for resale, net of mortgage receivable previously provided nil (2018 - $3,000,000)	**-**	(584,606)
Proceed from sale of property held for resale, net of mortgages receivable of $2,480,500 (2018 - $700,000) accounts receivable of $2,811,760 (2018 - nil)	**436,800**	504,000
	435,395	(143,121)
INVESTING ACTIVITIES:		
Principal repaid on mortgages receivable	**175,206**	1,016,744
Principal repaid on loans receivable	**82,733**	1,462,191
Principal repaid on SHED project receivable	**481,756**	463,022
	739,695	2,941,957
FINANCING ACTIVITIES:		
Change in bank indebtedness	**(636,684)**	(3,140,196)
Repayment of long-term debt	**(661,789)**	(635,501)
	(1,298,473)	(3,775,697)
Increase (decrease) in cash	**1,421,542**	(61,622)
Cash, beginning year	**-**	61,622
Cash, end of year	$ **1,421,542**	$ -

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

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. *Change in accounting policies*

As a result of the change in tax status of the Corporation's wholly-owned subsidiaries, STR Properties Inc. and CCC Properties Inc., from profit-oriented enterprises to non-profit organizations, the Corporation has changed its accounting for these subsidiaries within the consolidated financial statements. Previously, the Corporation accounted for theses subsidiaries using the modified equity method and the accounts of these subsidiaries are not consolidated into the financial statements of the Corporation. This change has been applied retroactively and accordingly, the comparative financial statements have been restated as follows:

		Increase (Decrease)
Consolidated Statement of Financial Position:		
Accounts receivable	$	4,888
Property held for resale		2,649,606
Investment in hotel properties		(6,811,483)
Accounts payable and accrued liabilities		31,648
Payable to CCC Properties Inc.		(3,789,795)
Payable to STR Properties Inc.		(398,842)
Consolidated Statement of Operations:		
Rental properties revenue		13,500
Loss from investment in hotel properties		(951,890)
Rental properties expenses		30,390
Write-down of property held for resale		935,000

3. *Significant accounting policies*

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

a) Basis of consolidation:

These consolidated financial statements include the accounts of the Corporation, and its wholly-owned subsidiaries STR Properties Inc., CCC Properties Inc. and Centre Village Housing Inc.

Intra-company and inter-company transactions and balances have been eliminated upon consolidation.

3. *Significant accounting policies (continued)*

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 on 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.

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.

3. *Significant accounting policies (continued)*

d) Special projects - restricted funding arrangements (continued):

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. that 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.

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.

3. *Significant accounting policies (continued)*

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.

4. *Accounts receivable*

	2019	2018
Trade and other receivables	**$ 3,745,854**	$ 223,815
Grants receivable - the City	**487,201**	3,599,579
	$ 4,233,055	$ 3,823,394

5. *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, 2019, the Corporation has available the option to acquire four City-owned properties. These properties included the Waterfront Drive property with an optioned area of 10,885 square feet (sf), Market Lands property with an optioned area of 73,103sf, Waterfront Drive property with an optioned area of 2,163sf and the Triangle Corner property with an optioned area of 4,665sf.

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 year ended December 31, 2019, the Corporation sold a property held for resale as at December 31, 2018 for $1,780,000, consisting of cash consideration of $417,000 and a vendor take back mortgage receivable of $1,363,000 (Note 5), resulting in a gain on disposal of $100,000.

5. *Property held for resale (continued)*

During the year ended December 31, 2019, the Corporation further acquired four properties from the City for one dollar each and sold them for $3,949,260, consisting of cash consideration of $2,831,760 and vendor take back mortgages of $1,117,500 (Note 5), resulting in a gain on disposal of $3,949,260.

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 $935,000 during the year ended December 31, 2018 with a further write-down of $600,000 during the year ended December 31, 2019.

6. *Mortgages receivable*

	2019	2018
Mortgages receivable	$ **4,521,462**	$ 2,216,168
Allowance for doubtful loans	**(20,000)**	(20,000)
	4,501,462	2,196,168
Current portion of mortgages receivable	**785,841**	177,903
	$ **3,715,621**	$ 2,018,265

Mortgages receivable at December 31, 2019 are on five properties in downtown Winnipeg with maturity from fiscal 2023 to 2025. Monthly instalments are applied to interest first, compounded semi-annually, not in advance. Mortgages receivable are secured by recourse to the related underlying property and other forms of security except for $1,338,264 (2018 - $1,516,154) for which the City funds principal and interest paymen and has provided a guarantee on the related term loan payable that the Corporation had obtained to providing financing for the mortgage (Note 12). Interest rates charged for the mortgages receivable range from non-interest bearing to 4.95 % (2018 - 4.5 % to 5.0 %) and are both fixed and variable in reference to the prime interest rate of lending at the time of loan disbursement.

Mortgage principal receipts are expected as follows:

2020	$ 785,841
2021	1,557,148
2022	202,827
2023	1,432,091
2024	221,365
Thereafter	322,190
	$ 4,521,462

7. *Loans receivable*

Loans receivable at December 31, 2019 are repayable during fiscal 2020. Loans receivable are secured by an assignment of Heritage Tax Credits or other forms of security. The loans receivable outstanding at December 31, 2019 are non-interest bearing (2018 - non-interest bearing) and are payable in monthly instalments.

8. 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 11) to utilize for grants in accordance with Phase 1 of the SHED project. As grants are expended by the Corporation a SHED project receivable from the City and Province is recognized for an equivalent amount. The City and Province provide annual funding to the Corporation equivalent to the annual debt servicing cost of the term loans.

SHED project principal receipts are expected as follows:

2020	$ 502,661
2021	523,508
2022	544,526
2023	566,387
2024	588,695
Thereafter	1,893,155
	$ 4,618,932

9. Capital assets

			2019	2018
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Buildings	**$ 6,140,734**	**$ 2,200,833**	**$ 3,939,901**	$ 4,178,014
Computer equipment	**140,388**	**138,063**	**2,325**	2,939
Furniture and fixtures	**70,015**	**68,849**	**1,166**	2,332
Leasehold improvements	**632,045**	**475,660**	**156,385**	195,013
	$ 6,983,182	**$ 2,883,405**	**$ 4,099,777**	$ 4,378,298

10. Bank indebtedness

	2019	2018
Cheques issued in excess of cash on hand	**$ -**	$ 636,684

The Corporation has an approved operating line of credit with the Royal Bank of Canada to a maximum amount of $10,400,000 (2018 - $10,400,000). The line of credit bears interest at Royal Bank prime rate minus 1.0% (2.95% as at December 31, 2019) 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, 2019 (2018 - nil).

11. Long-term debt

		2019		2018
Term loan, interest at 4.47%, due October 2025, blended annual payments of $241,597, secured by a general security agreement constituting a first ranking security interest in all personal property, and an unconditional and irrevocable guarantee signed by the City in the amount of $2,600,000	**$**	**1,247,333**	$	1,425,222
Term loan, interest at 3.98%, due October 2029, blended annual payments of $349,338, secured by a guarantee signed by the City in the amount of $3,890,000		**2,842,968**		3,069,721
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		**3,211,031**		3,468,178
		7,301,332		7,963,121
Current portion of long-term debt		**688,502**		661,789
	$	**6,612,830**	$	7,301,332

Principal repayments for the next five years are as follows:

2020	$	688,502
2021		717,656
2022		747,353
2023		778,280
2024		810,060
Thereafter		3,559,481
	$	7,301,332

Proceeds from the 4.47 % term loan were utilized by the Corporation to provide a 15 year mortgage receivable to Youth Centre of Excellence project at 333 King Street (Note 5).

The Corporation receives annual principal and interest payments for the Youth Centre of Excellence mortgage receivable from the City.

The 3.98 % and 3.91 % term loans were incurred to finance phase 1 of the SHED project under the Strategic Downtown Investments Funding Agreement. In accordance with the SHED agreement, the City and the Province provide annual funding to the Corporation equivalent to the annual debt servicing costs of these loans (Note 7).

12. Forgivable loans

The details of forgivable loans are as follows:

		2019		2018
Bell Hotel				
Province of Manitoba 15 year term loan, with maturity date set at August 1, 2026, payments are not required as long as the property operates as an affordable housing complex	**$**	**1,150,555**	$	1,310,555
Government of Canada 15 year term loan, with maturity date set at August 1, 2026, payments are not required as long as the property offers services for the homeless approved by the Government of Canada		**1,210,296**		1,402,843
	$	**2,360,851**	$	2,713,398

The five year forgiveness schedule for the forgivable loans is as follows:

2020	$	352,547
2021		352,547
2022		352,547
2023		352,547
2024		352,547
Thereafter		598,116
	$	2,360,851

At December 31, 2019, the Corporation has met all requirements during the year relating to the terms of the forgivable loans.

13. 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:

		2019		2018
Balance, beginning of year	**$**	**3,523,094**	$	1,699,257
Grants received		**100,000**		59,016
Grants receivable		**487,201**		1,912,069
Transfer to deferred contributions - capital assets		**(318,355)**		-
Amounts recognized as revenue in the year		**(100,000)**		(147,248)
Balance, end of year	**$**	**3,691,940**	$	3,523,094

13. *Deferred contributions (continued)*

Deferred contributions related to the following projects:

	2019	2018
Gail Parvin Hammerquist	**$ 3,668,929**	$ 3,500,083
North Main Economic Development Program Grant	**2,600**	2,600
Province of Manitoba - Downtown Winnipeg ground floor activation strategy grant	**20,411**	20,411
	$ 3,691,940	$ 3,523,094

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.

	2019	2018
Balance, beginning of year	**$ 962,072**	$ 819,552
Contributions transferred from forgivable loans	**352,547**	352,547
Transfer from deferred contributions - expenses of future periods	**318,355**	-
Amount amortized to revenue in the year	**(412,722)**	(210,027)
Balance, end of year	**$ 1,220,252**	$ 962,072

14. *Commitments*

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

2020	42,489
2021	42,489
2022	42,489
2023	17,704

15. *Invested in capital assets*

Investment in capital assets is calculated as follows:

	2019	2018
Capital assets	**$ 4,099,777**	$ 4,378,298
Property held for sale	**2,049,606**	4,329,406
Forgivable loans	**(2,360,851)**	(2,713,398)
Deferred contributions	**(1,220,252)**	(962,072)
	$ 2,568,280	$ 5,032,234

15. Invested in capital assets (continued)

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

	2019	2018
Excess (deficiency) of revenue over expenditures:		
Amortization of deferred contributions	**$ 412,722**	$ 210,027
Amortization of capital assets	**(279,926)**	(273,233)
Gain on sale of disposal of property held for sale	**4,049,260**	867,300
Write-down of property held for resale	**(600,000)**	(935,000)
	3,582,056	(130,906)
Purchase of capital assets	**1,405**	62,515
Repurchase of property held for resale	**-**	3,584,606
Contributions for previous years purchase of capital assets	**(318,355)**	-
Proceeds from disposal of property held for sale	**(5,729,060)**	(1,204,000)
	$ (2,463,954)	$ 2,312,215

16. Related party transactions and balances

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

	2019	2018
Consolidated statement of operations		
Revenue:		
Downtown Residential Development grant	**$ 30,279**	$ 30,279
SHED project grant	**132,314**	141,681
Expenditures:		
Property taxes	**43,670**	67,736
Consolidated statement of financial position		
Accounts receivable	**487,201**	3,599,579
Mortgages receivable	**1,338,264**	1,516,154
Loan receivable	**391,537**	391,537
SHED project receivable	**2,309,466**	2,550,344
Accounts payable and accrued liabilities	**-**	316,902
Deferred contributions expenses of future periods - Gail Parvin Hammerquist grants	**487,201**	1,912,069

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.

17. 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.

Credit risk:

The Corporation is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the Corporation's receivables are from government entities which minimizes the risk of non-collection. The Corporation also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding.

The Corporation is also exposed to credit risk through the possibility of non-collection of its mortgages and loans receivable. The Corporation's loan guidelines set out the minimum requirements for management of credit risk. The Corporation's loan guidelines include policies regarding the approval of lending, eligibility for loans, lending limits, and loan collateral security.

With respect to credit risk, the Board of Directors receives details of new loans and delinquent loans. The Corporation's maximum exposure to the credit risk is limited to the amount presented on the face of the consolidated statement of financial position for accounts receivable, mortgages receivable and loans receivable.

17. 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.

18. 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. The Corporation has recorded commissions earned for the administration of the DRDG and EWND Programs as revenue during the fiscal year.

18. Programs under administration (continued)

The assets and liabilities that are administered by the Corporation under the DRDG and EDWN Programs are as follows:

		2019		2018
Assets:				
DRDG TIF receivable - the City	**$**	**15,134,004**	$	16,144,170
Accounts receivable - EWND		**-**		948,543
	$	**15,134,004**	$	17,092,713
Liabilities:				
Bank indebtedness	**$**	**-**	$	942,688
Loans payable		**15,134,004**		16,150,025
	$	**15,134,004**	$	17,092,713

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.

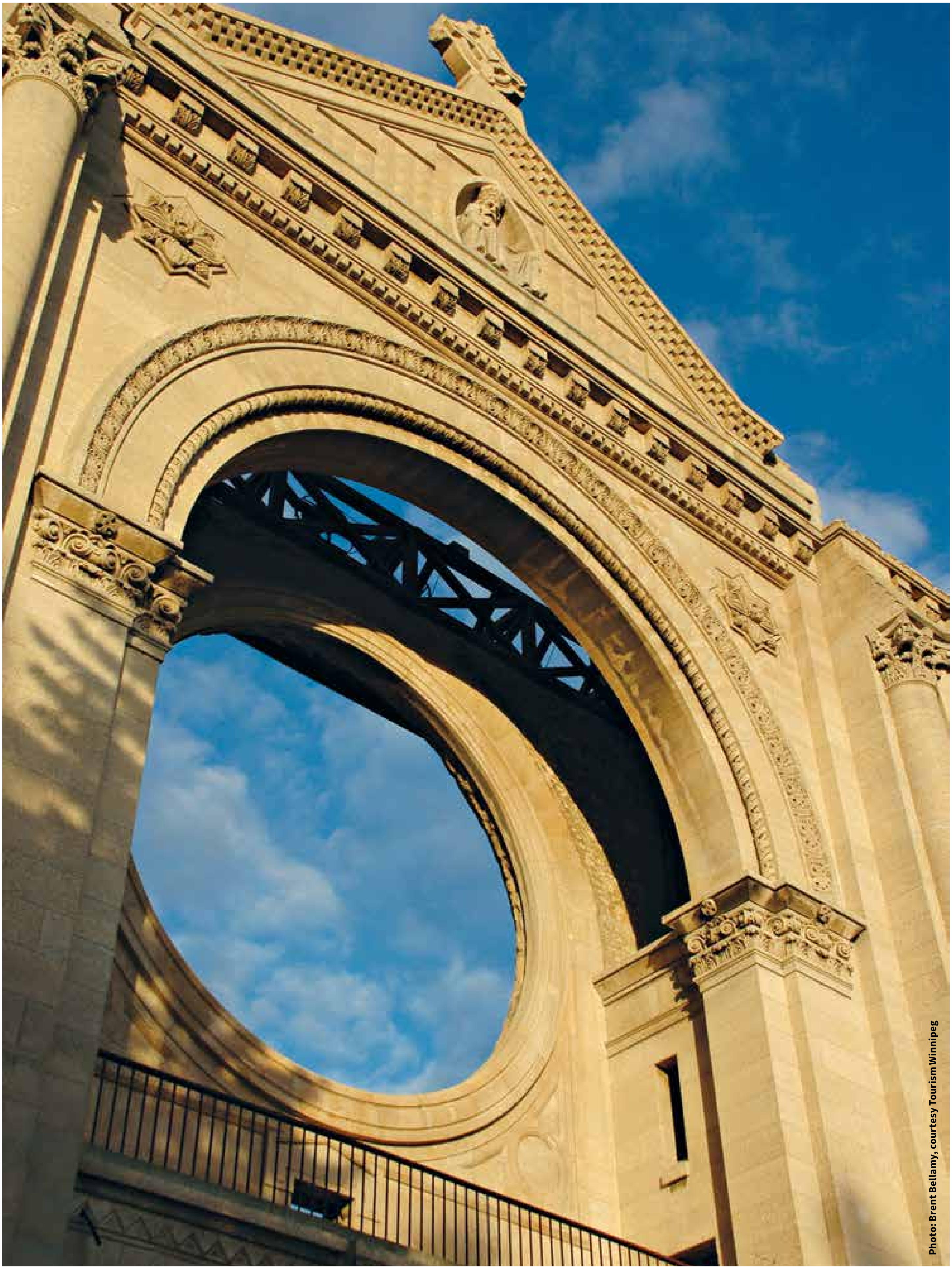


Photo: Brent Bellamy, courtesy Tourism Winnipeg

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF OPERATIONS

Year Ended December 31

	2019	2018
REVENUES		
City of Winnipeg	**$ 4,645,319**	$ 4,645,319
City of Winnipeg - Museum Grant Funds	**287,300**	-
Arts Development	**32,522**	39,735
Interest income	**42,097**	36,836
Other income	**1,056**	8,577
	5,008,294	4,730,467
EXPENSES		
Program expenses (refer to Schedule of Expenses)	**4,420,437**	4,196,464
Administrative expenses (refer to Schedule of Expenses)	**580,832**	491,692
	5,001,269	4,688,156
OTHER PROJECTS		
Public Art revenues (Note 5)	**824,299**	1,223,031
Public Art expenses (refer to Schedule of Expenses)	**(824,299)**	(1,223,031)
	-	-
EXCESS OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	**7,025**	42,311
AMORTIZATION	**(113)**	(2,056)
EXCESS OF REVENUES OVER EXPENSES AFTER AMORTIZATION	**$ 6,912**	$ 40,255

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31

	Unrestricted	Invested in Capital Assets	Internally Restricted	**Total 2019**	Total 2018
Net assets, beginning of year	$ 146,500	$ 566	$ 322,294	**$ 469,360**	$ 454,105
Excess of revenues over expenses	7,025	(113)	-	**6,912**	40,255
Transfer (Note 7)	(90,487)	-	60,487	**(30,000)**	(25,000)
Net assets, end of year	$ 63,038	$ 453	$ 382,781	**$ 446,272**	$ 469,360

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

December 31

	2019	2018
ASSETS		
Current		
Cash	**$ 1,994,591**	$ 2,341,183
Receivables	**1,231**	62,212
GST receivable	**9,612**	11,251
Prepaid expenses	**2,764**	2,383
	2,008,198	2,417,029
Equipment and leasehold improvements (Note 3)	**453**	566
	$ 2,008,651	$ 2,417,595
LIABILITIES		
Current		
Payables and accruals	**$ 7,500**	$ 16,000
Holdbacks (Note 4)	**248,810**	284,649
Deferred contributions (Note 5)	**1,291,069**	1,647,586
Deferred revenue (Note 6)	**15,000**	-
	1,562,379	1,948,235
NET ASSETS		
Unrestricted (Note 8)	**63,038**	146,500
Invested in capital assets	**453**	566
Internally restricted (Note 8)	**382,781**	322,294
	446,272	469,360
	$ 2,008,651	$ 2,417,595

Commitment (Note 9)

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CASH FLOWS

Year Ended December 31

	2019	2018
Cash derived from (applied to):		
OPERATING		
Excess of revenues over expenses	**$ 6,912**	$ 40,255
Amortization	**113**	2,056
	7,025	42,311
Change in non-cash working capital		
Receivables	**60,981**	12,680
GST receivable	**1,639**	(398)
Prepaid expenses	**(381)**	8
Payables and accruals	**(8,500)**	500
Holdbacks	**(35,839)**	19,588
Deferred contributions	**(356,517)**	536,284
Deferred revenue	**15,000**	-
	(316,592)	610,973
INVESTING		
Transfer to Endowment Fund	**(30,000)**	(25,000)
	(30,000)	(25,000)
NET (DECREASE) INCREASE IN CASH	**(346,592)**	585,973
CASH BALANCE		
Beginning of year	**2,341,183**	1,755,210
End of year	**$ 1,994,591**	$ 2,341,183

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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 recognized 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	2019 Net Book Value	2018 Net Book Value
Office equipment	**$ 6,574**	**$ 6,574**	**$ -**	$ -
Furniture and fixtures	**34,243**	**34,243**	**-**	-
Computer equipment	**5,091**	**4,638**	**453**	566
Leasehold improvements	**104,258**	**104,258**	**-**	-
	$ 150,166	**$ 149,713**	**$ 453**	$ 566

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:

	2019	2018
Youth WITH ART	**$ 100,000**	$ 94,608
Indigenous Arts Leaders Fellowship	**56,860**	60,000
Individual Artist grants	**53,500**	48,400
Project grants	**22,665**	20,950
Multi-year grants	**14,785**	24,798
Professional Development grants	**1,000**	-
Arts Development	**-**	35,893
	$ 248,810	$ 284,649

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)

		2019		2018
Public Art				
Contributions				
City of Winnipeg Public Art Allocation	**$**	**245,098**	$	455,400
City of Winnipeg Land Dedication Reserve		**10,200**		-
City of Winnipeg Public Art Maintenance Reimbursement		**6,421**		62,212
City of Winnipeg Public Works Waverley Underpass Agreement		**-**		450,000
Government of Canada		**87,873**		362,160
Plenary Road Winnipeg		**80,676**		124,775
Manitoba Federation of Labour		**25,000**		75,000
Red River College		**5,109**		-
Downtown Winnipeg BIZ		**3,000**		30,939
Other		**4,405**		3,829
Centre Venture		**-**		100,000
Winnipeg Foundation		**-**		45,000
Amalgamated Transit Union		**-**		30,000
WSP		**-**		20,000
Transferred to revenue		**(824,299)**		(1,223,031)
(Decrease) increase during the year		**(356,517)**		536,284
Deferred contributions, beginning of year		**1,647,586**		1,111,302
Deferred contributions, end of year	**$**	**1,291,069**	$	1,647,586

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

		2019		2018
Public Art Projects				
1919 Streetcar	**$**	**318,427**	$	460,380
Waverley Underpass		**290,386**		442,730
Broadway Light-based Sculptures		**188,561**		267,633
WITH ART: Community Arts Projects		**149,997**		167,284
South Sherbrook/Cornish Library		**89,794**		89,970
Poetry in Public		**83,500**		-
Air Canada Park/Indigenous Artists Project		**47,512**		114,209
Public Art Contingency		**44,046**		38,937
Southwest Rapid Transit		**27,546**		3,489
Kildonan Park		**23,770**		16,124
Public Education and Outreach		**18,783**		11,089
Temporary Installations		**4,997**		-
Indigenous Digital Strategies		**3,750**		-
Tache Promenade		**-**		35,741
	$	**1,291,069**	$	1,647,586

6. Deferred revenue

Deferred revenue represents operating funds received during the year that are related to the subsequent year expenses.

