2022

Detailed Financial Statements

City of Winnipeg

Winnipeg, Manitoba, Canada

Companion to 2022 Annual Financial Report

Photo: Tyler Walsh, courtesy Tourism Winnipeg

For the fiscal year ended December 31, 2022

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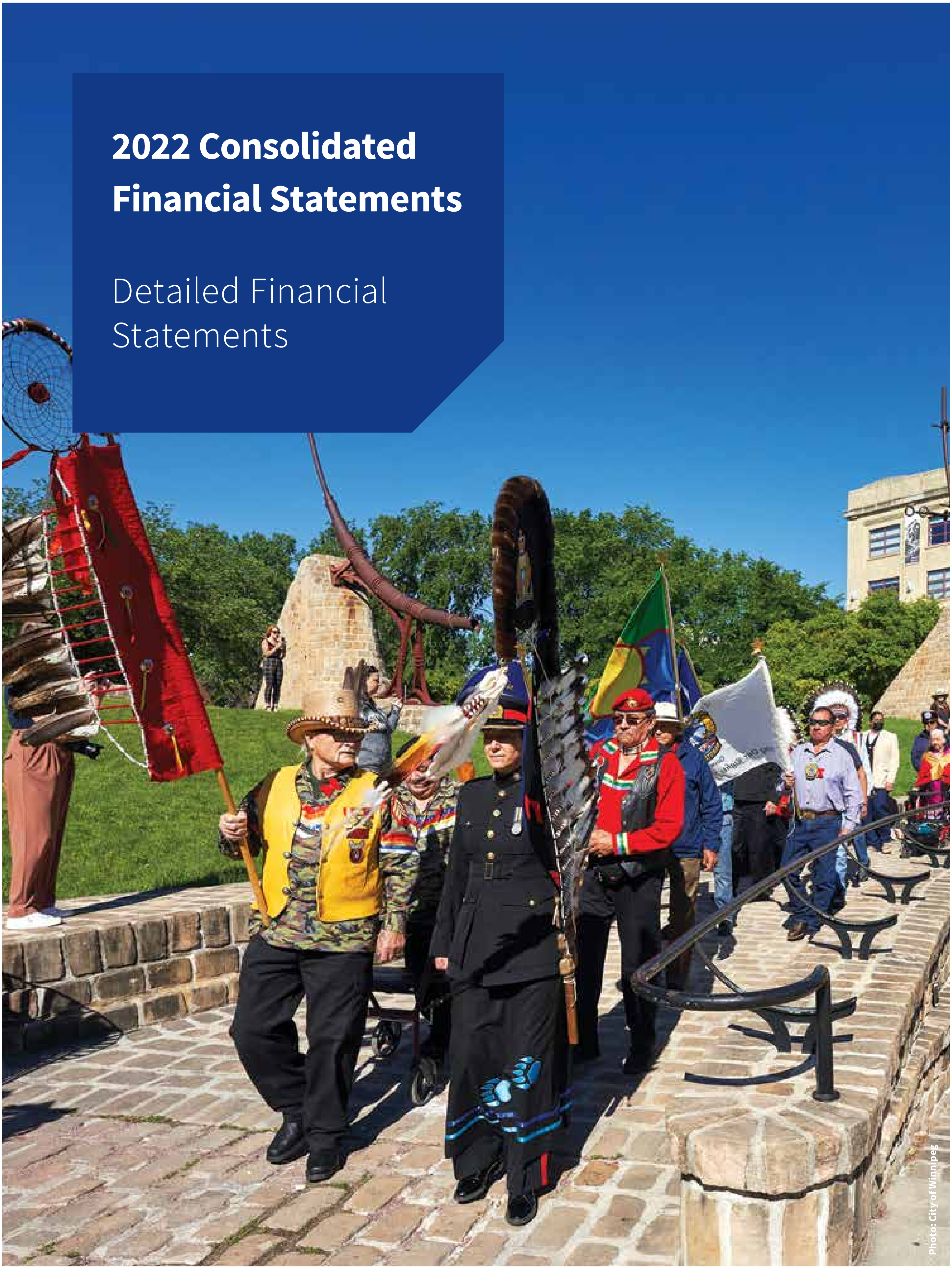


Photo: City of Winnipeg

REPORT FROM THE CHIEF FINANCIAL OFFICER
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the 2022 Financial Statement Discussion and Analysis. The following discussion and analysis of the financial status and performance of the City of Winnipeg (the "City") should be read together with the audited 2022 consolidated financial statements and their accompanying notes and schedules ("Statements"). Management of The City of Winnipeg is responsible for the preparation of the Consolidated Financial Statements. The Statements are prepared in accordance with Canadian public sector accounting standards for governments, established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

The City received the prestigious Canadian Award for Financial Reporting ("CAnFR") from the Government Finance Officers Association ("GFOA") for its December 31, 2021 annual report for the fifth year in a row. The CAnFR recognizes excellence in government accounting and financial reporting and represents a significant achievement for the City. The award reflects the tremendous effort not only of employees in Corporate Finance, but also of all departments, Special Operating Agencies ("SOAs") and elected officials in producing high quality documents for use by our community.

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19's continuing financial impact is apparent in the City's Statements. With residents working from home, businesses and public facilities closing temporarily to the public and other implications of public health order restrictions, significant revenue losses occurred in 2020 and 2021. Some improvement was seen in 2022, however revenue levels remain below pre-pandemic levels.