	2019	2018
RBC Foundation	$ 15,000	$ -

7. Transfers

During the year, the Board of Directors approved a transfer of $30,000 (2018 - $25,000) from unrestricted net assets as a contribution to the Endowment Fund held at the Winnipeg Foundation.

During the year, $110,000 (2018 - $95,000) was transferred from unrestricted net assets to internally restricted net assets. Specifically, $60,000 was transferred to fund an Indigenous Arts Leaders Fellowship, $40,000 for future programming, and $10,000 to fund a study of the socioeconomic impact of the arts.

During the year, $49,513 (2018 - $Nil) was transferred from internally unrestricted net assets to unrestricted net assets. Specifically, $43,459 was transferred as payment towards a study of the socioeconomic impact of the arts, and $6,054 was transferred as payment towards the digitization of the grant application process.

8. Net assets

Internally restricted net assets

	2019	2018
Cash flow assistance	$ 100,000	$ 100,000
Internally restricted net assets	282,781	222,294
	$ 382,781	$ 322,294

The allocation for cash flow assistance was made in order to provide cash flow assistance to client organizations until such time as operating grants for their use have been received by Winnipeg Arts Council Inc. from the City of Winnipeg.

The allocation for internally restricted net assets is available for the development of new programs at the discretion of the Board of Directors and to finance future projects to engage the overall community in support of the arts in the City of Winnipeg.

Unrestricted net assets

The Organization considers its capital to be the balance maintained in its unrestricted net assets. Capital is utilized under the direction of the Board of Directors. The primary objective of the Organization is to invest its capital in a manner that will allow it to continue as a going concern.

9. Commitment

The Organization entered into a new lease agreement for office space, which expires on June 30, 2022. The Organization's minimum annual lease payments over the next four years are as follows:

2020	31,035
2021	31,966
2022	16,219

10. Economic dependence

The volume of financial activity undertaken by the Organization with its main funding body is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

11. Endowment fund

In 2011, the Organization established an Endowment Fund through a $20,000 contribution to be held in perpetuity at The Winnipeg Foundation. Interest revenue earned by this fund is available to the Organization annually to support general operations. As of December 31, 2019, the Organization's cumulative contributions to the Endowment Fund totaled $140,000 (2018 - $110,000) with a cumulative matching grant contribution of $37,433 (2018 - $33,352) from The Winnipeg Foundation. The market value of the Endowment Fund at December 31, 2019 is $239,093 (2018 - $177,548).

WINNIPEG ARTS COUNCIL INC.

SCHEDULE OF EXPENSES

Year ended December 31

		2019		2018
PROGRAM EXPENSES				
Multi-year grants	**$**	**3,525,640**	$	3,506,451
Museum grants		**266,000**		-
Individual artist grants		**233,370**		225,460
Project grants		**150,650**		153,750
Arts Development		**118,857**		125,000
Youth WITH ART		**50,000**		50,000
Professional development grants		**37,250**		33,750
Jury honoraria and expenses		**13,651**		19,971
Emergency fund		**10,000**		-
Poet Laureate		**7,638**		10,169
Carol Shields Winnipeg Book Award		**6,750**		6,750
Translation services		**631**		5,163
Indigenous Arts Leaders Fellowship		**-**		60,000
	$	**4,420,437**	$	4,196,464
ADMINISTRATIVE EXPENSES				
Salaries and benefits	**$**	**401,274**	$	359,498
Professional and consultant fees		**63,506**		21,625
Rent and utilities		**58,034**		55,879
Supplies and other office expenses		**33,821**		29,980
Hospitality and promotion		**8,033**		6,114
Board and committee meetings		**7,550**		6,445
Telecommunications		**4,590**		4,034
Professional development, membership and conferences		**4,024**		8,117
	$	**580,832**	$	491,692
PUBLIC ART EXPENSES				
Artwork commission/production	**$**	**623,122**	$	873,022
Professional services		**77,840**		113,642
Program administration		**75,000**		75,000
Public education		**28,318**		56,344
Artwork development		**7,854**		20,832
Maintenance		**6,421**		62,212
Selection process		**5,744**		21,979
	$	**824,299**	$	1,223,031

See accompanying notes to the financial statements

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2019	2018
ASSETS		
Current assets		
Cash	**$ 43,797**	$ 43,821
Guaranteed investment certificate (note 3)	**5,068**	5,031
GST receivable	**739**	1,719
Prepaid expenses	**1,866**	75
	$ 51,470	$ 50,646
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 106**	$ 60
NET ASSETS		
Unrestricted	**51,364**	50,586
	$ 51,470	$ 50,646

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

Year ended December 31

	2019	2018
REVENUE		
City of Winnipeg operating grant	**$ 79,315**	$ 79,315
Interest and other revenue	**95**	250
	79,410	79,565
EXPENDITURES		
Administrative	**20,849**	21,266
Development and research	**9,167**	6,584
Foundation donation	**-**	10,000
Projects	**34,773**	34,931
Promotion and advertising	**1,843**	4,220
Sponsorship	**12,000**	18,509
	78,632	95,510
DIFFERENCE BETWEEN REVENUE AND EXPENDITURES	**$ 778**	$ (15,945)

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2019	2018
Net assets, beginning of year	**$ 50,586**	$ 66,531
Difference between revenue and expenditures	**778**	(15,945)
Net assets, end of year	**$ 51,364**	$ 50,586

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

December 31

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 778**	$ (15,945)
Change in non-cash working capital		
GST receivable	**980**	(955)
Prepaid expenses	**(1,791)**	1,963
Accounts payable	**46**	(170)
	13	(15,107)
INVESTING ACTIVITIES		
Purchase of guaranteed investment certificate	**(37)**	(3,029)
Change in cash	**(24)**	(18,136)
CASH, beginning of year	**43,821**	61,957
CASH, end of year	**$ 43,797**	$ 43,821

WINNIPEG PUBLIC LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2019

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 incur

2. *Significant accounting policies (continued):*

b) Financial instruments (continued)-

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 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 (2018 - $1,372).

3. *Guaranteed investment certificate:*

The Organization purchased a guaranteed investment certificate that matures January 12, 2020 (2018 - January 12, 2019) and bears interest at 1.40% (2018 - 0.65%).

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. 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.

6. Commitments:

The Organization has entered into a contract for administrative and other consulting services until December 31, 2020. The contracted services have been fixed to a rate of $35 per hour on an as needed basis.

Photo: City of Winnipeg

ASSINIBOINE PARK CONSERVANCY INC.

BALANCE SHEET

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	**$ 17,040,608**	$ 16,297,134
Accounts receivable	**1,439,614**	1,049,428
Government grants receivable	**4,047,723**	3,338,798
Government remittances receivable	**168,463**	224,445
Inventory	**385,402**	354,400
Prepaid expenses	**378,727**	410,539
	23,460,537	21,674,744
ACCOUNTS RECEIVABLES	**418,000**	-
CAPITAL ASSETS (Note 4)	**163,100,225**	139,727,332
ART COLLECTIONS (Note 5)	**14,057,344**	14,057,344
EMPLOYEE BENEFITS RECEIVABLE (Note 6)	**211,831**	202,778
	$ 201,247,937	$ 175,662,198
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 10,249,290**	$ 8,892,012
Deferred contributions - operating (Note 7)	**1,083,240**	500,450
Deferred revenue	**150,000**	-
Notes payable (Note 8)	**1,945,303**	3,500,000
	13,427,833	12,892,462
DEFERRED REVEUE	**170,000**	-
DEFERRED CONTRIBUTIONS - CAPTIAL (Note 9)	**173,064,190**	148,340,009
ACCRUED EMPLOYEE BENEFITS (Note 6)	**144,333**	135,281
	186,806,356	161,367,752
COMMITMENTS (Note 17)		
NET ASSETS		
Restricted (Notes 2(c) and 5)	**14,057,344**	14,057,344
Internally Restricted (Notes 2(f) and 13)	**365,000**	225,000
Unrestricted	**19,237**	12,102
	14,441,581	14,294,446
	$ 201,247,937	$ 175,662,198

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF OPERATIONS
For the Year Ended December 31, 2018

	2019	2018
REVENUE		
City of Winnipeg (Note 10)	**$ 11,078,000**	$ 10,876,000
Other operating grants (Note 12)	**301,393**	176,348
Gifts and sponsorships (Note 11 and 12)	**1,233,004**	1,257,937
Amortization of deferred contributions	**7,208,566**	7,872,987
Interest and other income	**227,678**	102,122
Park revenues	**13,045,320**	11,778,883
	33,093,961	32,064,277
Direct costs of park revenues (Note 10)	**8,144,175**	7,399,755
EXPENSE	**24,949,786**	24,664,522
Administration (Note 10)	**1,423,929**	1,443,346
Amortization of capital assets	**6,861,306**	7,568,720
Insurance	**200,798**	199,563
Interest	**90,992**	119,231
Operations (Note 10)	**2,378,064**	2,314,764
Utilities (Note 10)	**1,281,792**	1,036,669
Wages, benefits and contract services (Note 10)	**12,556,719**	11,941,360
Donation to Winnipeg Foundation - ParkShare (Note 11)	**9,051**	32,337
	24,802,651	24,655,990
EXCESS OF REVENUE OVER EXPENSE	**$ 147,135**	$ 8,532

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2019

	2019				2018
	Restricted Net Assets	Internally Restricted Net Assets	Unrestricted Net Assets	Total	Total
Balance, beginning of year	**$ 14,057,344**	**$ 225,000**	**$ 12,102**	**$ 14,294,446**	$ 14,285,914
Excess of revenue over expense	**-**	**-**	**147,135**	**147,135**	8,532
Interfund transfers (Note 13)	**-**	**140,000**	**(140,000)**	**-**	-
Balance, end of year	**$ 14,057,344**	**$ 365,000**	**$ 19,237**	**$ 14,441,581**	$ 14,294,446

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expense	**$ 147,135**	$ 8,532
Items not affecting cash:		
Amortization of capital assets	**6,861,306**	7,568,720
Amortization of deferred contributions	**(7,208,566)**	(7,872,987)
	(200,125)	(295,735)
Changes in non-cash operating working capital items:		
Accounts receivable	**(808,186)**	(748,451)
Government grants receivable	**(708,925)**	4,075,355
Government remittances receivable	**55,982**	97,647
Inventory	**(31,002)**	(36,049)
Prepaid expenses	**31,812**	(66,896)
Accounts payable and accrued liabilities	**1,205,833**	3,502,467
Deferred revenue	**320,000**	-
Deferred contributions - operating	**582,790**	(71,910)
	448,179	6,456,428
FINANCING ACTIVITIES		
Deferred contributions - capital	**31,932,747**	37,089,560
Repayment of notes payable	**(1,554,697)**	(1,300,000)
Repayment of long term debt	**-**	(544,747)
Change in employee benefits receivable	**(9,053)**	131,457
Change in accrued employee benefits	**9,052**	(4,312)
	30,378,049	35,371,958
INVESTING ACTIVITIES		
Acquisition of capital assets	**(30,082,754)**	(33,589,636)
	(30,082,754)	(33,589,636)
NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS	**743,474**	8,238,750
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	**16,297,134**	8,058,384
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	**$ 17,040,608**	$ 16,297,134

ASSINIBOINE PARK CONSERVANCY INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 City October 1, 2010, the City retains ownership of the Park and all of its assets. Under this Agreement, the provides an annual grant to support the operation and maintenance of the Park and is committed to a 25% share, up to $50 million, of the cost of major capital redevelopment of Park attractions and amenities. The commitment has been completed as of December 31, 2019.

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 - 15 years

Park facility improvements include new buildings and exhibits, and major improvements to existing buildings and exhibits in the Park. Grounds improvements include major improvements to roadways, parking lots, landscaping, lighting, pathways and signage. Park equipment and systems include information technology, security and safety systems, temporary structures, computer equipment, office furniture and fixtures, playground equipment, benches, picnic tables and other Park equipment, retail equipment and minor improvements to existing buildings. Moving equipment includes grounds maintenance and sanitation equipment, the Park vehicle fleet and people movers.

Construction in progress includes the costs associated with the construction of new Park facilities, grounds improvements and major upgrades to existing facilities within the Park. Amortization of these assets will commence when the asset is determined to be ready for use and put into service.

Effective January 1, 2019, the Conservancy applied *Section 4433: Tangible Capital Assets held by not-for-profit organizations* which includes the requirement to consider the componentization of assets when determining its useful life for the purpose of recording amortization. The Conservancy has elected to apply the standard on a prospective basis for any assets put into use after the date of adoption of the new standard.

c) Art collections

Art collections gifted to the Conservancy are recorded at their appraised fair market values at the date of the gift. Art collections that are purchased by the Conservancy are recorded at the cost of the purchase. The art collections are capitalized on the balance sheet and no amortization is recorded.

The Conservancy is precluded from selling the art in both the legacy and other collections. Should artwork be damaged or stolen, the proceeds of an insurance claim would either be used to restore the artwork, to acquire new pieces of art for the collection or for the direct care of the remaining collection.

d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Conservancy subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations, except on investments purchased using contributions subject to external restrictions, which are recognized as increases or decreases to the deferred contribution - capital balance.

2. Significant Accounting Policies (continued)

d) Financial instruments (continued)

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Conservancy recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates included in these financial statements are the determination of the useful lives of the capital assets and the amount of the employee benefits receivable and accrued employee benefits. Actual results could differ from these estimates.

f) Internally restricted net assets

The Conservancy has internally restricted certain funds for a fiscal stabilization reserve to support the long-term sustainability of the organization.

3. Cash and Short-Term Investments

Cash and short-term investments consist of cash on hand and balances with banks. Included in cash and short-term investments is restricted cash held in a joint bank account with a construction company for the payment of holdbacks in the amount of $3,952,187 (2018 - $2,341,961)

4. Capital Assets

	2019			2018
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Park facility improvements	**$ 107,850,761**	**$ 21,516,161**	**$ 86,334,600**	$ 82,584,265
Grounds improvements	**11,913,466**	**7,144,380**	**4,769,086**	5,710,180
Park equipment and systems	**21,732,621**	**17,171,544**	**4,561,077**	5,709,295
Moving equipment	**2,368,751**	**1,234,591**	**1,134,160**	967,469
Construction in progress	**66,301,302**	**-**	**66,301,302**	44,756,123
	$ 210,166,901	**$ 47,066,676**	**$ 163,100,225**	$ 139,727,332

4. *Capital Assets (continued)*

The Province of Manitoba has a $30 million investment in the Leatherdale International Polar Bear Conservation Centre ("LIPBCC") and Polar Bear Facilities, which include the Gateway to the Artic Building, the Animal Holding and Filtration System Building and the Polar Plunge. As a result, the Province's $30 million investment in these capital assets do not appear on the Conservancy's balance sheet.

The Conservancy and the Province have three continuing agreements which relate to the provincially owned buildings. A long-term Ground Sublease Agreement provides the Province with a sublease on the land on which the LIPBCC and the Polar Bear Facilities are located within the Park. An Operations Agreement gives the Conservancy responsibility for operating these buildings. Under the Operations Agreement, the Province will provide future capital funding for required capital repairs and replacements to the LIPBCC and the Polar Bear Facilities to ensure that it continues to meet the standards of the Province over the term of the Ground Sublease Agreement. Under an Insurance Agreement, the Province has assumed responsibility for providing insurance for the LIPBCC and the Polar Bear Facilities.

In 2017, the Conservancy began construction on Canada's Diversity Gardens, which will include a new conservatory called the Leaf and three exterior gardens, the Cultural Mosaic Gardens, the Indigenous Peoples Gardens and the Grove. Canada's Diversity Gardens is being funded with grants from the Federal government, the Province of Manitoba and the City of Winnipeg and with gifts from the private sector.

During the year an additional $nil (2018 - $415,243) was expensed to amortization for certain assets that had reached the end of their useful lives.

5. *Art Collections*

The art collections include approximately 4,072 works of art held for public exhibition and education. The art collections include the works of Ivan Eyre, Walter J. Phillips, Clarence Tillenius, E.H. Shepard's portrait of Winnie the Pooh and A.A. Milne's book, titled "Now We are Six". The Conservancy did not receive or dispose of any works of art during the year ending December 31, 2019.

	2019	2018
Legacy art collections	**$ 13,559,652**	$ 13,559,652
Other art collections	**497,692**	497,692
	$ 14,057,344	$ 14,057,344

6. *Employee Benefits Receivable and Accrued Employee Benefits*

Under the Lease and Funding Agreement between the Conservancy and the City, the City is responsible for funding all labour costs associated with CUPE 500 members who were previously employed by the City in Assiniboine Park Zoo and the Conservatory.

Accordingly, included in the employee benefits receivable is an amount due from the City of $67,498 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.

6. Employee Benefits Receivable and Accrued Employee Benefits (continued)

Included in the employee benefits receivable is an amount of $144,333 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 2020 and therefore the receivable and liability are both recorded as long-term.

	2019	2018
Vacation pay receivable	**$ 67,498**	$ 67,498
Sick pay severance receivable	**144,333**	135,280
	$ 211,831	$ 202,778

7. Deferred Contributions - Operating

The balance in current deferred contributions - operating at December 31, 2019 represents $462,187 (2018 - $227,455) of externally designated funds to be used to offset 2020 operating costs, $59,595 (2018 - $152,406) of externally designated funds to be used to offset repairs and maintenance in Leo Mol Gardens, $181,722 (2018 - $nil) of funds to be used to offset 2020 costs for education and accessibility and $379,736 (2018 - $120,589) of funds to be used to offset 2020 costs of conservation and research activities.

8. Notes Payable

The Conservancy arranged a loan facility with a financial institution for up to $20 million for the purpose of bridge financing the construction of the Journey to Churchill and Canada's Diversity Gardens. As at December 31, 2019, the amount owing on the loan is $1,945,303 (2018 - $3,500,000). The demand loan is secured by a guarantee signed by the City, and on expiration of the guarantee, is repayable in full by December 31, 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, 2019 the Conservancy had not drawn on this credit facility.

Interest on these loans is at prime less 0.75%. Principal repayments on notes payable of $1,945,303 are due on demand in the upcoming year.

9. Deferred Contributions - Capital

During the year, the Conservancy received contributions totaling $31,932,747 (2018 - $37,089,560) 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.

	2019	2018
Balance, beginning of year	**$ 148,340,009**	$ 119,123,436
Contributions received	**31,932,747**	37,089,560
Amortization of deferred contributions	**(7,208,566)**	(7,872,987)
Balance, end of year	**$ 173,064,190**	$ 148,340,009

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

10. *City of Winnipeg*

The City of Winnipeg is a significant operating partner of the Conservancy, providing a significant portion of its operating funding in 2019 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, 2019 are as follows:

<u>City of Winnipeg balances</u>

As described in Note 6, as at December 31, 2019, the Conservancy has a long-term receivable of $211,831 (2018 - $202,778) from the City relating to employee benefits for CUPE 500 employees who were previously employed by the City. The Conservancy also has $114,896 (2018 - $114,896) included in accounts receivable as at December 31, 2019 related to these employee benefits.

Included in accounts payable and accrued liabilities at December 31, 2019, are amounts due to the City of $148,289 (2018 - $341,855).

<u>City of Winnipeg transactions</u>

During the year, the Conservancy recognized funding received from the City of Winnipeg into operating revenue of $11,078,000 (2018 - $10,876,000).

Additionally, during the year, the Conservancy received capital contributions of $9,851,000 (2018 - $15,123,000) 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 $2,996 (2018 - $163). Included in insurance is an insurance deductible paid to the City in the amount of $348 (2018 - $5,000). Included in operations expense are waste disposal, horticulture, maintenance and fleet costs paid to the City of $89,477 (2018 - $88,112). Included in utilities expense are water costs paid to the City of $497,289 (2018 - $323,690). in wages, benefits and contract services are pension plan benefit costs paid to the City of $160,175 (2018 - $183,168).

11. *Endowments Held by the Winnipeg Foundation*

The Conservancy is the beneficiary of six endowment funds, held and controlled by the Winnipeg Foundation, as of December 31, 2019. The Winnipeg Foundation retains title to the investments and receives a management fee not to exceed one-half percent of the opening market value of the contributed capital in the Funds at October 1 each year. The Conservancy receives an annual income distribution based on the Foundation's income distribution policy, net of the management fee and investment fees.

The market value of the Funds held on behalf of the Conservancy by The Winnipeg Foundation at December 31 are as follows:

	2019	2018
Lyric Program Fund	**$ 88,381**	$ 80,189
Assiniboine Park Bandshell Inc. Fund	**294,333**	267,052
Assiniboine Park Zoo Endowment Fund	**22,112**	20,062
Leo Mol Sculpture Garden Fund	**321,816**	291,899
Assiniboine Park Conservancy Fund	**62,449**	56,401
ParkShare Endowment Fund	**809,131**	560,790
	$ 1,598,222	$ 1,276,393

11. 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 $38,606 (2018 - $36,537) in income to the Conservancy from these Funds. In addition, $23,243 (2018 - $17,194) in income for the ParkShare Endowment Fund was capitalized. During the year, Assiniboine Park Conservancy Inc. transferred $9,051 (2018 - $32,337) to The Winnipeg Foundation in gifts received from donors in support of the ParkShare Endowment Fund.

12. Conservation and Research

During the year, $210,142 (2018 - $101,076) in deferred Conservation and Research grants and restricted gifts were included in revenue to offset current year Conservation and Research expenses of $210,142 (2018 - $101,076). In addition, operating funds were used to support Conservation and Research activities including animal rescue, research, salaries and supplies in the amount of $283,412 (2018 - $317,923).

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

		2019		2018
Lake Winnipeg Foundation	**$**	**25**	$	346
Red Panda Network		**3,926**		3,390
Snow Leopard Trust		**5,677**		3,640
	$	**9,628**	$	7,376

13. Interfund Transfers and Internally Restricted New Assets

In the current year, $140,000 (2018 - $nil) of unrestricted net assets was transferred to the Internally Restricted Fund to support the fiscal stabilization reserve. The internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors.

14. Capital Management

The objective of the Board of Directors of Assiniboine Park Conservancy Inc., when managing capital, is to safeguard the ability of the Conservancy to continue as a going concern. The Board of Directors considers capital management in two components: First, for the Conservancy's capital activities, capital is raised through government contributions and private sector fundraising. Authorization of capital projects is provided as funding for each redevelopment project is confirmed. Second, for the Conservancy's operating activities, the Board seeks to operate with a modest surplus annually so that sufficient net assets are retained to manage the risk inherent in the Conservancy's expanding operations. The Board of Directors manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no significant changes to the Board's capital management policy during the past year.

15. Non-Monetary Transactions

During the year, the Conservancy received amounts for operating purposes of $95,283 (2018 - $106,131) without consideration.

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

16. Pension

The Conservancy maintains a defined benefit contribution pension plan for its union employees and a group RRSP plan for its non-union employees.

Employees who are part of the CUPE union are members of the Winnipeg Civic Employees Benefits Program. While the plan is a defined benefit pension plan, it is accounted for as a defined contribution plan given that it is a multi-employer plan which makes it difficult to differentiate the Conservancy's portion.

The Conservancy's pension contribution and expense for the year to the Winnipeg Civic Employees Benefits Program plan and the group RRSP plan was $712,891 (2018 - $714,118).

17. Commitments

The Conservancy has entered into a construction management agreement with a construction company to build Canada's Diversity Gardens in the southeast corner of Assiniboine Park. Under the agreement, the construction manager acts as an agent for the Conservancy and tenders, awards, and enters into all legal agreements with the subcontractors. As at December 31, 2019, 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 fall of 2021.

Total contract values committed to under signed agreements as at December 31, 2019, for work to be completed, is $29,460,672 (2018 - $31,789,371). These amounts are to be paid over the construction period of the projects which are expected to be ready for use in future years.

18. 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 government funding authorities, and the remainder of the accounts receivable are from a large number of Companies which minimizes credit risk.

Interest rate risk

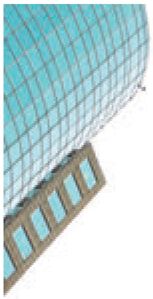
Interest rate risk is the risk that the Conservancy's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. The Conservancy does not use derivative instruments to reduce this risk.

19. Subsequent Events

Subsequent to the year-end, 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. The duration and impacts of COVID-19 are 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 Conservancy in future periods.

As per the Lease and Funding Agreement, the City of Winnipeg operating and capital grants are due to be re-determined after the 2019 funding year. The 2020 operating and capital grants have been approved by Council with no significant changes in funding level. The impact of the redetermination process that will take place in 2020 for funding in 2021 and onward is unknown at this time.

Photo: Tyler Simpson, courtesy Tourism Winnipeg



2019 Other

Detailed Financial Statements

Photo: Tyler Walsh, courtesy Tourism Winnipeg

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2019 with comparative information for 2018

		2019		2018
ASSETS				
Current assets:				
Cash	**$**	**170,177**	$	234,442
Investments (Note 3)		**3,295,398**		2,685,886
Accounts receivable		**332,465**		295,007
Prepaid expenses		**144,427**		79,989
		3,942,467		3,295,324
Capital assets (Note 4)		**543,672**		491,573
	$	**4,486,139**	$	3,786,897
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**274,995**	$	107,304
Other long-term liabilities		**146,012**		-
Deferred rent		**53,892**		49,501
Deferred lease inducement		**255,433**		291,080
Deferred contributions:				
Future expenses (Note 5)		**649,694**		391,887
		1,380,026		839,772
Net assets:				
Invested in capital assets		**543,672**		491,573
Unrestricted		**1,862,441**		1,755,552
Internally restricted:				
Appropriated for stabilization fund (Note 6)		**700,000**		700,000
		3,106,113		2,947,125
Commitments (Note 7)				
	$	**4,486,139**	$	3,786,897

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31, 2019 with comparative information for 2018

	2019	2018
REVENUE		
Funding:		
The City of Winnipeg	**$ 4,336,484**	$ 3,802,613
Province of Manitoba (Note 11)	**1,369,410**	1,103,290
Government of Canada	**208,923**	-
Partnerships and investors contributions	**1,530,832**	1,244,214
Interest	**74,136**	46,958
	7,519,785	6,197,075
EXPENDITURES		
Initiatives and marketing	**2,405,203**	1,791,777
Personnel	**4,119,619**	2,959,673
Administrative	**527,496**	399,346
Occupancy and facilities	**308,479**	301,457
	7,360,797	5,452,253
EXCESS OF REVENUE OVER EXPENDITURES	**$ 158,988**	$ 744,822

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2019 with comparative information for 2018

	Invested in Capital Assets	**Unrestricted**	**Internally restricted**	**2019 Total**	2018 Total
Balances, beginning of year	**$ 491,573**	**$ 1,755,552**	**$ 700,000**	**$ 2,947,125**	$ 2,202,303
Excess (deficiency) of revenue over expenditures	**(131,539)**	**290,527**	**-**	**158,988**	744,822
Transfer for acquisition of capital assets	**183,638**	**(183,638)**	**-**	**-**	-
Balances, end of year	**$ 543,672**	**$ 1,862,441**	**$ 700,000**	**$ 3,106,113**	$ 2,947,125

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2019 with comparative information for 2018

	2019	2018
Cash provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 158,988**	$ 744,822
Items not involving cash:		
Amortization of capital assets	**131,539**	114,015
Amortization of deferred rent	**4,391**	11,049
Amortization of deferred lease inducement	**(35,647)**	(41,225)
Change in non-cash operating working capital:		
Accounts receivable	**(37,458)**	132,993
Prepaid expenses	**(64,438)**	89,913
Accounts payable and accrued liabilities	**313,703**	(32,193)
Net increase (decrease) in deferred contributions future expenses	**257,807**	(106,661)
	728,885	912,713
CAPITAL ACTIVITIES		
Purchase of capital assets	**(183,638)**	(30,877)
INVESTING ACTIVITIES		
Investments, net	**(609,512)**	(2,007,464)
DECREASE IN CASH	**(64,265)**	(1,125,628)
CASH, beginning of year	**234,442**	1,360,070
CASH, end of year	**$ 170,177**	$ 234,442

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

1. *General:*

Economic Development Winnipeg Inc. ("EDW" or the "Organization") is the City of Winnipeg's lead Organization for economic development and tourism development. EDW is an arm's length organization led by an independent private sector Board of Directors appointed by the members. The City of Winnipeg and the Province of Manitoba are the members and provide core funding to the Organization.

EDW facilitates investment promotion and attraction, capacity building, marketing and the management of market information. EDW leads global investment attraction, and local business retention and expansion with its Yes! Winnipeg sales team. EDW is also responsible for the City's tourism activities, which it orchestrates through its Tourism Winnipeg team. Tourism Winnipeg's development 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, 2019 (2018 - nil) and therefore a statement of re-measurement gains and losses is not required to be included in these financial statements.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Revenue and Expenditures and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

2. Significant accounting policies (continued):

b) Financial instruments (continued):

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the Statement of Revenue and Expenditures.

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis to amortize the cost of the assets less their residual values over their estimated useful lives as follows:

Asset	Rate
Computer hardware and software	2 - 3 years
Office furniture and fixtures	5 years
Leasehold improvements	over the term of the related lease

d) Deferred rent:

As part of the Organization's operating premises lease, a period of free rent was incurred and is being amortized over the term of the related lease. This lease also has escalating rents which are expensed on a straight-line basis over the period of the lease.

e) Deferred lease inducement:

The Organization leases its office space. Landlord inducements are deferred and amortized as reductions to rent expense on a straight-line basis over the same period.

f) Income taxes:

The Organization is a not-for-profit organization under the *Income Tax Act* and, accordingly, is exempt from income taxes, providing certain requirements of the *Income Tax Act* are met.

g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. *Investments:*

Investments consist of investments in money market instruments aggregating $585,398 (2018 - $575,886) and guaranteed investment certificates aggregating $2,710,000 (2018 - $2,110,000). The fair value of money market instruments and guaranteed investment certificates have been determined using Level 1 and Level 2, respectively, of the fair value hierarchy.

4. *Capital assets:*

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Computer hardware and software	**$ 240,145**	**$ 164,425**	**$ 75,720**	$ 77,284
Office furniture and fixtures	**218,815**	**133,847**	**84,968**	90,420
Leasehold improvements	**805,874**	**422,890**	**382,984**	323,869
	$ 1,264,834	**$ 721,162**	**$ 543,672**	$ 491,573

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.

	2019	2018
Balance, beginning of year	**$ 391,887**	$ 498,548
Amounts received during the year	**2,296,612**	865,793
	2,688,499	1,364,341
Less: amounts recognized as revenue in the year	**(2,038,805)**	(972,454)
Balance, end of year	**$ 649,694**	$ 391,887

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

	2019	2018
Province of Manitoba 2019/20 PEG funding	**$ 318,800**	$ -
Investors contributions	**17,000**	86,000
Team Winnipeg	**36,139**	23,528
Winnipeg Tour Connection	**78,653**	32,359
Our Winnipeg Initiative	**66,451**	125,000
Open data project	**125,000**	125,000
Other	**7,651**	-
	$ 649,694	$ 391,887

6. *Internally restricted:*

Sustainability reserve:

During the year ended December 31, 2017, the Board approved an internally restricted sustainability reserve to be funded through a transfer from unrestricted net assets. During the year ended December 31, 2019, no amounts were transferred to the sustainability reserve from unrestricted net assets (2018 - $350,000). The sustainability reserve was established to compensate for unexpected fluctuations in revenue.

7. *Commitments:*

The Organization is committed under leases for office premises for a total of $1,306,376. The minimum lease payments over the next five years are as follows:

2020	$	170,526
2021		177,940
2022		179,423
2023		186,837
2024		186,837

8. *Segregated fund:*

The Organization holds funds that are segregated for partners (including the Organization) in a separate account for a special event marketing fund. This fund is held in interest-bearing accounts for the benefit of special event marketing activities. Payments to the special event marketing fund are based on recommendations approved by The City of Winnipeg's council on October 22, 2008.

The balance of these funds and the income and expenditures associated therewith are not included in these financial statements.

		2019		2018
Special event marketing fund:				
Balance, beginning of year	**$**	**1,158,117**	$	788,030
Funds received during the year		**1,126,617**		1,000,000
Funds used during the year		**(820,933)**		(641,353)
Interest earned		**24,487**		11,440
Administration fee		**(100,000)**		-
Balance, end of year, and amount of funds held	**$**	**1,388,288**	$	1,158,117

The funds of $1,388,288 held on December 31, 2019, have been committed from the special event marketing fund towards several tourism attractions occurring during fiscal 2020. In addition, the following commitments have been entered into from the special marketing fund towards several tourism attractions utilizing funds to be received within the fiscal years or carried over from the previous fiscal year:

2020	$	1,283,177
2021		886,129
2022		717,250

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.

9. Financial risks (continued):

(a) Credit risk (continued):

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, 2019 is the carrying value of these assets.

At December 31, 2019, the amount of accounts receivable past due, net of the allowance for doubtful accounts, is $23,503 (2018 - $26,747)

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 2018.

(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 2020. Other long-term liabilities are due in fiscal 2021.

There have been no significant changes to the liquidity risk exposure from 2018.

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 $108,424 (2018 - $90,565).

11. Funding from the Province of Manitoba - Partners in Economic Growth (PEG):

During fiscal 2019, the Organization received funding under the Province of Manitoba's Partners in Economic Growth ("PEG") program, with total revenue recognized during fiscal 2019 of $1,369,410 (2018 - $1,103,290). The amount is represented by $413,010 recognized relating to the Province's 2018/19 fiscal year (April 1, 2018 to March 31, 2019), and $956,400 of revenue from the Province's 2019/20 current fiscal year (April 1, 2019 to March 31, 2020).

During the year, the Organization entered into a formal funding agreement with the Province for the funding to be received for the Province's 2019/20 fiscal year. The agreement includes the payment of three installments. The first installment was received on October 4, 2019 and the second installment was received on November 4, 2019. During the year the Organization recognized $956,400 of the Province's 2019/20 funding, representing the period April 1, 2019 to December 31, 2019. The remainder of the 2019/20 funding of $637,600 will be recognized January 1, 2020 to March 31, 2020 including the final payment of $318,800 once the Province's reporting requirements are considered to be met.

11. Funding from the Province of Manitoba - Partners in Economic Growth (continued):

The use of the funds provided by the 2019/20 PEG funding are as follows:

	Recognized in 2019	To be recognized in 2020 (Unaudited)	Total (Unaudited)
Personnel	**$ 506,160**	**$ 337,440**	**$ 843,600**
Occupancy and facilities	**54,000**	**36,000**	**90,000**
Administrative	**45,000**	**30,000**	**75,000**
Initiatives and marketing	**351,240**	**234,160**	**585,400**
Total	**$ 956,400**	**$ 637,600**	**$ 1,594,000**

Photo: City of Winnipeg

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

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

Ladies and Gentlemen:

Pursuant to the requirements of **The City of Winnipeg Charter**, the Sinking Fund Trustees submit the 2019 audited financial statements of the Sinking Fund Trustees of The City of Winnipeg (the "Fund").

You will note in the financial statements that no net income or accumulated surplus is reported for the year ended and as at December 31, 2019.

The total reserve for retirement of debenture debt is $60,000,000 as at December 31, 2019 (2018 - $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. City Council appointed four City of Winnipeg employees as Sinking Fund Trustees, effective January 1, 2018.

Respectfully submitted,

M. RUTA Chairman

R. PROVENCHER Secretary

T. YANCHISHYN Trustee

P. OLAFSON Trustee

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

		2019		2018
ASSETS				
Cash (note 3)	**$**	**-**	$	1
Due from City of Winnipeg (note 8)		**7**		6
Accrued interest receivable		**1,474**		1,474
Investment in debentures (note 4 and schedule 1)		**60,000**		60,000
	$	**61,481**	$	61,481
LIABILITIES AND RESERVE				
Accrued interest payable (note 5)	**$**	**1,474**	$	1,474
Accrued liabilities		**7**		7
		1,481		1,481
Reserve for retirement of debenture debt (note 6)		**60,000**		60,000
	$	**61,481**	$	61,481

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

STATEMENT OF INCOME

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

	2019	2018
Interest income on debentures	**$ 3,540**	$ 3,540
Interest requirements - Manitoba Hydro debentures (note 8)	**(3,540)**	(3,540)
Contributions from City of Winnipeg:		
Contribution towards administration expenses (note 8)	**8**	8
	8	8
Administration expenses	**8**	8
Net income for the year	**$ -**	$ -

See accompanying notes and schedules to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF CASH FLOWS

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

	2019	2018
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Change in non-cash operating accounts	**$ (1)**	$ 1
Increase (decrease) in cash and short-term investments	**(1)**	1
Cash and short-term investments, beginning of period	**1**	-
Cash, end of period	**$ -**	$ 1

See accompanying notes and schedule to the financial statements

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2019
(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:

	2019		2018	
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, 2019 the Fund's maximum credit risk exposure at fair market value was $60 million (2018 - $60 million).

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, 2019 amounted to $60 million (2018 - $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.

Accrued interest receivable and identical offsetting accrued interest payable on the Manitoba Hydro debentures amounted to $1.5 million at December 31, 2019 (2018 - $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, 2019 the reserve for retirement of debenture debt is allocated towards Sinking Fund debentures as follows:

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

As at December 31, 2019, the reserve for retirement of debenture debt includes $60 million (2018 - $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, 2019, the Fund and the City of Winnipeg entered into the following transactions:

The Fund paid $3.5 million (2018 - $3.5 million) of Manitoba Hydro Electric Board bond coupon interest to the City of Winnipeg. These coupon interest payments were at the amount prescribed by The Purchase of Winnipeg Hydro Act.

The City of Winnipeg contributed $8 thousand (2018 - $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, 2019, the amount due from the City of Winnipeg is $7 thousand (2018 - $6 thousand).

Photo: City of Winnipeg

THE CITY OF WINNIPEG
SINKING FUND

STATEMENT OF FINANCIAL POSITION

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

		2019		2018
ASSETS				
Investment in bonds and debentures (Schedule 1)	**$**	**182,599**	$	111,019
Call loans - General Revenue Fund (Note 3)		**1,945**		1,673
Accrued interest receivable		**1,303**		923
		185,847		113,615
LIABILITIES				
Premium on Long Term Debt (Note 5)	**$**	**87,061**	$	31,611
RESERVE				
Reserve for retirement of debenture debt		**98,786**		82,004
	$	**185,847**	$	113,615

Subsequent event (Note 6)

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)

		2019		2018
Balance, beginning of year	**$**	**82,004**	$	67,405
Add:				
Interest income (Schedule 2)		**5,440**		3,110
Installments - General Revenue Fund		**4,186**		4,186
Installments - Waterworks System		**2,836**		2,836
Installments - Reserves		**1,484**		1,484
Installments - Transit System		**1,264**		1,264
Gain on sale of assets		**683**		772
Installments - Municipal Accommodations		**624**		624
Installments - Sewage Disposal System		**453**		453
Installments - Solid Waste Disposal System		**163**		163
		99,137		**82,297**
Deduct:				
Transfer to General Revenue Fund - investment management fees		**351**		293
Balance, end of year	**$**	**98,786**	$	82,004

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SINKING FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Status of The City of Winnipeg Sinking Fund

The City of Winnipeg Act was repealed by the Province of Manitoba ("Province") effective January 1, 2003 and replaced by The City of Winnipeg Charter, a statute of the Province. Under the new charter the Public Service became responsible for managing the sinking funds of any sinking fund debenture issued after January 1, 2003.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with the significant accounting policies summarized as follows:

a) Bonds and debentures

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

b) Bond residues and coupons

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

3. Call Loans - General Revenue Fund

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

4. Interest Rate and Credit Risk

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by short-term changes in nominal interest rates.

The effective rate of interest earned by the Fund for the year ended December 31, 2019 was 2.78% (2018 - 3.5%).

4. Interest Rate and Credit Risk (continued)

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2019 are as follows:

Term To Maturity	**Par Value**	**Book Value**
Greater than five years	$ 163,039	$ 182,599

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, 2019 the Fund's maximum credit risk exposure at fair market value was $199,691 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 2019 offset by investments that will be used for making semi-annual debt service payments on the sinking fund debentures.

6. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. These events have transpired after the reporting period of these financial statements and have been treated as a non-adjusting subsequent event in these statements. The situation continues to be dynamic and the ultimate duration and magnitude of these events, as well as their financial impact on the 2020 operations is not fully known at this time.

THE CITY OF WINNIPEG
SINKING FUND

Schedule 1

SCHEDULE OF INVESTMENTS

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

	2019					2018	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	Book Value	%
Investment in bonds and debentures							
Other Municipalities	**$ 80,393**	**$ 93,940**	**48**	**$ 86,410**	**47**	$ 58,984	53
City of Winnipeg	**56,046**	**74,572**	**38**	**69,627**	**38**	37,418	34
Provincial and Provincial guaranteed	**26,600**	**27,931**	**14**	**26,562**	**15**	14,617	13
	$ 163,039	**$ 196,443**	**100**	**$ 182,599**	**100**	$ 111,019	100

THE CITY OF WINNIPEG
SINKING FUND

Schedule 2

SCHEDULE OF INTEREST INCOME

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

	2019	2018
Interest on bonds and debentures	**$ 5,425**	$ 3,121
Call fund interest	**15**	(11)
	$ 5,440	$ 3,110

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

	2019	2018
ASSETS		
Current		
Cash	**$ 1,891,780**	$ 1,355,885
Short term investments	**2,818,796**	3,715,890
Accounts receivables (Note 5)	**577,500**	344,422
Inventory	**43,611**	64,355
Current portion of receivable from developers (Note 6)	**145,929**	134,094
Prepaids and other	**415,577**	277,085
	5,893,193	5,891,731
Non-current		
Property and equipment (Note 7)	**15,026,376**	15,496,499
Investments in properties and infrastructure enhancements (Note 8)	**60,778,104**	59,290,428
Receivable from developers (Note 6)	**766,298**	913,854
Total assets	**$ 82,463,971**	$ 81,592,512
LIABILITIES		
Current		
Trade and other payables (Note 9)	**$ 3,264,051**	$ 2,887,424
Funds held in trust	**163,989**	174,144
Deferred revenue	**363,037**	141,481
Current portion of long-term debt (Note 10)	**471,757**	447,731
	4,262,834	3,650,780
Non-current		
Long-term debt (Note 10)	**8,863,314**	9,337,195
Prepaid land rents	**610,613**	618,699
Deferred contributions	**10,191,158**	10,368,995
	23,927,919	23,975,669
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	**3**	3
Contributed surplus	**39,310,266**	39,310,266
Donated land (Note 13)	**8,000,000**	8,000,000
Retained earnings	**11,225,783**	10,306,574
	58,536,052	57,616,843
	$ 82,463,971	$ 81,592,512

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, 2019

	2019	2018
REVENUE		
The Forks Market	$ 4,961,242	$ 4,390,846
Parking	8,059,409	7,439,828
Lease	1,326,722	1,318,717
Events, sponsorship, grants and recoveries	990,486	1,715,020
Rental	515,971	513,951
Investment income	135,486	215,221
	15,989,316	15,593,582
EXPENSES		
The Forks Market	3,396,478	3,133,988
Parking	3,248,824	2,684,258
The Forks site and events	2,184,519	2,371,986
General and administrative	2,066,544	2,345,995
Security services	595,989	727,768
Marketing and communications	509,975	553,217
Planning and development	340,271	200,242
Rental	223,099	216,455
Investment costs	3,788	60,201
Prior year expense	88,991	87,506
	12,658,478	12,381,616
OPERATING INCOME BEFORE THE FOLLOWING	3,330,838	3,211,967
OTHER EXPENSES (INCOME)		
Interest on long-term debt	541,637	566,472
(Gain) loss on short-term investments	(187,528)	45,260
Gain on disposal of property and equipment	(5,689)	(21,890)
Depreciation and amortization	2,904,930	2,790,816
Amortization of deferred contributions	(1,159,849)	(1,159,849)
Donations	318,128	300,444
	2,411,629	2,521,253
Excess of revenues over expenses	$ 919,209	$ 690,714

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2019

	Share Capital	Donated Land	Contributed Surplus	Retained Earnings	2019 Total	2018 Total
Balance, beginning of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 10,306,574**	**$ 57,616,843**	$ 56,926,129
Net income	**-**	**-**	**-**	**919,209**	**919,209**	690,714
Balance, end of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 11,225,783**	**$ 58,536,052**	$ 57,616,843

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 919,209**	$ 690,714
Depreciation and amortization	**2,904,930**	2,790,816
Amortization of prepaid finance costs	**3,788**	3,789
Amortization of deferred contributions	**(1,159,849)**	(1,159,849)
Gain on disposal of property and equipment	**(5,689)**	(21,890)
(Gain) loss on disposition of short-term investments	**(187,528)**	45,260
	2,474,861	2,348,840
Changes in working capital accounts		
Accounts receivable	**(233,078)**	179,589
Inventory	**20,744**	(48,963)
Prepaids and other	**(138,492)**	78,413
Trade and other payables	**376,627**	(59,364)
Funds held in trust	**(10,155)**	12,735
	2,490,507	2,511,250
FINANCING ACTIVITIES		
Repayment of long term debt	**(453,643)**	(426,478)
Prepaid land rents	**(8,086)**	(8,087)
Deferred revenue	**221,556**	9,687
Deferred contributions received	**982,012**	206,729
	741,839	(218,149)
INVESTING ACTIVITIES		
Purchase of property and equipment and Infrastructure enhancements	**(3,924,799)**	(4,382,595)
Proceeds from disposition of short term investments (net)	**1,084,622**	1,861,612
Developer receivables advanced	**-**	(350,720)
Proceeds from repayment of developer receivables	**135,721**	115,450
Funds received for property and equipment	**2,316**	435,294
Proceeds from disposal of property and equipment	**5,689**	30,407
	(2,696,451)	(2,290,552)
Increase in cash	**535,895**	2,549
Cash, beginning of year	**1,355,885**	1,353,336
Cash, end of year	**$ 1,891,780**	$ 1,355,885

See accompanying notes to the consolidated financial statements.

1. *Nature of operations*

Mission

The mission of the organization is to act as a catalyst, encouraging activities for people in the downtown area through public and private partnerships and revitalization strategies, and to work to ensure financial self-sufficiency.

North Portage Development Corporation shall be a centre of commerce, culture and living, integrated to form a diverse downtown community through a mixture of public uses including: residential, educational and entertainment facilities.

The Forks shall be developed as a "Meeting Place", a special and distinct, all season gathering and recreational place at the junction of the Red and Assiniboine Rivers, through a mixed use approach including recreational, historical and cultural, residential and institutional and supportive commercial uses.

Company background

North Portage Development Corporation (the "Company" or "NPDC") was incorporated under the Corporations Act of Manitoba on December 13, 1983 and owns land and parking facilities in the North Portage area of Winnipeg, Canada. NPDC is owned equally by the Government of Canada, the Province of Manitoba and the City of Winnipeg.

The Forks Renewal Corporation ("FRC"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on July 24, 1987 and owns land known as The Forks Winnipeg, Canada, and operates The Forks Market.

Manitou Theatre Management Ltd. ("MTML"), previously named North Portage Theatre Corporation, a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on May 27, 1986 and owns the IMAX Theatre at Portage Place, Winnipeg, Canada.

3898211 Manitoba Ltd., a subsidiary of MTML, was incorporated under the Corporations Act of Manitoba on September 16, 1998 and operates the IMAX Theatre at Portage Place, Winnipeg, Canada.

FNP Parking Inc. ("FNP"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on November 6, 2006 and operates various parking locations in downtown Winnipeg, Canada including The Forks.

The Corporation is not subject to tax under provision 149(1)(d) of the Income Tax Act.

The head office for NPDC is 123 Main Street, Winnipeg, Canada.

The financial statements for the year ended March 31, 2019 were approved by the Board of the Company on June 13, 2019.

2. Basis of preparation

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, under the historical 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.

Future changes to significant accounting policies

The following standards will be effective for subsequent annual periods. The Company is currently evaluating the impact of these standards on its Financial Statements:

(i) IFRS 16 - Leases

IFRS 16 - Leases replaces IAS 17 - Leases and requires lessees to account for leases on balance sheet by recognizing a right of use asset and a lease liability. Lessor accounting, however remains largely unchanged and the distinction between operating and finance leases is retained. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. Management is assessing the impact of these changes.

3. Change in accounting policies

IFRS 9 Financial instruments

Effective April 1, 2018 (hereafter referred to as the "initial date of application"), the Company adopted IFRS 9 *Financial instruments* as issued in July 2014. The requirements of IFRS 9 are substantially different from those of IAS 39 *Financial instruments*: recognition and measurement. The new standard fundamentally alters the classification and measurement of financial assets subsequent to initial recognition, including impairment and incorporates a new hedge accounting model.

The key changes to the Company's accounting policies resulting from adoption of IFRS 9 are summarized on the following page.

3. Change in accounting policies (continued from previous page)

Classification of financial assets and financial liabilities

IFRS 9 requires financial assets be classified into one of three subsequent measurement categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss. Classification is based on the business model under which a financial asset is managed and the nature of its contractual cash flows. IFRS 9 eliminates the following IAS 39 classification categories: available-for sale, held-to-maturity, and loans and receivables.

Derivatives embedded within host contracts that are financial assets in the scope of IFRS9 are no longer separated from the host contract. Instead, the whole hybrid contract is assessed for classification in accordance with the above requirements.

The classification and measurement of financial liabilities is largely retained from IAS 39. However, under IAS 39, all fair value changes of liabilities designated under the fair value option were recognized in profit or loss. Under IFRS 9, the amount of changes in fair value attributable to the Company's own credit risk is generally required to be presented in other comprehensive income.

Impairment of financial assets

IFRS 9 replaces the methodology under IAS 39 and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* of recognizing impairment losses when incurred with a forward-looking expected credit loss model which requires a more timely recognition of losses expected to occur over the contractual life of the financial asset. IFRS 9 uses a single model for recognizing impairment losses on financial assets. This model also applies to certain loan commitments, financial guarantee contracts, trade receivables and contract assets. Application of the IFRS 9 model results in earlier recognition of impairment losses than under IAS 39. Equity investments are no longer assessed for impairment as all equity investments are measured at fair value.

Transition

In accordance with the transitional provisions provided in IFRS 9, the Company has applied the changes in accounting policies resulting from the adoption of IFRS 9 retrospectively but has elected not to restate comparative figures. All comparative information presented and disclosed for the prior year reflects the requirements of IAS 39. The comparative information related to the carrying amounts of loans commitments and financial guarantee contracts reflects the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS are recognized directly in retained earnings and reserves as at April 1, 2018. Additional transitional provisions applied are described below.

Classification and measurement

For the purpose of determining the classification of financial assets, the business model test has been applied on the basis of facts and circumstances existing at the date of initial application with the resulting classification applied retrospectively.

3. Change in accounting policies (continued from previous page)

Impairment

The credit risk at the date that a financial asset was initially recognized or, for loan commitments and financial guarantee contracts, the date that the entity became a party to the irrevocable commitment has been determined on the basis of reasonable and supportable information available without undue cost or effort. This has been compared to the credit risk at the date of initial application for the purpose of determining whether there has been a significant increase in credit risk.

Initial application of IFRS 9

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following tables present the measurement categories and carrying amounts under IAS 39 as March 31, 2018 and the new measurement categories and carrying amounts under IFRS 9 for the Company's financial assets and financial liabilities as at April 1, 2018.

	IAS 39 classification	IFRS 9 classification	IAS 39 carrying value	IFRS 9 carrying value
Financial assets				
Cash	Held-for-trading	Amortized cost	**1,355,885**	**1,355,885**
Short-term investments	Held-for-trading	FVTPL (mandatory)	**3,715,890**	**3,715,890**
Accounts receivable	Loans and receivables	Amortized cost	**344,422**	**344,422**
Receivable from developers	Loans and receivables	Amortized cost	**1,047,948**	**1,047,948**
Total financial assets			**6,464,145**	**6,464,145**
Financial liabilities				
Trade and other payables	Other financial liabilities	Amortized cost	**2,887,424**	**2,887,424**
Funds held in trust	Other financial liabilities	Amortized cost	**174,144**	**174,144**
Long-term debt	Other financial liabilities	Amortized cost	**9,784,926**	**9,784,926**
Total financial liabilities			**12,846,494**	**12,846,494**

Application of the accounting policies adopted on the date of initial application of IFRS 9 resulted in the reclassifications as set out in the table above.

3. Change in accounting policies (continued from previous page)

Revenue from contracts with customers

Effective April 1, 2018 (hereafter referred to as the "initial date of application"), the Company adopted IFRS 15 *Revenue from contracts with customers* as issued by the IASB in May 2014, with clarifying amendments issued in April, 2016. The standard specifies how and when entities recognize, measure, and disclose revenue. The standard supersedes all current standards dealing with revenue recognition, including IAS 11 *Construction contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer loyalty programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers, and SIC* 31 *Revenue - barter transactions involving advertising services*.

Transition

The Company applied the changes in the accounting policies resulting from IFRS 15 retrospectively with the cumulative effect of initially applying IFRS 15 recognized as an adjustment to the opening balance of retained earnings at April 1, 2018. The comparative information contained within these financial statements has not been restated and continues to be reported under previous revenue standards. In addition, the following practical expedients were applied:

- The Company has elected to apply IFRS 15 retrospectively only to contracts that are not complete at April 1, 2018.

Initial application of IFRS 15

There was no impact on the consolidated financial statements from the retrospective application of IFRS 15 *Revenue from contracts with customers.*

4. Summary of significant accounting policies

Except as noted above, the following principle accounting policies have been adopted in the preparation of these consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries. Subsidiaries include: The Forks Renewal Corporation, FNP Parking Inc., 3898211 Manitoba Ltd. and Manitou Theatre Management Ltd.

Subsidiaries are entities controlled by the Company. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Company the current ability to direct the relevant activities and that the Company has the practical ability to exercise, is considered.

The Company determines whether it is a parent by assessing whether it controls an investee. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies have been applied consistently in all material respects.

4. *Summary of significant accounting policies (continued from previous page)*

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Company at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in profit or loss for the current period.

Non-monetary items that are measured at historical cost are translated using the exchange rates at the date the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the item's fair value was determined. Translation gains and losses are included in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Rental and parking income

Rental income (including The Forks Market revenue) and monthly parking income is recognized in the period in which the rental agreement relates. Casual parking income is recognized at the time payment is received from the customer.

Investment income

Investment income is recognized over the passage of time using the effective interest method.

Events, sponsorship, grants and recoveries

Events, sponsorship, government grants and recoveries are recognized in the period in which the related event occurs.

Deferred revenue

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 it use for current purposes is included in restricted cash.

Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

All assets having limited useful lives are depreciated over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives.

4. *Summary of significant accounting policies (continued from previous page)*

Property and equipment (continued from previous page)

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 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.

Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income.

Investment in properties and infrastructure enhancements

Investment in properties and infrastructure enhancements are stated at cost less accumulated depreciation and impairment losses. Cost includes transaction costs of acquisition.

The methods of depreciation and useful life applicable for each class of asset during the current and comparative period are as follows:

	Method	**Rate**
Buildings	straight line	20-40 years
Infrastructure enhancements	straight line	40 years

4. *Summary of significant accounting policies (continued from previous page)*

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 economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and building are classified separately and the minimum lease payments are allocated between the land and building elements in proportion to the relative fair values of the leasehold interests at the inception of the lease.

Assets under finance lease are amortized on a straight-line basis, over the shorter of the useful life and the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned by the Company. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

Land rents

Land rents for land leases that are considered to be operating leases are recognized in income as earned. Land rents received in advance are recorded as prepaid land rents and are recognized in income over the passage of time for which the amount is received.

The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as an obligation under finance lease. Lease payments are allocated between interest expense and the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest expenses are recognized immediately in comprehensive income.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

4. *Summary of significant accounting policies (continued from previous page)*

The Company as lessee (continued from previous page)

In the event that inducements to enter into operating leases are received, such inducements are recognized as a liability at the outset of the lease. The benefit is recognized as a reduction of rental expense on a straight-line basis over the life of the lease.

Financial instruments - Policy applicable from April 1, 2018

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provision 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 expenses 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 (FVTOCI) 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.

- 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.

4. *Summary of significant accounting policies (continued from previous page)*

- 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 loss on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Refer to Note 18 for more information about financial instruments held by the Company, their measurement basis, and their carrying amount.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, how performance of the portfolio is evaluated, risks affecting the performance of the business model, how managers of the business are compensated and the significance and frequency of sales in prior periods.

Contractual Cash Flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

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.

4. *Summary of significant accounting policies (continued from previous page)*

Impairment (continued from previous page)

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, or requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial asset(s).

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 18 for additional information about the Company's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

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.

4. Summary of significant accounting policies (continued from previous page)

Financial instruments - Policy applicable before April 1, 2018

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include accounts receivable and receivable from developer. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Short term investments:

Short term investments consist of cash, GIC, short term investments, and active market equities. Investments are held for trading and are initially recognized at fair value and are subsequently carried at fair value with changes recognized in comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized are included in the statement of comprehensive income.

Financial liabilities measured at amortized cost:

The Company has classified the following financial liabilities as financial liabilities measured at amortized cost: trade and other payables, funds held in trust, and long-term debt. These liabilities are initially recognized at their fair value. Total interest expense, calculated using the effective interest rate method, is recognized in profit (loss). Principal payments on mortgage loans due more than twelve months from the date of the balance sheet are classified as non-current liabilities.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the over effective interest method. Under this method, estimated future cash payments are exactly discounted the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in profit (loss) upon derecognition.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in comprehensive income.

Financial asset impairment

The Company assesses impairment of all its financial assets, except those classified at fair value through profit (loss). Management considers whether there is objective evidence that a financial asset is impaired. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in the statement of comprehensive income.

4. *Summary of significant accounting policies (continued from previous page)*

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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost comprises all costs of purchases, costs of conversion and other costs are incurred in bringing inventories to their present location and condition.

5. *Accounts receivable*

		2019		2018
Trade receivables	**$**	**284,573**	$	269,293
Allowance for doubtful debts		**(35,082)**		(19,733)
Goods and services tax receivable		**-**		2,880
Other receivables		**328,009**		91,982
	$	**577,500**	$	344,422

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.

5. *Accounts receivable (continued from previous page)*

Aging of trade receivables that are past due but not impaired:

	2019	2018
31-60 days	**$ 90,464**	$ 103,634
61-90 days	**7,850**	13,592
91+ days	**124,274**	53,004
	$ 222,588	$ 170,230

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

In respect of other receivables, the Company is not exposed to any significant credit risk to any single counterparty.

6. *Receivable from developers*

Amounts consist of the repayment of the rehabilitation costs from the developers adjacent to the streets located on the North Portage site. The below balances are unsecured.

	2019	2018
Receivable from developers bearing interest at 5%, repayable at $11,310 per month (2018 - $13,429), maturing January 2024.	**$ 912,227**	$ 1,047,948
Current portion of receivable from developers	**(145,929)**	(134,094)
	$ 766,298	$ 913,854

7. *Property and equipment*

	2019	2018
Land	**$ 9,058,281**	$ 9,058,281
Property under construction	**309,908**	391,857
Plant and equipment	**5,657,012**	6,037,914
Equipment under finance lease	**1,175**	8,447
Net book value	**$ 15,026,376**	$ 15,496,499

For additional information, see the Consolidated Schedule of Property, Plant and Equipment (Schedule 1).

8. *Investment in properties and infrastructure enhancements*

	2019	2018
Land	**$ 27,671,572**	$ 27,671,572
Building	**18,868,415**	18,346,777
Property under construction	**2,706,809**	2,048,988
Infrastructure enhancements	**11,531,308**	11,223,091
Net book value	**$ 60,778,104**	$ 59,290,428

For additional information, see the Consolidated Schedule of Investment in Properties and Infrastructure Enhancements (Schedule 2).

9. *Trade and other payables*

		2019		2018
Trade accounts payables	$	**1,137,228**	$	719,297
Accrued liabilities		**2,107,884**		2,168,127
Government remittances payable		**18,939**		-
	$	**3,264,051**	$	2,887,424

The average credit period on purchases is 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit terms.

10. *Long-term debt*

		2019		2018
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.	$	**9,383,033**	$	9,836,676
Less: current portion		**471,757**		447,731
Less: financing fees		**47,962**		51,750
	$	**8,863,314**	$	9,337,195

Principal repayment on long-term debt in each of the next five years are estimated as follows:

2020	471,757
2021	505,333
2022	534,600
2023	565,563
2024	598,316
Thereafter	6,707,464
	9,383,033

11. *Share capital*

		2019		2018
Common shares 3 (2018-3)	$	**3**	$	3

12. *Government contributions*

		2019		2018
Amounts included in deferred contributions	$	**9,677,416**	$	10,368,995
Contributions received in the year		**92,550**		768,566
Amounts recognized in income in prior years		**73,478,246**		72,318,397
Annual amortization of deferred contributions		**1,159,849**		1,159,849
Amounts recognized in income in the current year		**(92,550)**		(561,837)
Donated land		**8,000,000**		8,000,000
Contributed surplus		**39,310,266**		39,310,266
	$	**131,625,777**	$	131,364,236

13. Donated land

The Company acquired title and possession of 55.9 acres of land donated by the Government of Canada, the Province of Manitoba and the City of Winnipeg as follows:

	Government of Canada	City of Winnipeg	From Core Area Initiative	Total
Acres	49.0	3.9	3.0	55.9

These lands were acquired pursuant to the Land Exchange Agreement. Donated land was recorded at fair market value as approved by the FRC Board of Corporation on June 5, 1989. During the 1992/93 fiscal year, 3.8 acres of Pioneer Blvd. and The Forks Market Road were dedicated as public rights-of-way to The City of Winnipeg. During 2003, 0.5 acres of donated land were transferred to the City of Winnipeg. During 2007, 1.65 acres of donated land was sold to the City of Winnipeg. The remaining lands under FRC's ownership are 49.95 acres.

14. Operating lease arrangements

The Company as lessee

Leasing arrangements

Operating leases relate to leases of land with terms of between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Company does not have an option to purchase the leased land at the expiry of the lease.

Estimated annual payments are as follows:

2020	141,937
2021	142,200
2022	145,097
2023	145,360
2024	145,360
Thereafter	618,833

The Company as lessor

Operating leases relate to the investment property owned by the Company with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. Total lease revenue received was $1,326,722 (2018 - $1,318,717).

15. Commitments

The Company has an obligation to operate the Imax Theatre at Portage Place for a 50 years period, ending in 2035 with annual payments of $27,400.

FRC has leased parking, storage and an office site at The Forks to December 2018. FNP Parking Ltd. is administering the obligation. The lease, containing renewal options, calls for base monthly payments of $4,167 and provides for payment of utilities and property taxes.

16. 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.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2019	2018
Wages and other short-term benefits	**$ 681,608**	$ 731,079

17. 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:

	2019	2018
Total debt and deferred shareholder contributions	**$ 19,526,229**	$ 20,153,921
Shareholders' equity	**58,536,024**	57,616,843
	$ 78,062,253	$ 77,770,764

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.

18. 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.

18. *Financial instruments (continued from previous page)*

Credit Risk (continued from previous page)

The maximum exposure of the Company to credit risk as of March 31, 2019 is $1,524,809 (2018 - $1,684,943).

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.

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.

18. *Financial instruments (continued from previous page)*

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, 2019 of the receivable from developers is $912,227 (2018 - $1,047,948 and long-term debt is $9,335,071 (2018 - $9,784,926).

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.

Contractual maturities of long-term are disclosed in Note 10.

	< 1 year	**1-2 years**	**> 3 years**	**Total**
Trade and other payables	3,264,052	-	-	**3,264,052**
Funds held in trust	163,989	-	-	**163,989**
Total	3,428,041	-	-	**3,428,041**

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 instruments 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.

19. *Comparative figures*

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

NORTH PORTAGE DEVELOPMENT CORPORATION

Schedule 1

CONSOLIDATED SCHEDULE OF PROPERTY AND EQUIPMENT

	Land	Property under Construction	Plant and Equipment	Equipment Under Finance Lease	Total
Cost					
Balance March 31, 2018	$ 9,058,281	$ 391,857	$ 24,892,306.00	$ 643,037	$ 34,985,481
Additions	-	1,128,764	213,390	-	1,342,154
Disposals	-	-	(4,232,493)	-	(4,232,493)
Grants received for assets	-	-	(2,316)	-	(2,316)
Transfer to plant and equipment	-	(102,458)	102,458	-	-
Transfer to investment in properties and infrastructure enhancements	-	(1,108,255)	(8,503)	-	(1,116,758)
Balance March 31, 2019	**9,058,281**	**309,908**	**20,964,842**	**643,037**	**30,976,068**
Depreciation and impairment losses					
Balance March 31, 2018	-	-	18,854,392	634,590	19,488,982
Depreciation change for the year	-	-	685,931	7,272	693,203
Disposals	-	-	(4,232,493)	-	(4,232,493)
Balance March 31, 2019	-	-	**15,307,830**	**641,862**	**15,949,692**
Net book value					
Balance March 31, 2019	**$ 9,058,281**	**$ 309,908**	**$ 5,657,012**	**$ 1,175**	**$ 15,026,376**

NORTH PORTAGE DEVELOPMENT CORPORATION

Schedule 2

CONSOLIDATED SCHEDULE OF INVESTMENT IN PROPERTIES AND INFRASTRUCTURE ENHANCEMENTS

	Land	Building	Property under Construction	Infrastructure Enhancements	Total
Cost					
Balance March 31, 2018	$ 28,203,066	$ 28,232,543	$ 2,048,988	$ 57,882,036	$ 116,366,633
Additions	-	1,554,743	917,196	110,706	2,582,645
Transfer to building	-	259,375	(259,375)	-	-
Transfer (to)from plant and equipment, net	-	(40,405)	-	1,157,163	1,116,758
Balance March 31, 2019	**28,203,066**	**30,006,256**	**2,706,809**	**59,149,905**	**120,066,036**
Accumulated amortization					
Balance March 31, 2018	531,494	9,885,766	-	46,658,945	57,076,205
Amortization	-	1,252,075	-	959,652	2,211,727
Balance March 31, 2019	**531,494**	**11,137,841**	**-**	**47,618,597**	**59,287,932**
Net book value					
Balance March 31, 2019	**$ 27,671,572**	**$ 18,868,415**	**$ 2,706,809**	**$ 11,531,308**	**$ 60,778,104**

Photo: City of Winnipeg

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

STATEMENT OF FINANCIAL POSITION
As at December 31

	2019	2018
ASSETS		
Investments		
Cash and short-term deposits (Note 3)	**$ 476,484**	$ 556,193
Canadian securities (Note 3)	**5,603,755**	5,088,143
	6,080,239	5,644,336
Accrued interest (Note 3)	**48,833**	45,236
Due from the City of Winnipeg	**20,824**	18,346
Total Assets	**6,149,896**	5,707,918
LIABILITIES		
Accounts payable and accrued liabilities	**55,450**	55,589
Commuted value benefit payable (Note 4)	**-**	556,448
Total Liabilities	**55,450**	612,037
NET ASSETS AVAILABLE FOR BENEFITS	**6,094,446**	5,095,881
OBLIGATION FOR PENSION BENEFITS (Note 5)	**6,728,820**	5,679,383
NET ASSETS AVAILABLE FOR BENEFITS LESS OBLIGATION FOR PENSION BENEFITS	**$ (634,374)**	$ (583,502)

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

	2019	2018
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg (Note 6)	**$ 457,661**	$ 610,888
Plan members	**121,154**	117,256
	578,815	728,144
Investment income from		
Canadian securities	**117,900**	112,707
Cash and short-term deposits	**4,696**	3,061
	122,596	115,768
Current period change in fair value of investments	**515,612**	-
Total increase in assets	**1,217,023**	843,912
DECREASE IN ASSETS		
Administrative expenses		
Actuarial fees	**49,858**	65,455
Investment management, audit and administrative fees	**18,420**	18,898
	68,278	84,353
Benefit payments		
Commuted value benefit (Note 4)	**-**	556,448
Pension payments	**150,180**	100,084
	150,180	656,532
Current period change in fair value of investments	**-**	206,596
Total decrease in assets	**218,458**	947,481
Increase (Decrease) in net assets	**998,565**	(103,569)
Net assets available for benefits at beginning of year	**5,095,881**	5,199,450
Net assets available for benefits at end of year	**$ 6,094,446**	$ 5,095,881

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

	2019	2018
OBLIGATION FOR PENSION BENEFITS AT BEGINNING OF YEAR	**$ 5,679,383**	$ 5,516,311
Benefits accrued	**556,810**	538,479
Changes in the actuarial assumptions	**368,156**	-
Interest accrued on benefits	**274,651**	268,538
Experience gains and losses	**-**	12,587
Benefits paid	**(150,180)**	(656,532)
OBLIGATION FOR PENSION BENEFITS AT END OF YEAR	**$ 6,728,820**	$ 5,679,383

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, 2019

1. Description of Plan

a) General

The Council Pension Benefits Program (the "Program") was established on July 18, 2001 by The City of Winnipeg Council Pension Plan By-law No. 7869/2001, which deemed the Program to have come into existence on January 1, 2001. The Program means the benefits program consisting of The City of Winnipeg Council Pension Plan ("Part A" or "Plan") and The City of Winnipeg Council Early Retirement Benefits Arrangement ("Part B"). Part A and Part B are defined benefit pension plans, which provide pension benefits for The City of Winnipeg Council (the "Council") members. All members of Council were required to become members of the Program on January 1, 2001.

b) Contributions

For Part A, members contribute 6 1/2% of their Canada Pension Plan earnings plus 7 1/2% of any earnings in excess of their Canada Pension Plan earnings. The City of Winnipeg (the "City") makes contributions as required, based on the recommendation of the actuary for Part A. The City is responsible for ensuring that the actuarial liabilities of Part A are adequately funded over time. Any surplus disclosed in an actuarial valuation of Part A may be used to reduce the City's required contributions to Part A or used as a contingency reserve to offset possible future losses of Part A.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

c) Retirement pensions

For each member, the Program allows for retirement at or after the age of 55, or following completion of 30 years of service, or when the sum of a member's age plus years of credited service equals 80, or if the member becomes totally and permanently disabled.

The pension formula prior to age 65 is equal to 2%, multiplied by the member's best 5-year average earnings, multiplied by the number of years of credited service. The pension formula after the age of 65 is equal to the member's years of credited service multiplied by the aggregate of 1.5% of the member's best 5-year average Canada Pension Plan earnings plus 2% of the member's best 5-year average non-Canada Pension Plan earnings.

For Part A, the amount determined by the pension formula above is reduced by 0.25% for each month by which the member's date of retirement precedes the earliest of the day on which the member will attain age 60, member would have completed 30 years of service had employment continued, or member's age plus years of service would have totaled 80 had employment continued.

For Part B, the amount payable is equal to the amount determined by the pension formula above less the amount payable under Part A.

Benefits are indexed each July 1 at a rate of 80% of Consumer Price Index (Canada) from the date the pension commences to be paid.

1. *Description of Plan (continued)*

d) Deemed retirement

Any Program member who is not retired on December 1 of the taxation year in which the Program member attains age 71 shall be deemed to have retired on that day.

e) Survivor's benefits

On a member's death before retirement Part A provides for survivor's benefits and Part B does not. The Program provides for survivor's benefits on a member's death after retirement.

f) Termination benefits

Upon application and subject to locking-in provisions, deferred pensions or equivalent lump sum benefits with respect to Part A accruals are payable to a Program member when a Program member ceases to be an elected official with the City prior to being eligible to retire under the Program. No benefits are payable under Part B when a Program member ceases to be an elected official with the City prior to being eligible to retire under the Program.

Benefits are indexed each July 1 at a rate of 80% of Consumer Price Index (Canada) up to the date the deferred pension commences to be paid.

g) Re-election

If a Program member who is receiving a pension from the Program is re-elected, the Program member's pension will be suspended prior to the Program member becoming an elected official with the City and their years of credited service will be added to the Program member's years of credited service after re-election.

h) Administration

The Program is administered by the Council Pension Benefits Board ("Board") which is comprised of three representatives appointed by the Council, only one of whom may be a Councillor, and the Chief Financial Officer of the City or his or her designate.

2. *Significant Accounting Policies*

a) Basis of presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Program as a separate financial reporting entity, independent of the sponsor and Program members. They are prepared to assist Program members and others in reviewing the activities of the Program for the fiscal period. These financial statements are prepared in accordance with Canadian accounting standards for pension plans. In selecting accounting policies that do not relate to its investment portfolio or pension obligations the program applies on a consistent basis Canadian accounting standards for private enterprises ("ASPE").

b) Financial instruments

i) Initial measurement

Financial instruments are measured at fair value on origination or acquisition, adjusted by, in the case of financial instruments that will not be subsequently measured at fair value, financing fees and transaction costs. All other financing fees and transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

2. *Significant Accounting Policies (continued)*

ii) Subsequent to initial recognition

Investments are measured at fair value without any adjustment for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in the statement of changes in net assets available for benefits in the period incurred. Other financial instruments are measured at amortized cost.

c) Investments

i) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan measures fair value of investments using quoted prices in an active market. The Plan uses closing market prices as a practical expedient for fair value measurement.

All changes in fair value, other than interest, dividend income, and expense, are recognized in the statement of changes in net assets available for benefits as part of current period change in fair value of investments.

Fair values of investments are determined as follows:

Canadian securities are valued at year-end quoted closing prices.

Cash and short-term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

ii) Income recognition

Income from investments is recorded on an accrual basis and includes interest income, dividends and other income.

d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of net assets, changes in net assets, and related disclosures. Actual results could differ from those estimates. The most significant use of estimates is the assumptions used in the actuarial valuation and extrapolation for the obligation for pension benefits (Note 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, 2019, 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 $560,375 (2018 - $509,000).

b) Credit risk

Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Plan. At December 31, 2019, the Plan's maximum credit risk exposure relates to accrued interest and investments in Canadian and Canadian denominated global securities totaling $5,652,589 (2018 - $5,133,379).

3. Risk Management (continued)

b) Credit risk (continued)

The Plan limits credit risk though diversification of investments and by utilizing highly liquid Exchange Traded Funds 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, 2019 and 2018 in valuing the Plan's financial assets recorded at fair value:

	Level 1	Level 2	Level 3	**2019 Total**
Cash and short-term deposits	**$ 476,484**	$ -	$ -	**$ 476,484**
Canadian securities	**5,603,755**	-	-	**5,603,755**
	$ 6,080,239	$ -	$ -	**$ 6,080,239**

	Level 1	Level 2	Level 3	2018 Total
Cash and short-term deposits	$ 556,193	$ -	$ -	$ 556,193
Canadian securities	5,088,143	-	-	5,088,143
	$ 5,644,336	$ -	$ -	$ 5,644,336

Canadian securities consist of the following:

	2019	2018
iShares real return bond index fund	**$ 3,253,813**	$ 3,076,045
iShares MSCI World Index ETF	**1,231,322**	1,032,321
iShares Core S-P/TSX Capped Comp Index ETF	**584,380**	490,897
iShares Canadian Long Term Bond Index ETF	**534,240**	488,880
	$ 5,603,755	$ 5,088,143

4. Commuted Value Benefit

There were no commuted value benefits paid in 2019. The 2018 commuted value benefit represents benefits under Part A that were payable to former councillors. The benefit is the result of a choice made by the member to take out the commuted value benefit. 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, 2017 and extrapolated to December 31, 2019 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 4.30% (2018 - 4.60%) per annum, a rate of return on assets of 4.30% (2018 - 4.60%) per annum, and a general rate of salary increase of 2.50% (2018 - 2.50%) per annum.

The obligation for pension benefits is comprised of the following:

	2019	2018
Part A	**$ 6,455,157**	$ 5,464,927
Part B	**273,663**	214,456
	$ 6,728,820	$ 5,679,383

6. Contributions

	2019	2018
Current service	**$ 457,661**	$ 446,676
Special contributions (Note 7)	**-**	164,212
	$ 457,661	$ 610,888

For Part A, the City's contributions to the Plan are due within four weeks of the required date. The City is charged interest on all balances outstanding past the due date.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

7. Capital Management

For Part A, the main objective of the Board is to sustain a level of net assets in order to meet the pension obligation of Part A. The Board fulfills this objective by ensuring member and City contributions are remitted to the pension fund in accordance with the terms of Part A and adhering to specific investment policies including asset mix and rate of return expectations, outlined in the Board approved Statement of Investment Policies and Procedures. Investment policy, strategies and performance are reviewed regularly by the Board.

For Part A, the City is responsible for ensuring that the actuarial liabilities of the Plan are adequately funded. The Board is required to have an actuarial funding valuation for Part A filed with Canada Revenue Agency 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, 2017 and reported a $158 thousand shortfall which, along with interest accruing to date of payment, was fully funded by the City of Winnipeg during 2018. The next required actuarial funding valuation for Part A is as at December 31, 2020 and will be completed in 2021.

7. Capital Management (continued)

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)

	2019	2018
ASSETS		
Investments, at fair value		
Bonds and debentures	**$ 282,469**	$ 301,544
Canadian equities	**321,202**	277,028
Foreign equities	**521,475**	449,952
Cash and short-term deposits	**28,786**	64,898
Private equities	**11,198**	11,599
Real estate	**199,669**	120,978
Infrastructure	**173,233**	159,347
Private debt	**188,715**	143,854
	1,726,747	1,529,200
Participants' contributions receivable	**13**	5
Employers' contributions receivable	**19**	19
Accounts receivable	**1,125**	957
Due from The Winnipeg Civic Employees' Pension Plan	**10**	-
Total Assets	**1,727,914**	1,530,181
LIABILITIES		
Accounts payable	**2,948**	2,589
Due to The Winnipeg Civic Employees' Pension Plan	**-**	103
Total Liabilities	**2,948**	2,692
NET ASSETS AVAILABLE FOR BENEFITS	**1,724,966**	1,527,489
PENSION OBLIGATIONS	**1,577,120**	1,440,411
SURPLUS	**$ 147,846**	$ 87,078
SURPLUS COMPRISED OF:		
Main Account - General Component	**$ 71,169**	$ 28,881
Main Account - Contributions Stabilization Reserve	**60,797**	44,277
Plan Members' Account	**15,532**	13,646
City Account	**348**	274
	$ 147,846	$ 87,078

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)

	2019	2018
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg	**$ 29,863**	$ 29,365
Employees	**13,200**	13,017
Reciprocal transfers from other plans	**677**	275
	43,740	42,657
Investment income (Note 5)	**51,883**	54,870
Current period change in fair value of investments	**165,776**	(46,555)
Total increase in assets	**261,399**	50,972
DECREASE IN ASSETS		
Pension payments	**54,214**	51,890
Lump sum benefits (Note 7)	**987**	1,936
Administrative expenses (Note 8)	**1,335**	980
Investment management and custodial fees	**7,386**	6,319
Total decrease in assets	**63,922**	61,125
Increase (decrease) in net assets	**197,477**	(10,153)
Net assets available for benefits at beginning of year	**1,527,489**	1,537,642
Net assets available for benefits at end of year	**$ 1,724,966**	$ 1,527,489

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)

	2019	2018
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	**$ 1,440,411**	$ 1,360,152
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued pension benefits	**75,847**	72,221
Benefits accrued	**46,813**	45,002
Changes in actuarial assumptions	**83,330**	20,515
Total increase in accrued pension benefits	**205,990**	137,738
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	**55,201**	53,826
Experience gains and losses and other factors	**12,779**	2,414
Administration expenses	**1,301**	1,239
Total decrease in accrued pension benefits	**69,281**	57,479
NET INCREASE IN ACCRUED PENSION BENEFITS FOR THE YEAR	**136,709**	80,259
ACCRUED PENSION BENEFITS, END OF YEAR	**$ 1,577,120**	$ 1,440,411

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)

	2019	2018
SURPLUS, BEGINNING OF YEAR	**$ 87,078**	$ 177,490
Increase (decrease) in net assets available for benefits for the year	**197,477**	(10,153)
Increase in accrued pension benefits for the year	**(136,709)**	(80,259)
SURPLUS, END OF YEAR	**$ 147,846**	$ 87,078

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, 2019
(in thousands of dollars)
(unaudited)

1. *Description of Plan*

a) General

The Winnipeg Police Pension Plan is a defined benefit pension plan, which provides pension benefits for City of Winnipeg police officers. All police officers are required to become members of the Plan at the commencement of their employment.

b) Administration

The Plan is administered by the Winnipeg Police Pension Board which is comprised of two voting members appointed by the Winnipeg Police Association, appointed on behalf of Police Officers who are Active Members; one voting member appointed by the Winnipeg Police Senior Officers' Association, appointed on behalf of the senior police officers who are Active Members; one voting member elected by the Non-Active Members and other beneficiaries under the Plan; and five voting members appointed by the City.

The Board also consists of a maximum of four non-voting members, one of whom may be appointed by each of the Winnipeg Police Association, the Winnipeg Police Senior Officers' Association, and the City of Winnipeg, respectively, and one of whom may be elected by the Non-Active Members or, if no election is held, appointed by the Non-Active Member Representative on behalf of the Non-Active Members.

The Plan is registered under the Pension Benefits Act of Manitoba. The Plan is a registered pension plan under the Income Tax Act, and is not subject to income taxes.

c) Financial structure

The Winnipeg Police Pension Plan is comprised of three Accounts, namely the Main Account (which has two components being the General Component and the Contribution Stabilization Reserve), the Plan Members' Account and the City Account.

i) Main Account - General Component

All benefits of the Pension Plan are paid from the Main Account - General Component.

Employees contribute 8% of earnings to the Main Account. If the Contribution Stabilization Reserve is sufficient to provide a transfer to fund the difference between the current service cost of benefits accrued during the year and matching employee and City contributions and to the extent provincial funding regulations permit such a transfer, then the City matches the employee contributions during the year.

If the Contribution Stabilization Reserve is insufficient to provide the above transfer or if provincial funding regulations restrict such a transfer, then the City contributes the balance of the current service cost of benefits accrued during the year, including 2% of earnings for post-retirement cost-of-living adjustments, in excess of the employees' contributions.

1. *Description of Plan (continued)*

c) Financial structure (continued)

ii) Main Account - Contribution Stabilization Reserve

The Contribution Stabilization Reserve is credited with a portion of actuarial surpluses. The Contribution Stabilization Reserve finances, through transfers to the Main Account - General Component, the portion of the current service cost of benefits that exceeds the employees' and City's contributions. In accordance with Provincial funding regulations the Contribution Stabilization Reserve can be used to reduce the City's contributions only to the extent of the balance in excess of 5% of the Plan's solvency liabilities. The balance of the Contribution Stabilization Reserve has been below this threshold since 2012.

iii) Plan Members' Account

In order to ensure that the Plan members will receive a benefit equal to the benefit received by the City through the contribution holidays that it took in 2001 and 2002, the Plan Members' Account was established effective January 1, 2003 with an initial balance equal to the amount of the City's contribution holidays adjusted for investment income up to December 31, 2002.

The Plan Members' Account will be credited with any share of future actuarial surpluses that are allocated to the Plan Members in accordance with the Plan.

iv) City Account

The City Account is credited with the share of future actuarial surpluses that are allocated to the City in accordance with the Plan.

d) Retirement pensions

The Plan provides for retirement at or after age 55 or following completion of 25 years of credited service. The Plan allows early retirement at age 50 or completion of at least 20 years of credited service subject to an early retirement pension reduction. The pension formula prior to age 65 is equal to 2% of the average earnings in the 60 consecutive months in which the earnings are highest ("Best Average Earnings") for each year of credited service. The pension formula after age 65 is equal to 1.4% of Best Average Canada Pension Plan earnings plus 2% of Best Average Non-Canada Pension Plan earnings for each year of credited service. Pensions are subject to the maximum benefit limits prescribed for registered pension plans under the Income Tax Act.

Retirement and survivor pensions, including deferred pensions, are increased annually to provide cost-of-living adjustments at the stated level in the Plan text, which level is currently 55.4% (2018 - 52.8%) of the percentage change in the Consumer Price Index for Canada.

e) Disability pensions

A member, who has completed at least fifteen years of credited service, and who has become totally and permanently disabled may apply for a disability pension.

f) Survivor's benefits

The Plan provides survivor pensions or lump sum benefits on death prior to retirement. On death after retirement, eligible surviving spouses normally receive 66 2/3% of the member's pension.

1. Description of Plan (continued)

g) Termination benefits

Upon application and subject to vesting and locking-in provisions, deferred pensions or equivalent lump sum benefits are payable when a member terminates employment with the City.

h) Variation in benefits

The Plan provides that the rate of cost-of-living adjustment to pensions may be increased using funds available in the Plan Members' Account or may be reduced in the event of a funding deficiency.

2. Summary of Significant Accounting Policies

a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for pension plans on a going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity, independent of the City and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period.

These financial statements include the financial statements of the Plan and its wholly-owned subsidiary, 5332665 Manitoba Ltd., which was incorporated on July 14, 2006. The Plan accounts for its investment in its subsidiary on a non-consolidated basis and presents it at fair value. The purpose of the subsidiary corporation is to invest in and hold certain private equity investments on behalf of the Plan.

b) Investments and investment income

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions.

Publicly traded equity investments are valued using published market prices.

Bonds and debentures are valued either using published market prices or by applying valuation techniques that utilize observable market inputs.

For private equity, private debt, 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 obligation and the fair value of investments.

3. *Obligations for Pension Benefits*

An actuarial valuation of the Plan was performed as of December 31, 2019 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, 2019. For the comparative 2018 figures, the actuarial present value of accrued benefits at December 31, 2018 is based on the December 31, 2018 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 4.95% (2018 – 5.25%) per year, inflation of 2.0% (2018 – 2.0%) per year and general increases in pay of 3.25% (2018 - 3.25%) per year.

The change in the valuation interest rate from 5.25% to 4.95% increased the obligations for pension benefits by $73,400.

The demographic assumptions for annual rates of termination of employment were revised, which increases the obligations for pension benefits by $794. The demographic assumptions, including rates of termination of employment, retirement and mortality, were chosen after detailed analysis of past experience. These assumptions were approved by the Winnipeg Police Pension Board for the purpose of preparing the financial statements. 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, 2019 disclosed a $32,885 funding deficiency which is to be resolved in accordance with the Plan, by transferring $348 from the City account to the Main Account - General Component, by transferring $22,202 from the Main Account - Contribution Stabilization Reserve to the Main Account - General component and by decreasing future cost-of-living adjustment from 55.4% to 52.7% of inflation (with a corresponding decrease in obligations for pension benefits of $10,335), effective January 1, 2020.

The actuarial valuation as at December 31, 2018 disclosed a $18,304 funding surplus which was resolved in accordance with the Plan, by transferring $31 to the City account, by transferring $9,136 from the Main Account - General component to the Main Account - Contribution Stabilization Reserve and by increasing future cost-of-living adjustment from 52.8% to 55.4% of inflation (with a corresponding increase in obligations for pension benefits of $9,136), effective January 1, 2019.

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:

	2019	2018
Surplus for financial statement reporting purposes		
Main Account - General Component	**$ 71,169**	$ 28,881
Fair value changes not reflected in actuarial value of assets	**(104,054)**	(10,577)
(Deficiency) surplus for actuarial valuation purposes		
Main Account - General Component	**(32,885)**	18,304
Add: special purpose reserves and accounts		
Main Account - Contribution Stabilization Reserve	**60,797**	44,277
Plan Members' Account	**15,532**	13,646
City Account	**348**	274
Surplus for actuarial valuation purposes - including special purpose reserves and accounts, as estimated	**$ 43,792**	$ 76,501

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.

4. *Management of Financial Risk*

a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Plan, and is concentrated in the Plan's investment in bonds and debentures and short-term deposits. At December 31, 2019 the Plan's credit risk exposure related to bonds and debentures and short-term deposits totaled $311,255 (2018 - $366,442).

4. *Management of Financial Risk (continued)*

a) Credit risk (continued)

The Plan's concentration of credit risk as at December 31, 2019, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	**2019 Fair Value**	2018 Fair Value
Government of Canada and Government of Canada guaranteed	**$ 67,277**	$ 68,163
Provincial and Provincial guaranteed	**108,653**	123,727
Canadian cities and municipalities	**2,600**	3,220
Corporations and other institutions	**103,939**	106,434
	$ 282,469	$ 301,544

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $14,358 at December 31, 2019 (2018 - $47,363).

The Plan limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy Guideline monitoring process.

As at December 31, bonds and debentures analyzed by credit rating are as follows:

	2019		2018	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**26.5**	**4.4**	25.6	5.0
AA	**35.4**	**5.8**	35.7	7.0
A	**23.3**	**3.8**	25.7	5.1
BBB	**14.8**	**2.4**	13.0	2.6
BB	**100.0**	**16.4**	100.0	19.7

At December 31, 2019, the Plan's credit risk exposure related to private debt totaled $188,715 (2018 - $143,854). The Plan's external managers for the private debt portfolios limit credit risk through diversification, performing internal credit analysis and enforcing loan covenants.

The Plan participates in a securities lending program, managed by the Plan's custodian, wherein securities are loaned to counterparties in exchange for lending fees. In this regard, the Plan's exposure to credit risk relates to the potential for a counterparty to not return a security and the related collateral held is insufficient to replace the security in the open market. The Manager has responsibility to monitor the credit worthiness of counterparties and to regularly monitor and maintain collateral greater than the value of the loans.

4. *Management of Financial Risk (continued)*

b) Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities. The Plan ensures it retains sufficient cash and short-term investment positions to meet its cash flow commitments, including the ability to fund the pensioner payroll costs and to fund investment commitments. The Plan primarily invests in securities that are traded in active markets and can be readily disposed. The Plan may invest in private equity, which is not traded in an organized market and may be illiquid, but only up to a maximum of 2.5% of the Plan's assets, as stipulated in the Plan's Statement of Investment Policies and Procedures. The Plan may also invest in private debt, real estate and infrastructure, which are not traded in an 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 and debentures and short-term investments.

The Plan's actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of inflation and salary escalation. The Plan's primary exposure is to a decline in the long-term real rate of return which may result in higher contribution rates or lower benefit levels.

The Plan has approximately 18.0% (2018 - 24.0%) of its assets invested in bonds and debentures and short-term investments as at December 31, 2019. The returns on bonds and debentures are particularly sensitive to changes in nominal interest rates.

The term to maturity and related fair values of investments in bonds and debentures held by the Plan at December 31, 2019 are as follows:

Term to Maturity	**2019 Fair Value**	2018 Fair Value
Less than one year	**$ 3,786**	$ 4,873
One to five years	**113,686**	91,152
Greater than five years	**164,997**	205,519
	$ 282,469	$ 301,544

As at December 31, 2019, had prevailing interest rates raised or lowered by 0.5% (2018 - 0.5%) assuming a parallel shift in the yield curve, with all other variables held constant, the fair value of investments in bonds and debentures would have decreased or increased, respectively, by approximately $10,912 (2018 - $14,680), approximately 0.6% of total net assets (2018 - 1.0%). 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, 2019. 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.

	2019				2018	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 611,756**	**$ 15,461**	**$ 596,295**	**$ 59,629**	$ 439,411	$ 43,941
Euro countries	**111,536**	**7,919**	**103,617**	**10,362**	78,652	7,865
United Kingdom	**57,260**	**16,531**	**40,729**	**4,073**	42,212	4,221
Japan	**29,160**	**25**	**29,135**	**2,914**	25,662	2,566
Hong Kong	**21,127**	**26**	**21,101**	**2,110**	19,140	1,914
Switzerland	**13,283**	**1**	**13,282**	**1,328**	11,637	1,164
Sweden	**9,265**	**-**	**9,265**	**927**	9,835	984
Australia	**16,148**	**5,324**	**10,824**	**1,082**	8,975	897
Other	**19,664**	**-**	**19,664**	**1,966**	18,786	1,879
	$ 889,199	**$ 45,287**	**$ 843,912**	**$ 84,391**	$ 654,310	$ 65,431

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, 2019, 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 $126,402 (2018 - $109,047), approximately 7.3% of total net assets (2018 - 7.1%). In practice, the actual results may differ and the difference could be material.

The Plan also has exposure to valuation risk through its holdings of private equity, private debt, and real estate investments, for which quoted market prices are not available. As at December 31, 2019, the estimated fair value of private equity investments is $11,198 (2018 - $11,599), approximately 0.7% of total net assets (2018 - 0.8%), and the related change in fair value of investments recognized for the year ended December 31, 2019 is $1,686 (2018 - $870). As at December 31, 2019, the estimated fair value of private debt investments is $188,715 (2018 - $143,854), approximately 10.9% of total net assets (2018 - 9.4%), and the related change in fair value of investments recognized for the year ended December 31, 2019 is ($6,745) (2018 - $12,089). As at December 31, 2019, the estimated fair value of real estate investments is $199,699 (2018 - $120,978), approximately 11.6% of total net assets (2018 - 7.9%), and the related change in fair value of investments recognized for the year ended December 31, 2019 is $9,753 (2018 - $7,482).

The Plan also has exposure to valuation risk through its holdings of infrastructure investments, for which quoted market prices are not available.

In 2013, the Plan became a client of OMERS Investment Management, and to date has made payments of $44,255 in a Contractual Return Arrangement. The Contractual Return Arrangement provides the Plan with the annual rate of return (which may be positive or negative) based on the total investment return reported in the OMERS Annual Report for the assets and related liabilities allocable to the OMERS Primary Pension Plan fund that are directly or indirectly owned by OMERS Administration Corporation ("OAC") and managed by Borealis Infrastructure (the "Borealis Assets"). Under this arrangement the Plan is the sole limited partner in an Ontario limited partnership (OIM B4 2013 L.P.), and it has entered into a derivative contract with that limited partnership, which provides the return described above each year on the outstanding value on the contract. The arrangement provides for annual cash distributions to the Plan to the extent that cash distributions are received by OAC in respect of the operations of any investment forming part of the Borealis Assets. In addition, further cash distributions may be made under the arrangement, to the extent that cash distributions are received by OAC and distributed to the partnership in respect of the full or partial disposition of any investment forming part of the Borealis Assets.

As at December 31, 2019, the estimated fair value of the infrastructure investments is $173,233 (2018 - $159,347), approximately 10.0% of total net assets (2018 - 10.4%), and the related change in fair value of investments recognized for the year ended December 31, 2019 is $5,903 (2018 - $3,620).

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following tables present the investment assets recorded at fair value in the Statement of Financial Position as at December 31, 2019 and December 31, 2018, classified using the fair value hierarchy described above:

	Level 1	**Level 2**	**Level 3**	**2019 Total Investment Assets at Fair Value**
Bonds and debentures	**$ -**	**$ 282,469**	**$ -**	**$ 282,469**
Canadian equities	**321,202**	**-**	**-**	**321,202**
Foreign equities	**521,475**	**-**	**-**	**521,475**
Cash and short-term deposits	**26,485**	**2,301**	**-**	**28,786**
Private equities	**-**	**-**	**11,198**	**11,198**
Real estate	**-**	**-**	**199,669**	**199,669**
Infrastructure	**-**	**-**	**173,233**	**173,233**
Private debt	**-**	**-**	**188,715**	**188,715**
	$ 869,162	**$ 284,770**	**$ 572,815**	**$ 1,726,747**

	Level 1	Level 2	Level 3	2018 Total Investment Assets at Fair Value
Bonds and debentures	$ -	$ 301,544	$ -	$ 301,544
Canadian equities	277,028	-	-	277,028
Foreign equities	449,952	-	-	449,952
Cash and short-term deposits	64,369	529	-	64,898
Private equities	-	-	11,599	11,599
Real estate	-	-	120,978	120,978
Infrastructure	-	-	159,347	159,347
Private debt	-	-	143,854	143,854
	$ 791,349	$ 302,073	$ 435,778	$ 1,529,200

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	**2019**	2018
Fair value, beginning of year	**$ 11,599**	$ 16,424
Gains recognized in increase in net assets	**1,686**	870
Purchases	**46**	21
Sales/distribution	**(2,133)**	(2,861)
Purchases of short-term investments within subsidiary	**-**	2,145
Return of Capital from subsidiary, accounted for on equity basis	**-**	(5,000)
	$ 11,198	$ 11,599

Real Estate	**2019**	2017
Fair value, beginning of year	**$ 120,978**	$ 110,606
Gains recognized in increase in net assets	**9,753**	7,482
Purchases	**68,938**	4,590
Sales	**-**	(1,700)
	$ 199,669	$ 120,978

Infrastructure	**2019**	2018
Fair value, beginning of year	**$ 159,347**	$ 120,826
Gains recognized in increase in net assets	**5,903**	3,620
Purchases	**8,506**	37,483
Sales	**(523)**	(2,582)
	$ 173,233	$ 159,347

Private debt	**2019**	2018
Fair value, beginning of year	**$ 143,854**	$ 74,207
Gains (Losses) recognized in increase in net assets	**(6,745)**	12,089
Purchases	**68,808**	80,809
Sales	**(17,202)**	(23,251)
	$ 188,715	$ 143,854

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy (continued)

Section 3.29 of the Pension Benefits Act Regulations requires disclosure of each investment asset that has a fair value greater than one percent of the fair value of the investment assets of the Fund. As at December 31, 2019, the Fund held the following investments that met this classification:

		2019
Bonds and debentures		
TD Emerald Long Bond Broad Market Pooled Fund	**$**	122,636
Fiera Active Fixed Income Fund		82,200
TD Lancaster Fixed Income Fund II		77,633
Canadian equities		
TD Emerald Canadian Equity Index Fund		36,456
Foreign equities		
State Street S&P 500 Index Common Trust Fund		111,500
Hillsdale Global Performance Equity Fund		40,031
Schiehallion Fund		19,532
Real estate		
Greystone Real Estate Fund Inc.		75,998
Bentall Kennedy Prime Canadian Property Fund Ltd.		58,557
Carlyle Property Investors, L.P.		42,783
Lion Industrial Trust		22,331
Infrastructure		
OIM B4 2013 L.P.		61,373
IFM Global Infrastructure (Canada), L.P.		47,393
Axium Infrastructure NA Limited Partnership		35,169
JPMorgan Infrastructure Investments Fund		29,298
Private debt		
IFM USIDF (Offshore) B, L.P.		29,428
Northleaf Star Investor Corporation		21,358
Northleaf Senior Private Credit-L		18,235
AMP Capital Infrastructure Debt Fund III (USD Hedged), LP		17,392

5. *Investment Income*

		2019		2018
Bonds and debentures	**$**	**9,796**	$	10,131
Canadian equities		**10,708**		10,239
Foreign equities		**8,925**		9,476
Cash and short-term deposits and other		**770**		1,077
Private equities		**20**		45
Real estate		**3,130**		1,992
Infrastructure		**7,945**		15,978
Private debt		**10,589**		5,932
	$	**51,883**	$	54,870

5. *Investment Income (continued)*

	2019	2018
Allocated to:		
Main Account - General Component	**$ 49,585**	$ 52,788
Main Account - Contribution Stabilization Reserve	**1,822**	1,584
Plan Members' Account	**466**	488
City Account	**10**	10
	$ 51,883	$ 54,870

6. *Investment Transaction Costs*

During 2019, the Plan incurred investment transaction costs in the form of brokerage commissions, in the amount of $497 (2018 - $487). Investment transaction costs are included in the current period change in fair value of investments.

7. Lump Sum Benefits

	2019	2018
Death benefits	**$ 691**	$ -
Payments on relationship breakdown	**308**	1,108
Termination benefits	**(12)**	811
Other	**-**	17
	$ 987	$ 1,936

8. Administrative Expenses

	2019	2018
The Winnipeg Civic Employees' Benefits Program	**$ 1,087**	$ 802
Actuarial fees	**181**	107
Audit fee	**34**	25
Legal fees	**19**	34
Consulting fees	**1**	1
General and administrative expenses	**13**	11
	$ 1,335	$ 980

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, 2019, $19,552 had been funded.

10. *Subsequent Event*

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. 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 future periods. The pandemic has caused significant losses in the global and Canadian capital markets, significant changes in interest rates and fluctuations in various foreign currency exchange rates, consequently affecting the valuation and performance of the investments held by the Plan. The fair value of the Plan's investments as at April 30, 2020 is $1,681,967 (unaudited).

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)

	2019				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 29,863	$ -	$ -	$ -	**$ 29,863**
Employees	13,200	-	-	-	**13,200**
Reciprocal transfers from other plans	677	-	-	-	**677**
	43,740	-	-	-	**43,740**
Investment income (Note 5)	49,585	1,822	466	10	**51,883**
Current period change in fair value of investments	158,434	5,821	1,487	34	**165,776**
Transfer from Contribution Stabilization Reserve - Resolution of funding surplus (Note 3)	(9,136)	9,136	-	-	**-**
Transfer from City Account - Resolution of funding surplus (Note 3)	(31)	-	-	31	**-**
Total increase in assets	242,592	16,779	1,953	75	**261,399**
DECREASE IN ASSETS					
Pension payments	54,214	-	-	-	**54,214**
Lump sum benefits (Note 7)	987	-	-	-	**987**
Administrative expenses (Note 8)	1,335	-	-	-	**1,335**
Investment management and custodial fees	7,059	259	67	1	**7,386**
Total decrease in assets	63,595	259	67	1	**63,922**
Increase in net assets	178,997	16,520	1,886	74	**197,477**
Net assets available for benefits at beginning of year	1,469,292	44,277	13,646	274	**1,527,489**
Net assets available for benefits at end of year	$ 1,648,289	$ 60,797	$ 15,532	$ 348	**$ 1,724,966**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE 2

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

For the year ended December 31
(in $ thousands)
(unaudited)

	2018				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 29,365	$ -	$ -	$ -	$ 29,365
Employees	13,017	-	-	-	13,017
Reciprocal transfers from other plans	275	-	-	-	275
	42,657	-	-	-	42,657
Investment income (Note 5)	52,788	1,584	488	10	54,870
Current period change in fair value of investments	(44,788)	(1,344)	(414)	(9)	(46,555)
Transfer from Contribution Stabilization Reserve - Resolution of funding surplus (Note 3)	(20,515)	20,515	-	-	-
Transfer from City Account - Resolution of funding surplus (Note 3)	(47)	-	-	47	-
Total increase in assets	30,095	20,755	74	48	50,972
DECREASE IN ASSETS					
Pension payments	51,890	-	-	-	51,890
Lump sum benefits (Note 7)	1,936	-	-	-	1,936
Administrative expenses (Note 8)	980	-	-	-	980
Investment management and custodial fees	6,080	182	56	1	6,319
Total decrease in assets	60,886	182	56	1	61,125
(Decrease) increase in net assets	(30,791)	20,573	18	47	(10,153)
Net assets available for benefits at beginning of year	1,500,083	23,704	13,628	227	1,537,642
Net assets available for benefits at end of year	$ 1,469,292	$ 44,277	$ 13,646	$ 274	$ 1,527,489

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)

	2019				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
SURPLUS, BEGINNING OF YEAR	$ 28,881	$ 44,277	$ 13,646	$ 274	**$ 87,078**
Increase in net assets available for benefits for the year	178,997	16,520	1,886	74	**197,477**
Net increase in accrued pension benefits for the year	(136,709)	-	-	-	**(136,709)**
SURPLUS, END OF YEAR	$ 71,169	$ 60,797	$ 15,532	$ 348	**$ 147,846**

For the year ended December 31
(in $ thousands)

	2018				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
SURPLUS, BEGINNING OF YEAR	$ 139,931	$ 23,704	$ 13,628	$ 227	$ 177,490
(Decrease) increase in net assets available for benefits for the year	(30,791)	20,573	18	47	(10,153)
Net increase in accrued pension benefits for the year	(80,259)	-	-	-	(80,259)
SURPLUS, END OF YEAR	$ 28,881	$ 44,277	$ 13,646	$ 274	$ 87,078

See accompanying notes to the financial statements

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
(in $ thousands)
(unaudited)

	2019	2018
ASSETS		
Investments, at fair value		
Bonds and debentures	**$ 65,048**	$ 59,035
Foreign equities	**60,057**	54,605
Canadian equities	**53,734**	45,138
Short-term deposits	**5,431**	2,044
	184,270	160,822
Accounts receivable - dividends	**527**	470
Accounts receivable	**39**	68
Due from The Winnipeg Civic Employees' Pension Plan	**-**	19
Total Assets	**184,836**	161,379
LIABILITIES		
Accounts payable	**578**	569
Due to The Winnipeg Civic Employees' Pension Plan	**8**	-
Total Liabilities	**586**	569
NET ASSETS (Note 4)	**184,250**	160,810
BENEFIT OBLIGATIONS		
Civic Employees' Group Life Insurance Plan (Note 5)	**76,915**	78,501
Police Employees' Group Life Insurance Plan (Note 6)	**20,222**	20,653
	97,137	99,154
SURPLUS	**$ 87,113**	$ 61,656
SURPLUS COMPRISED OF:		
Civic Employees' Group Life Insurance Plan (Note 5)	**$ 70,317**	$ 50,349
Police Employees' Group Life Insurance Plan (Note 6)	**16,796**	11,307
	$ 87,113	$ 61,656

Subsequent event (Note 11)

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31
(in $ thousands)
(unaudited)

	2019	2018
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 801**	$ 787
Employees - optional	**302**	307
	1,103	1,094
City of Winnipeg and participating employers	**799**	794
Pensioners	**151**	148
	2,053	2,036
Current period change in fair value of investments	**14,378**	-
Investment income (Note 8)	**5,749**	4,445
Total increase in assets	**22,180**	6,481
DECREASE IN ASSETS		
Current period change in fair value of investments	**-**	7,287
Benefit payments	**3,307**	4,681
Administration	**283**	220
Claims administration and taxes	**191**	238
Actuarial fees	**11**	26
Investment management fees	**4**	5
Legal fees	**2**	-
Total decrease in assets	**3,798**	12,457
NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	**18,382**	(5,976)
NET ASSETS, BEGINNING OF YEAR	**128,850**	134,826
NET ASSETS, END OF YEAR	**$ 147,232**	$ 128,850

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
(in $ thousands)
(unaudited)

	2019	2018
INCREASE IN BENEFIT OBLIGATIONS		
Interest accrued on benefits	**$ 3,526**	$ 3,396
Benefits accrued	**2,501**	2,455
Total increase in benefit obligations	**6,027**	5,851
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**2,804**	3,176
Experience gains and losses and other factors	**1,172**	-
Changes in actuarial assumptions	**3,637**	-
Total decrease in benefit obligations	**7,613**	3,176
NET (DECREASE) INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR	**(1,586)**	2,675
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**78,501**	75,826
BENEFIT OBLIGATIONS, END OF YEAR	**$ 76,915**	$ 78,501

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
(in $ thousands)
(unaudited)

		2019		2018
Net increase (decrease) in net assets for the year	**$**	**18,382**	$	(5,976)
Net (increase) decrease in benefit obligations for the year		**1,586**		(2,675)
NET INCREASE (DECREASE) INCREASE IN SURPLUS FOR THE YEAR		**19,968**		(8,651)
SURPLUS, BEGINNING OF YEAR		**50,349**		59,000
SURPLUS, END OF YEAR	**$**	**70,317**	$	50,349

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
(in $ thousands)
(unaudited)

	2019	2018
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 258**	$ 260
Employees - optional	**87**	81
	345	341
City of Winnipeg	**257**	258
Pensioners	**52**	52
	654	651
Current period change in fair value of investments	**3,566**	-
Investment income (Note 8)	**1,429**	1,090
Total increase in assets	**5,649**	1,741
DECREASE IN ASSETS		
Current period change in fair value of investments	**-**	1,771
Benefit payments	**477**	653
Administration	**70**	53
Claims administration and taxes	**34**	39
Actuarial fees	**9**	29
Investment management fees	**1**	1
Total decrease in assets	**591**	2,546
NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	**5,058**	(805)
NET ASSETS, BEGINNING OF YEAR	**31,960**	32,765
NET ASSETS, END OF YEAR	**$ 37,018**	$ 31,960

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
(in $ thousands)
(unaudited)

	2019	2018
INCREASE IN BENEFIT OBLIGATIONS		
Benefits accrued	**$ 937**	$ 891
Interest accrued on benefits	**639**	642
Total increase in benefit obligations	**1,576**	1,533
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**283**	702
Experience gains and losses and other factors	**343**	-
Changes in actuarial assumptions	**1,381**	-
Total decrease in benefit obligations	**2,007**	702
NET (DECREASE) INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR	**(431)**	831
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**20,653**	19,822
BENEFIT OBLIGATIONS, END OF YEAR	**$ 20,222**	$ 20,653

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
(in $ thousands)
(unaudited)

	2019	2018
Net increase (decrease) in net assets for the year	**$ 5,058**	$ (805)
Net (increase) decrease in benefit obligations for the year	**431**	(831)
NET INCREASE (DECREASE) IN SURPLUS FOR THE YEAR	**5,489**	(1,636)
SURPLUS, BEGINNING OF YEAR	**11,307**	12,943
SURPLUS, END OF YEAR	**$ 16,796**	$ 11,307

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, 2019
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Description of Plans

The City of Winnipeg sponsors two group life insurance plans: i) the Civic Employees’ Group Life Insurance Plan for employees of the City of Winnipeg; other than police officers, and certain other employers which participate in the Plan, and ii) the Police Employees’ Group Life Insurance Plan for police officers of the City of Winnipeg (separately, the “Plan; together, the “Plans”).

The Plans are constituted pursuant to City of Winnipeg By-Law 80/2015, which took effect on August 1, 2015. The predecessor plans – the Civic Employees’ Group Life Insurance Plan and Police Employees’ Group Life Insurance Plan, which operated pursuant to By-Laws 5644/91 and 5643/91, respectively, were continued under By-Law 80/2015, but with amendment and restatement related to their governance and financial structure.

a) Civic Employees’ Group Life Insurance Plan

All employees are eligible to join the Plan commencing on their date of employment. All new members of The Winnipeg Civic Employees' Pension Plan must become members of the Plan. Plan members are covered for basic life insurance of one or two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. Plan members and the City share equally in the cost of the basic life insurance coverage until retirement. Coverage on the life of a disabled member continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

b) Police Employees’ Group Life Insurance Plan

All police officers are required to become members of the Plan commencing on their date of employment. Plan members are covered for basic life insurance coverage of two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. The employees and the City share equally in the cost of basic life insurance until retirement. Coverage on the life of disabled members continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

2. *Summary of Significant Accounting Policies*

a) Basis of presentation

These combined financial statements are prepared on a going concern basis and in accordance with Canadian accounting standards for pension plans, which also apply to these benefit plans. In selecting accounting policies not otherwise addressed by Canadian accounting standards for pension plans, Canadian accounting standards for private enterprises (“ASPE”) have been applied. The combined financial statements present the aggregate financial position of the Plans as separate financial reporting entities, independent of the sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plans for the fiscal period.

The combined financial statements include the accounts of The Civic and Police Employees’ Group Insurance Plans Corporation (the “Corporation”), which as part of its mandate maintains, invests, manages and administers the New Civic Insurance Fund and the New Police Insurance Fund. The combined financial statements also include the accounts of the Old Civic Insurance Fund and the Old Police Insurance Fund, which are administered and held in trust by the Corporation in its capacity as trustee (the “Trustee”) within the Plans’ financial structure.

The combined financial statements also include contributions and related insurance premiums which are directly applied at source by the Corporation, acting in a trust capacity. Inter-fund transactions and balances are eliminated for Plan reporting purposes.

Under the insurance contract, the Plans bear the full claims experience, together with related claims administration expenses. Insurance premiums in amounts equal to insurance claims and related claims administration expenses are reclassified for Plan reporting purposes as benefits and claims administration expenses, respectively. Any excess premiums arising in the year are ultimately refunded and are recognized as an amount due from the insurance company. Similarly, any premium shortfalls must ultimately be settled and are recognized as amounts due to the insurance 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, 2019, with comparatives for the period ended December 31, 2018.

A supplementary schedule is attached to these financial statements, which provides financial information about the New Insurance Funds and Old Insurance Funds which comprise the Plans.

2. *Summary of Significant Accounting Policies (continued)*

b) Investments and investment income

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. The fixed income investments are valued either using published market prices or by applying valuation techniques that utilize observable market inputs. The equity investments are valued using published market prices. Short-term deposits are recorded at cost, which together with accrued interest income, approximates fair value. Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

c) Financial instruments other than investments

Financial instruments other than investments included accrued contributions receivable, premiums payable and accounts payable. Financial assets other than investments and financial liabilities are recognized in the Plans's 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. The Great-West 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:

	2019 Fair Value	2018 Fair Value
Net Assets - Civic Employees' Group Life Insurance Plan	**$ 147,232**	$ 128,850
Net Assets - Police Employees' Group Life Insurance Plan	**37,018**	31,960
	$ 184,250	$ 160,810

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. This valuation was used 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, 2019. For the comparative 2018 figures, the results of the December 31, 2016 actuarial valuation were extrapolated to December 31, 2018 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, 2018. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

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 5.0% (2018 - 4.50%) per year and general increase in pay of 3.25% (2018 – 3.50%) per year. The change in the discount rate from 4.50% to 5.00% decreased the obligations for post-retirement basic life insurance benefits by $7,292. The change in the economic assumptions for general increase in pay from 3.50% to 3.25% decreased the obligations for post-retirement basic life insurance benefits by $482. A change was made to the allowance for administrative and insurer expenses to 10% of expected claims (2018 - 7.5%), which increased the obligation for post-retirement basic life insurance benefits by $1,897.

5. *Obligation for Post-Retirement Basic Life Insurance Benefits - Civic Employees' Group Life Insurance Plan (continued)*

The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. Revising the demographic assumptions for annual rates of retirement increased the obligations for post-retirement basic life insurance benefits by $273. The demographic assumptions for annual rates of mortality improvements were revised to utilize the Mortality Improvement 2017 Scale (MI-2017) decreasing the obligations for post-retirement basic life insurance benefits by $176.

The triennial actuarial valuation as at December 31, 2019 disclosed an actuarial surplus of $46,146 (2016 – $39,610) and a contingency reserve in the amount of $11,537 (2016 – $10,989).

In determining the surplus or deficiency for actuarial valuation purposes, and to be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets was determined from fair values. The actuarial value placed on the assets smooths out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years.

The effect of using a smoothed value of assets of the Plan in determining the estimated actuarial surplus or deficiency is as follows:

	2019	2018
Surplus for financial statement reporting purposes	**$ 70,317**	$ 50,349
Fair value changes not reflected in actuarial value of assets	**(9,634)**	2,219
Surplus for actuarial valuation purposes, as estimated	**$ 60,683**	$ 52,568

An actuarial valuation of the Plan was performed as of December 31, 2019 by Eckler Ltd. This valuation was used 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, 2019. For the comparative 2018 figures, the results of the December 31, 2016 valuation were extrapolated to December 31, 2018 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, 2018. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

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% (2018 - 4.50%) per year and general increases in pay of 3.25% (2018 - 3.50%) per year. The change in the discount rate from 4.50% to 5.00% decreased the obligations for post-retirement basic life insurance benefits by $2,366. The change in the economic assumptions for general increases in pay from 3.50% to 3.25% decreased the obligations for post-retirement basic life insurance benefits by $293. A change was made to the allowance for administrative and insurer expenses to 10% of expected claims (2018 - 7.5%), which increased the obligation for post-retirement basic life insurance benefits by $512.

5. Obligation for Post-Retirement Basic Life Insurance Benefits - Civic Employees' Group Life Insurance Plan (continued)

The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The demographic assumptions for annual rates of mortality improvements were revised to utilize the Mortality Improvement 2017 Scale (MI-2017) increasing the obligations for post-retirement basic life insurance benefits by $55.

The triennial actuarial valuation as at December 31, 2019 disclosed an actuarial surplus of $11,429 (2016 - $7,478) and a contingency reserve in the amount of $3,033 (2016 - $2,841)

In determining the surplus or deficiency for actuarial valuation purposes, and to be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets was determined from fair values. The actuarial value placed on the assets smooths out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years.

The effect of using a smoothed value of assets of the Plan in determining the estimated actuarial surplus or deficiency is as follows:

	2019	2018
Surplus for financial statement reporting purposes	**$ 16,796**	$ 11,307
Fair value changes not reflected in actuarial value of assets	**(2,333)**	611
Surplus for actuarial valuation purposes, as estimated	**$ 14,463**	$ 11,918

7. Management of Financial Risk

a) Credit 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.

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, 2019, the Plans' credit risk exposure related to bonds and debentures, accrued interest and short-term deposits totaled $70,479 (2018 - $61,079).

7. Management of Financial Risk (continued)

The Plans' concentration of credit risk as at December 31, 2019, related to bonds and debentures, is categorized amongst the following types of issuers:

	2019 Fair Value	2018 Fair Value
Type of Issuer		
Government of Canada and Government of Canada guaranteed	**$ 19,365**	$ 18,685
Provincial and Provincial guaranteed	**18,838**	16,394
Canadian cities and municipalities	**631**	395
Corporations and other institutions	**26,214**	23,561
	$ 65,048	$ 59,035

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:

	2019		2018	
	Percent of Total Bonds	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
Credit Rating				
AAA	**33.2**	**11.7**	34.9	12.8
AA	**45.5**	**16.0**	49.4	18.1
A	**21.2**	**7.6**	14.8	5.5
Other	**0.1**	**-**	0.9	0.3
	100.0	**35.3**	100.0	36.7

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.

c) Interest rate risk (continued)

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 38% (2018 -38%) of their assets invested in fixed income securities as at December 31, 2019. 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, 2019 are as follows:

	2019 Fair Value	2018 Fair Value
Term to Maturity		
One to five years	**$ 34,462**	$ 31,950
Greater than five years	**30,586**	27,085
	$ 65,048	$ 59,035

As at December 31, 2019, had prevailing interest rates raised or lowered by 0.5% (2018 – 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 $2,322 (2018 - $1,987), approximately 1.3% of total net assets (2018 – 1.2%). 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.

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, 2019.

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.

7. Management of Financial Risk (continued)

d) Foreign currency risk (continued)

	2019				2018	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 32,124**	**$ -**	**$ 29,868**	**$ 3,212**	$ 29,868	$ 2,987
Japan	**7,184**	**-**	**7,184**	**718**	6,377	638
Euro Countries	**7,099**	**-**	**7,099**	**710**	6,190	619
United Kingdom	**4,749**	**-**	**4,749**	**475**	4,382	438
Switzerland	**2,470**	**-**	**2,470**	**247**	2,021	202
Australia	**1,946**	**-**	**1,946**	**195**	1,745	175
Hong Kong	**919**	**-**	**919**	**92**	909	91
Sweden	**899**	**-**	**899**	**90**	781	78
Other	**3,187**	**-**	**3,187**	**319**	2,852	285
	$ 60,577	**$ -**	**$ 58,321**	**$ 6,058**	$ 55,125	$ 5,513

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' 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, 2019, 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 $17,069 (2018 -$14,961), approximately 9.4% of total net assets (2018 - 9.4%). In practice, the actual results may differ and the difference could be material.

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.

7. *Management of Financial Risk (continued)*

f) Fair value hierarchy (continued)

The following tables present the investment assets recorded at fair value in the Combined Statement of Financial Position as at December 31, 2019 and December 31, 2018, classified using the fair value hierarchy described above:

	Level 1	**Level 2**	**Level 3**	**2019 Total Investment Assets at Fair Value**
Bonds and debentures	**$ 65,048**	**$ -**	**$ -**	**$ 65,048**
Foreign equities	**60,057**	**-**	**-**	**60,057**
Canadian equities	**53,734**	**-**	**-**	**53,734**
Cash and short term deposits	**5,431**	**-**	**-**	**5,431**
	$ 184,270	**$ -**	**$ -**	**$ 184,270**

	Level 1	Level 2	Level 3	2018 Total Investment Assets at Fair Value
Bonds and debentures	$ 59,035	$ -	$ -	$ 59,035
Foreign equities	54,605	-	-	54,605
Canadian equities	45,138	-	-	45,138
Cash and short term deposits	2,044	-	-	2,044
	$ 160,822	$ -	$ -	$ 160,822

8. *Investment Income*

	2019	2018
Bonds and debentures	**$ 1,558**	$ 1,627
Foreign equities	**3,613**	1,625
Canadian equities	**1,990**	2,230
Cash, short-term deposits and other	**17**	53
	$ 7,178	$ 5,535

8. *Investment Income (continued)*

Allocated to:		
Civic Employees' Group Life Insurance Plan	**$ 5,749**	$ 4,445
Police Employees' Group Life Insurance Plan	**1,429**	1,090
	$ 7,178	$ 5,535

9. Investment Transaction Costs

During the period, the Plans incurred investment transaction costs in the form of brokerage commissions, in the amount of $4 (2018 - $2). 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.

11. Subsequent Event

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. 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 future periods. The pandemic has caused significant losses in the global and Canadian capital markets, significant changes in interest rates and fluctuations in various foreign currency exchange rates, consequently affecting the valuation and performance of the investments held by the Plans. The fair value of the Plans' investments as at April 30, 2020 is $175,091 (unaudited).

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)
(unaudited)

2019
Allocated as:

	Civic and Police Employees' Group Life Insurance Plans	Civic Employees' Plan: Old Civic Insurance Fund	Civic Employees' Plan: New Civic Fund	Civic Employees' Plan: Total	Police Employees' Plan: Old Police Insurance Fund	Police Employees' Plan: New Police Insurance Fund	Police Employees' Plan: Total
ASSETS							
Investments, at fair value							
Bonds and debentures	$ 65,048						
Foreign equities	60,057						
Canadian equities	53,734						
Cash and short-term deposits	2,826						
	181,665	$ -	$ 145,216	$ 145,216	$ -	$ 36,449	$ 36,449
Funds on deposit - Great-West Life	2,605	-	2,037	2,037	-	568	568
	184,270	-	147,253	147,253	-	37,017	37,017
Accounts receivable - dividends	527	-	422	422	-	105	105
Accounts receivable	39	120	(86)	34	23	(18)	5
Total Assets	184,836	120	147,589	147,709	23	37,104	37,127
LIABILITIES							
Accounts payable	331	-	268	268	-	63	63
Premium Payable	247	120	83	203	23	21	44
Due to The Winnipeg Civic Employees' Pension Plan	8	-	6	6	-	2	2
Total Liabilities	586	120	357	477	23	86	109
LOAN BETWEEN INSURANCE FUNDS	-	147,232	(147,232)	-	37,018	(37,018)	-
NET ASSETS	$ 184,250	$ 147,232	$ -	147,232	$ 37,018	$ -	37,018
BENEFIT OBLIGATIONS				76,915			20,222
SURPLUS				$ 70,317			$ 16,796

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Schedule 1

SCHEDULE OF STATEMENT OF FINANCIAL POSITION BY PLANS AND FUNDS

As at December 31
(in $ thousands)
(unaudited)

2018
Allocated as:

	Civic and Police Employees' Group Life Insurance Plans	Civic Employees' Plan: Old Civic Insurance Fund	Civic Employees' Plan: New Civic Fund	Civic Employees' Plan: Total	Police Employees' Plan: Old Police Insurance Fund	Police Employees' Plan: New Police Insurance Fund	Police Employees' Plan: Total
ASSETS							
Investments, at fair value							
Bonds and debentures	$ 59,035						
Foreign equities	54,605						
Canadian equities	45,138						
Cash and short-term deposits	1,284						
	160,062	$ -	$ 128,451	$ 128,451	$ -	$ 31,611	$ 31,611
Funds on deposit - Great-West Life	760	-	421	421	-	339	339
	160,822	-	128,872	128,872	-	31,950	31,950
Accounts receivable - dividends	470	-	378	378	-	92	92
Accounts receivable	68	115	(61)	54	22	(8)	14
Due from The Winnipeg Civic Employees' Pension Plan	19	-	15	15	-	4	4
Total Assets	161,379	115	129,204	129,319	22	32,038	32,060
LIABILITIES							
Accounts payable	333	-	274	274	-	59	59
Premium Payable	236	115	80	195	22	19	41
Total Liabilities	569	115	354	469	22	78	100
LOAN BETWEEN INSURANCE FUNDS	-	128,850	(128,850)	-	31,960	(31,960)	-
NET ASSETS	$ 160,810	$ 128,850	$ -	128,850	$ 31,960	$ -	31,960
BENEFIT OBLIGATIONS				78,501			20,653
SURPLUS				$ 50,349			$ 11,307

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)
(unaudited)

	2019						
		Allocated as:					
		Civic Employees' Plan			Police Employees' Plan		
	Civic and Police Employees' Group Life Insurance Plans	Old Civic Insurance Fund	New Civic Fund	Total	Old Police Insurance Fund	New Police Insurance Fund	Total
INCREASE IN ASSETS							
Contributions							
Employees - basic	$ 1,059	$ -	$ 801	$ 801	$ -	$ 258	$ 258
Employees - optional	389	-	302	302	-	87	87
	1,448	-	1,103	1,103	-	345	345
The City of Winnipeg and participating employers	1,056	-	799	799	-	257	257
Pensioners	203	-	151	151	-	52	52
	2,707	-	2,053	2,053	-	654	654
Current period change in fair value of investments	17,944		14,378	14,378		3,566	3,566
Investment income	7,178	-	5,749	5,749	-	1,429	1,429
Total increase in assets	27,829	-	22,180	22,180	-	5,649	5,649
DECREASE IN ASSETS							
Benefit payments	3,784	3,077	230	3,307	587	(110)	477
Claims administration and taxes	225	-	191	191	-	34	34
Administration	353	-	283	283	-	70	70
Actuarial fees	20	-	11	11	-	9	9
Investment management fees	5	-	4	4	-	1	1
Legal fees	2	-	2	2	-	-	-
Total decrease in assets	4,389	3,077	721	3,798	587	4	591
NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	23,440	(3,077)	21,459	18,382	(587)	5,645	5,058
NET ASSETS, BEGINNING OF YEAR	160,810	128,850	-	128,850	31,960	-	31,960
TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR	-	21,459	(21,459)	-	5,645	(5,645)	-
NET ASSETS, END OF YEAR	$ 184,250	$ 147,232	$ -	$ 147,232	$ 37,018	$ -	$ 37,018

THE CITY OF WINNIPEG
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)
(unaudited)

	2018	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	$ 1,047	$ -	$ 787	$ 787	$ -	$ 260	$ 260
Employees - optional	388	-	307	307	-	81	81
	1,435	-	1,094	1,094	-	341	341
The City of Winnipeg and participating employers	1,052	-	794	794	-	258	258
Pensioners	200	-	148	148	-	52	52
	2,687	-	2,036	2,036	-	651	651
Investment income	5,535	-	4,445	4,445	-	1,090	1,090
Total increase in assets	8,222	-	6,481	6,481	-	1,741	1,741
DECREASE IN ASSETS							
Current period change in fair value of investments	9,058	-	7,287	7,287	-	1,771	1,771
Benefit payments	5,334	2,944	1,737	4,681	551	102	653
Claims administration and taxes	277	-	238	238	-	39	39
Administration	273	-	220	220	-	53	53
Actuarial fees	55	-	26	26	-	29	29
Investment management fees	6	-	5	5	-	1	1
Total decrease in assets	15,003	2,944	9,513	12,457	551	1,995	2,546
NET DECREASE IN NET ASSETS FOR THE YEAR	(6,781)	(2,944)	(3,032)	(5,976)	(551)	(254)	(805)
NET ASSETS, BEGINNING OF YEAR	167,591	134,826	-	134,826	32,765	-	32,765
TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR	-	(3,032)	3,032	-	(254)	254	-
NET ASSETS, END OF YEAR	$ 160,810	$ 128,850	$ -	$ 128,850	$ 31,960	$ -	$ 31,960

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)
(unaudited)

	2019	Allocated as:	
	Civic and Police Employees' Group Life Insurance Plans	**Civic Employees' Plan**	**Police Employees' Plan**
INCREASE IN BENEFIT OBLIGATIONS			
Interest on benefit obligations	**$ 4,463**	**$ 3,526**	**$ 937**
Benefits accrued	**3,140**	**2,501**	**639**
Total increase in benefit obligations	**7,603**	**6,027**	**1,576**
DECREASE IN BENEFIT OBLIGATIONS			
Benefits paid	**3,087**	**2,804**	**283**
Experience gains and losses and other factors	**1,515**	**1,172**	**343**
Changes in actuarial assumptions	**5,018**	**3,637**	**1,381**
Total decrease in benefit obligations	**9,620**	**7,613**	**2,007**
NET DECREASE IN BENEFIT OBLIGATIONS	**(2,017)**	**(1,586)**	**(431)**
ACCRUED BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**99,154**	**78,501**	**20,653**
ACCRUED BENEFIT OBLIGATIONS, END OF YEAR	**$ 97,137**	**$ 76,915**	**$ 20,222**

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)
(unaudited)

	2018	Allocated as:	
	Civic and Police Employees' Group Life Insurance Plans	**Civic Employees' Plan**	**Police Employees' Plan**
INCREASE IN BENEFIT OBLIGATIONS			
Interest on benefit obligations	**$ 4,287**	**$ 3,396**	**$ 891**
Benefits accrued	**3,097**	**2,455**	**642**
Total increase in benefit obligations	**7,384**	**5,851**	**1,533**
DECREASE IN BENEFIT OBLIGATIONS			
Experience gains and losses and other factors			
Benefits paid	**3,878**	**3,176**	**702**
Total decrease in benefit obligations	**3,878**	**3,176**	**702**
NET INCREASE IN BENEFIT OBLIGATIONS	**3,506**	**2,675**	**831**
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**95,648**	**75,826**	**19,822**
BENEFIT OBLIGATIONS, END OF YEAR	**$ 99,154**	**$ 78,501**	**$ 20,653**

Photo: City of Winnipeg

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS

As at December 31, 2019
(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
183/2004	January 26/05	$ -	$ -	$ -	$ 6,790,000	$ -	$ -	$ 6,790,000
120/2009	November 25/09	50,000,000	-	-	-	-	-	50,000,000
150/2009	January 27/10	-	-	-	46,215,000	-	-	46,215,000
144/2011	January 25/12	18,967,000	-	-	-	-	-	18,967,000
100/2012	December 12/12	10,000,000	-	-	-	-	-	10,000,000
149/2013	March 26/14	5,024,000	-	-	-	-	-	5,024,000
5/2015	June 17/15	135,000	31,000,000	-	154,350,000	-	-	185,485,000
20/2016	May 18/16	-	112,000,000	-	-	-	-	112,000,000
40/2016	April 27/16	12,704,569	11,664,000	-	579,286,000	-	-	603,654,569
136/2016	January 25/16	30,530,000	23,550,000	-	-	-	-	54,080,000
	December 13/17	-	-	-	-	-	8,000,000	8,000,000
133/2017	January 25, 2018	64,566,000	991,000	-	-	801,434	-	66,358,434
89/2018	January 31, 2019	9,316,700	-	-	-	-	-	9,316,700
	April 25, 2019	-	-	-	-	-	11,500,000	11,500,000
30/2019	April 25, 2019	68,198,000	4,889,000	-	-	-	-	73,087,000
		$ 269,441,269	$ 184,094,000	$ -	$ 786,641,000	$ 801,434	$ 19,500,000	$ 1,260,477,703

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, 2019

Outstanding Capital Borrowing Authorization at December 31, 2018	$ 1,414,874,003
Add:	
By-law 89/2018	9,316,700
By-law 30/2019	73,087,000
Fleet Borrowing - 2019 Business Plan	11,500,000
Deduct:	
Debt Issued	(100,000,000)
Debt Issued	(120,000,000)
Bank of Montreal Fleet Loan	(19,300,000)
Bank of Montreal Transit Loan	(9,000,000)
Outstanding Capital Borrowing Authorization at December 31, 2019	$ 1,260,477,703

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT ISSUES
As at December 31, 2019
(unaudited)

Term	Month	Interest Rate	By-Law Number	Amount of Debt
The City of Winnipeg				
Sinking Fund Debt				
2006-2036	July 17	5.200	183/2004 & 72/2006	$ 60,000,000
2008-2036	July 17	5.200	72/2006 & 32/2007	100,000,000
2010-2041	June 3	5.150	183/2008	60,000,000
2014-2045	June 1	4.100	144/11 & 23/13 & 149/13	60,000,000
2014-2045	June 1	3.713	100/12 & 23/13 & 149/13	60,000,000
2015-2045	June 1	3.828	144/11, 100/12, 23/13, 149/13, 5/15, 61/15	60,000,000
2016-2045	June 1	3.303	72/06, 23/13, 149/13, 5/15, 96/15, 40/16	80,000,000
2011-2051	Nov. 15	4.300	72/06 & 183/08 & 150/09	50,000,000
2012-2051	Nov. 15	3.853	93/2011	50,000,000
2012-2051	Nov. 15	3.759	120/09 & 93/11 & 138/11	75,000,000
2013-2051	Nov. 15	4.391	93/2011 & 84/2013	60,000,000
2014-2051	Nov. 15	3.893	93/2011 & 145/2013	52,568,000
2019-2051	Nov. 15	3.499	6520/94, 6774/96, 6973/97, 6976/97, 7751/01, 72/06, 32/07, 219/07, 184/08, 136/16	100,000,000
2019-2051	Nov. 15	2.667	6976/97, 7751/01, 219/07, 184/08, 150/09, 40/16, 133/17	120,000,000
Total Debt				$ 987,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE

As at December 31, 2019
(unaudited)

	Debenture Debt		
Description	**Gross**	**Sinking Fund**	**Net**
Tax-Supported			
General	$ 451,311,389	$ 24,315,731	$ 426,995,658
Other Funds			
Transit System	103,369,000	13,152,187	90,216,813
Municipal Accommodations	62,802,000	4,632,359	58,169,641
Total Tax-Supported and Other Funds	617,482,389	42,100,277	575,382,112
City-Owned Utilities			
Waterworks System	160,000,000	43,394,648	116,605,352
Sewage Disposal System	104,000,000	1,447,471	102,552,529
Solid Waste Disposal	13,085,611	520,912	12,564,699
Total City-Owned Utilities	277,085,611	45,363,031	231,722,580
Reserves			
Destination Marketing	41,000,000	3,368,750	37,631,250
Local Street Renewal	27,000,000	2,226,222	24,773,778
Regional Street Renewal	25,000,000	1,888,286	23,111,714
Total Reserves	93,000,000	7,483,258	85,516,742
	$ 987,568,000	$ 94,946,566	$ 892,621,434

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE (continued)

As at December 31, 2019
(unaudited)

Description	2020 Fixed Annual Charges Interest	Principal	Total
Tax-Supported	$ 16,889,980	$ 6,189,069	$ 23,079,049
Other Funds			
Transit System	4,774,485	1,438,302	6,212,787
Municipal Accommodations	2,423,411	665,359	3,088,770
Total Tax-Supported and Other Funds	24,087,876	8,292,730	32,380,606
City-Owned Utilities			
Waterworks System	8,320,000	2,836,000	11,156,000
Sewage Disposal System	2,926,320	1,848,438	4,774,758
Solid Waste Disposal	424,310	236,999	661,309
Total City-Owned Utilities	11,670,630	4,921,437	16,592,067
Reserves			
Destination Marketing	1,536,857	645,158	2,182,015
Local Street Renewal	1,044,010	426,098	1,470,108
Regional Street Renewal	919,250	412,750	1,332,000
Total Reserves	3,500,117	1,484,006	4,984,123
	$ 39,258,623	$ 14,698,173	$ 53,956,796
	$ 39,258,623	$ 14,698,173	$ 53,956,796

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT CHANGES DURING 2019

(unaudited)

Gross Debt as at January 1, 2019			$ 772,416,000
Debt Issued During 2019			
Tax-Supported Debt:			
Community Services- Assiniboine Park	28,760,000		
Corporate - Special Projects	51,610,000		
Developer Payback	6,816,000		
Fire	3,144,000		
Libraries	1,940,000		
Local Improvements	677,434		
Parks and Recreation	3,765,000		
Pedestrian & Cycling Program	2,700,000		
Streets and Bridges System	23,759,000		
		123,171,434	
Utilities Debt:			
Civic Buildings - Special Projects	2,380,000		
Sewage Disposal System	80,000,000		
Solid Waste Disposal	4,448,566		
Transit System	10,000,000		
		96,828,566	
Other Debt			
			220,000,000
Sub-total			992,416,000
Debt Retired During 2019			
Tax-Supported Debt:			
Assessment - Special Projects	98,052		
Business Liaison - Special Projects	310		
Community Improvement Program	77,450		
Community Services - Special Projects	26,550		
Corporate Finance - Special Projects	5,576		
Fire	25,001		
Infrastructure	130,116		
Infrastructure - Parks and Recreation	19,335		
Infrastructure - Streets and Bridges	123,900		
Land and Development - Special Projects	146,659		
Libraries	43,328		
Parks and Recreation	284,764		
Parks and Recreation - Special Projects	75,281		
Police	188,009		
Special Projects	40,000		
Streets and Bridges System	2,450,291		
Winnipeg Development Agreement	123,920	3,858,542	
Utilities Debt:			
Transit System	75,000		
Municipal Accommodations	461,284		
Land Drainage Utility	453,174	989,458	(4,848,000)
Gross Debt as at December 31, 2019			$ 987,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT - MATURITY BY YEARS
As at December 31, 2019

Maturity Year	Sinking Fund Debt	Serial and Installment Debt	Total	%
2036	160,000,000	-	160,000,000	16.20
2041	60,000,000	-	60,000,000	6.08
2045	260,000,000	-	260,000,000	26.33
2051	507,568,000	-	507,568,000	51.39
Gross Debt	$ 987,568,000	$ -	987,568,000	100.00
Less: Sinking Fund Reserve			94,946,566	
Net Debt			$ 892,621,434	

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT SUMMARY OF MATURITIES BY PURPOSES
As at December 31, 2019
(unaudited)

Maturity Year	General Tax-Supported	Transit System	Waterworks System	Sewage Disposal	Sold Waste Disposal	Municipal Accommodations	Reserves	Total
2036	$ -	$ -	$ 160,000,000	$ -	$ -	$ -	$ -	$ 160,000,000
2041	-	60,000,000	-	-	-	-	-	60,000,000
2045	127,743,952	3,619,000	-	24,000,000	8,637,048	3,000,000	93,000,000	260,000,000
2051	323,567,434	39,750,000	-	80,000,000	4,448,566	59,802,000	-	507,568,000
	$ 451,311,386	$ 103,369,000	$ 160,000,000	$ 104,000,000	$ 13,085,614	$ 62,802,000	$ 93,000,000	$ 987,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

ANNUAL DEBENTURE DEBT SERVICE CHARGES ON EXISTING DEBT
For the years ending December 31
(unaudited)

	Tax-Supported			Utilities (Includes Transit System and Municipal Accommodations)			Reserve Funds			
Year	**Principal**	**Interest**	**Sub-total**	**Principal**	**Interest**	**Sub-total**	**Principal**	**Interest**	**Sub-total**	**Total**
2020	$ 4,576,666	$ 10,702,604	$ 15,279,270	$ 8,637,501	$ 25,055,901	$ 33,693,403	$ 1,484,005	$ 3,500,117	$ 4,984,122	$ 53,956,795
2021-2036	73,226,656	171,241,664	244,468,320	138,200,016	400,894,416	539,094,448	23,744,080	56,001,872	79,745,952	863,308,720
2037-2041	22,883,330	53,513,020	76,396,350	29,007,505	83,679,505	112,687,015	7,425,025	17,500,585	24,920,610	214,003,975
2042-2045	18,306,664	42,810,416	61,117,080	19,499,576	54,583,604	74,083,184	5,936,020	14,000,468	19,936,488	155,136,752
2046-2051	14,629,512	35,442,588	50,072,100	24,901,284	73,887,144	98,788,428	-	-	-	148,860,528
	$ 133,622,828	$ 313,710,292	$ 447,333,120	$ 220,245,882	$ 638,100,570	$ 858,346,478	$ 38,589,130	$ 91,003,042	$ 129,587,172	$ 1,435,266,770

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE

As at December 31, 2019
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2020 Interest	Annual Charges 2020 Principal	Sinking Fund Reserve at Dec. 31, 2019
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	$ 3,282,227
23/13 & 149/13	10,871,000	June 1, 2014-2045	CAN	4.500	3.713	403,640	167,886	942,573
144/11 & 5/15	8,150,000	June 1, 2015-2045	CAN	4.500	3.828	311,982	133,591	586,537
5/2015 & 40/2016	19,891,000	June 1, 2016-2045	CAN	4.000	3.303	657,000	375,541	1,199,652
150/2009	18,700,000	Nov. 15, 2011-2051	CAN	4.500	4.300	804,100	174,717	1,648,141
120/2009	25,000,000	Nov. 15, 2012-2051	CAN	4.500	3.759	939,750	246,392	1,987,058
219/07, 184/08	10,259,000	Nov. 15, 2019-2051	CAN	4.000	3.499	358,962	163,617	-
40/2016	13,500,000	Nov. 15, 2019-2051	CAN	3.500	2.667	360,045	235,460	-
	144,226,000					5,387,534	2,081,815	9,646,188
PARKS AND RECREATION								
72/2006, 219/07	2,775,000	Nov. 15, 2019 - 2051	CAN	4.000	3.499	97,097	44,257	-
40/2016	990,000	Nov. 15, 2019 - 2051	CAN	3.500	2.667	26,403	17,267	-
	3,765,000					123,500	61,524	-
LIBRARIES								
23&149/13, 5/15, 40/16	13,759,000	June 1, 2016-2045	CAN	4.000	3.303	454,460	259,769	829,823
40/2016	1,940,000	Nov. 15, 2019-2051	CAN	3.500	2.667	51,740	33,837	-
	15,699,000					506,200	293,606	829,823

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2019

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2020 Interest	Annual Charges 2020 Principal	Sinking Fund Reserve at Dec. 31, 2019
FIRE								
5/2015	808,000	June 1, 2015-2045	CAN	4.500	3.828	30,930	13,244	58,150
5/2015 & 40/2016	1,109,000	June 1, 2016-2045	CAN	4.000	3.303	36,630	20,938	66,885
7751/01, 32/2007	3,144,000	Nov. 15, 2019-2051	CAN	4.000	3.499	110,009	50,142	-
	5,061,000					177,569	84,324	125,035
POLICE								
93/2011	50,000,000	Nov. 15, 2012-2051	CAN	4.500	3.853	1,926,500	492,783	3,974,117
93/2011	8,586,000	Nov. 15, 2012-2051	CAN	4.500	3.759	322,748	84,621	682,435
93/2011	43,992,000	Nov. 15, 2013-2051	CAN	4.500	4.391	1,891,656	457,591	3,091,022
93/11 & 145/13	52,568,000	Nov. 15, 2014-2051	CAN	4.500	3.893	2,046,472	577,408	3,176,746
	155,146,000					6,187,376	1,612,403	10,924,320
ASSINIBOINE PARK - COMMUNITY SERVICES								
23/13 & 149/13	11,626,000	June 1, 2014-2045	CAN	4.500	4.100	476,666	179,546	1,008,035
96/2015	2,000,000	June 1, 2016-2045	CAN	4.000	3.303	66,060	37,760	120,623
6976/97, 7751/01	20,246,000	Nov. 15, 2019-2051	CAN	4.000	3.499	708,408	322,895	-
40/2016	8,514,000	Nov. 15, 2019-2051	CAN	3.500	2.667	227,068	148,497	-
	42,386,000					1,478,202	688,698	1,128,658

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)
As at December 31, 2019

				Interest Rates %		Annual Charges 2020		Sinking Fund
By-law Number	Amount of Debt	Term of Debt	Payable	Sinking Fund	Debt	Interest	Principal	Reserve at Dec. 31, 2019
LOCAL IMPROVEMENTS								
149/2013	519,000	June 1, 2014-2045	CAN	4.500	4.100	21,279	8,015	45,000
149/2013	761,000	June 1, 2014-2045	CAN	4.500	3.713	28,256	11,752	65,983
149/13 & 5/15	1,791,000	June 1, 2015-2045	CAN	4.500	3.828	68,559	29,357	128,894
72/06, 5/15, 40/16	4,603,955	June 1, 2016-2045	CAN	4.000	3.303	152,069	86,922	277,670
72/2006	1,550,000	Nov. 15, 2011-2051	CAN	4.500	4.300	66,650	14,482	136,611
6976/97, 7751/01, 40/16	677,434	Nov. 15, 2019-2051	CAN	3.500	2.667	18,067	11,815	-
	9,902,389					354,880	162,343	654,158
DEVELOPER PAYBACK								
7751/01	6,816,000	Nov. 15, 2019-2051	CAN	4.000	3.499	238,492	108,706	-
SPECIAL PROJECTS - COMMUNITY SERVICES								
61/2015	14,000,000	June 1, 2015-2045	CAN	4.500	3.828	535,920	229,482	1,007,548
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	-
PEDESTRIAN AND CYCLING PROGRAM								
7751/01, 72/2006	2,700,000	Nov. 15, 2019-2051	CAN	4.000	3.499	94,473	43,061	-
Tax-Supported Total	**451,311,389**					**16,889,980**	**6,189,069**	**24,315,730**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE
As at December 31, 2019

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2020 Interest	Annual Charges 2020 Principal	Sinking Fund Reserve at Dec. 31, 2019
TRANSIT SYSTEM								
183/2008	60,000,000	June 3, 2010-2041	CAN	4.500	5.150	3,090,000	926,607	10,269,694
23/2013	3,619,000	June 1, 2015-2045	CAN	4.500	3.828	138,535	59,321	260,451
183/2008	29,750,000	Nov. 15, 2011-2051	CAN	4.500	4.300	1,279,250	277,959	2,622,042
40/2016	10,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	266,700	174,415	-
	103,369,000					4,774,485	1,438,302	13,152,187
WATERWORKS SYSTEM								
183/04 & 72/06	60,000,000	July 17, 2006-2036	CAN	4.500	5.200	3,120,000	984,000	17,233,008
72/06 & 32/07	100,000,000	July 17, 2008-2036	CAN	4.500	5.200	5,200,000	1,852,000	26,161,640
	160,000,000					8,320,000	2,836,000	43,394,648
SEWAGE DISPOSAL SYSTEM								
5/2015	24,000,000	June 1, 2016-2045	CAN	4.000	3.303	792,720	453,118	1,447,471
219/07,184/08,150/09	80,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	2,133,600	1,395,320	-
	104,000,000					2,926,320	1,848,438	1,447,471
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	520,912
136/2016	2,450,000	Nov. 15, 2019-2051	CAN	4.500	3.499	85,726	39,074	-
133/2017	1,998,566	Nov. 15, 2019-2051	CAN	3.500	2.667	53,302	34,858	-
	13,085,611					424,310	236,999	520,912

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE

As at December 31, 2019

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2020 Interest	Annual Charges 2020 Principal	Sinking Fund Reserve at Dec. 31, 2019
MUNICIPAL ACCOMMODATIONS								
23/2013	3,000,000	June 1, 2015-2045	CAN	4.500	3.828	114,840	49,175	215,903
138/2011	41,414,000	Nov. 15, 2012-2051	CAN	4.500	3.759	1,556,752	408,163	3,291,682
84/2013	16,008,000	Nov. 15, 2013-2051	CAN	4.500	4.300	688,344	166,510	1,124,774
40/2016	2,380,000	Nov. 15, 2019-2051	CAN	3.500	2.667	63,475	41,511	-
	62,802,000					2,423,411	665,359	4,632,359
Utility Total	**443,256,611**					**18,868,526**	**7,025,098**	**63,147,577**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED RESERVE FUNDS DEBENTURE DEBT BY PURPOSE
As at December 31, 2019

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2020 Interest	Annual Charges 2020 Principal	Sinking Fund Reserve at Dec. 31, 2019
DESTINATION MARKETING RESERVE								
100/2012	28,368,000	Jun. 1, 2014-2045	CAN	4.500	3.713	1,053,304	438,100	2,459,655
100/2012	12,632,000	Jun. 1, 2015-2045	CAN	4.500	3.828	483,553	207,058	909,096
	41,000,000					1,536,857	645,158	3,368,751
LOCAL STREETS RENEWAL RESERVE								
23/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	4.100	410,000	154,435	867,053
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,434	867,053
5/2015	6,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	229,680	98,349	431,806
40/2016	1,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	33,030	18,880	60,311
	27,000,000					1,044,010	426,098	2,226,223
REGIONAL STREETS RENEWAL RESERVE								
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,435	867,053
5/2015	10,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	382,800	163,915	719,677
40/2016	5,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	165,150	94,400	301,557
	25,000,000					919,250	412,750	1,888,287
Reserve Funds Total	**93,000,000**					**3,500,117**	**1,484,006**	**7,483,261**
Grand Total	**$ 987,568,000**					**$ 39,258,623**	**$ 14,698,173**	**$ 94,946,566**

Note: With passing of the new City of Winnipeg Charter in 2003, the City is no longer required to pass a by-law when it issues debentures.

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