COVID-19 Crisis Cash Flow Management Plan

On April 27, 2020, “Addressing the Financial Challenges of COVID-19” was presented to the Standing Policy Committee on Finance. This plan identifies levers the City could use to maintain liquidity and minimize the financial impact of COVID-19. An update to the COVID-19 Crisis Cash Flow Management Plan was presented in 2022, along with a number of updates on the financial implications to the City of the pandemic. In 2022, actions taken through the Council approved 2022 Budget and subsequent recommendations by the public service including diligence with vacancy management and discretionary spending, 6% reduction in Transit service and additional draws on reserves and SOA's.

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

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

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

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

Financial Reporting Model

The objective of financial statements is to describe to the user the organization's financial position, the results of its operations and the methods by which the economic resources for its various activities have been derived and consumed. The Statements provide information about the economic resources, obligations and accumulated surplus of the City:

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

Funds, Entities and Investment in Government Businesses

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

Funds

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

The General Revenue Fund reports on tax-supported operations, which include services provided by the City, including police, fire, ambulance, recreational activities and street maintenance. The General Capital Fund accounts for tax-supported capital projects. The tax-supported capital program includes the acquisition and/or construction of streets, bridges, parks and recreation facilities. Utility operations are comprised of the Transit, Waterworks, Sewage Disposal, Land Drainage and Solid Waste Disposal Funds. Each utility accounts for its own operations and capital program.

There are four SOA Funds: Animal Services, Winnipeg Golf Services, Fleet Management and Winnipeg Parking Authority.

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

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

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

Entities and Investment in Government Businesses

The civic corporations included in the Statements are Assiniboine Park Conservancy Inc., Winnipeg Public Library Board, The Convention Centre Corporation, Winnipeg Arts Council Inc. and CentreVenture Development Corporation. Economic Development Winnipeg Inc. is a partnership with the Province of Manitoba and is proportionately consolidated. The activities of these corporations include economic development, recreation, tourism, entertainment and conventions.

North Portage Development Corporation and River Park South Developments Inc. are included in the Statements as investments in government businesses. The Park City Commons Joint Venture was wound up in June 2022 and the City's equity was distributed, completing this agreement.

Consolidated Statement of Financial Position

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

Governments also have liabilities for service delivery to be settled in the future that will consume the financial resources. This is measured by the government's net financial asset/liability position. This measure is considered in tandem with accumulated surplus to determine the government's ability to deliver services in the future. A significant portion of accumulated surplus includes the investment made in tangible capital assets which, for governments, represent service delivery capacity.

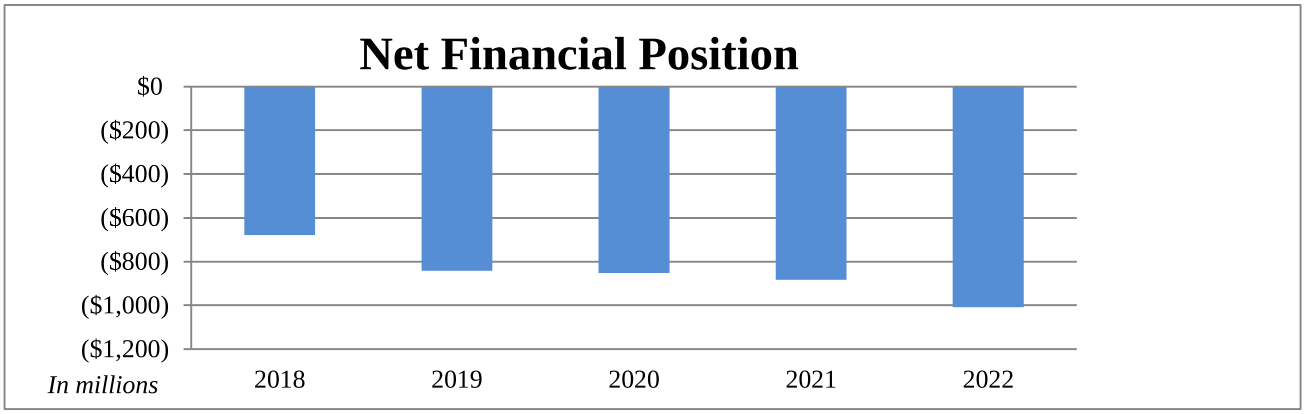
(in thousands of dollars)	2022	2021	Variance
Cash and cash equivalents	$ 857,804	$ 909,496	$ (51,692)
Other financial assets	763,502	750,551	12,951
Financial assets	1,621,306	1,660,047	(38,741)
Liabilities	2,630,414	2,543,193	(87,221)
Net financial position	(1,009,108)	(883,146)	(125,962)
Non-financial assets	8,062,364	7,865,799	196,565
Accumulated surplus	$ 7,053,256	$ 6,982,653	$ 70,603

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

Cash Resources

The City's cash resources are cash and cash equivalents. Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are held for meeting short-term obligations rather than for other purposes like investing. During 2022, the City's cash and cash equivalents decreased by $51.7 million. This decrease resulted primarily because cash and cash equivalents used to construct and purchase tangible capital assets and repay debt was greater than the amount of cash generated from operating activities.

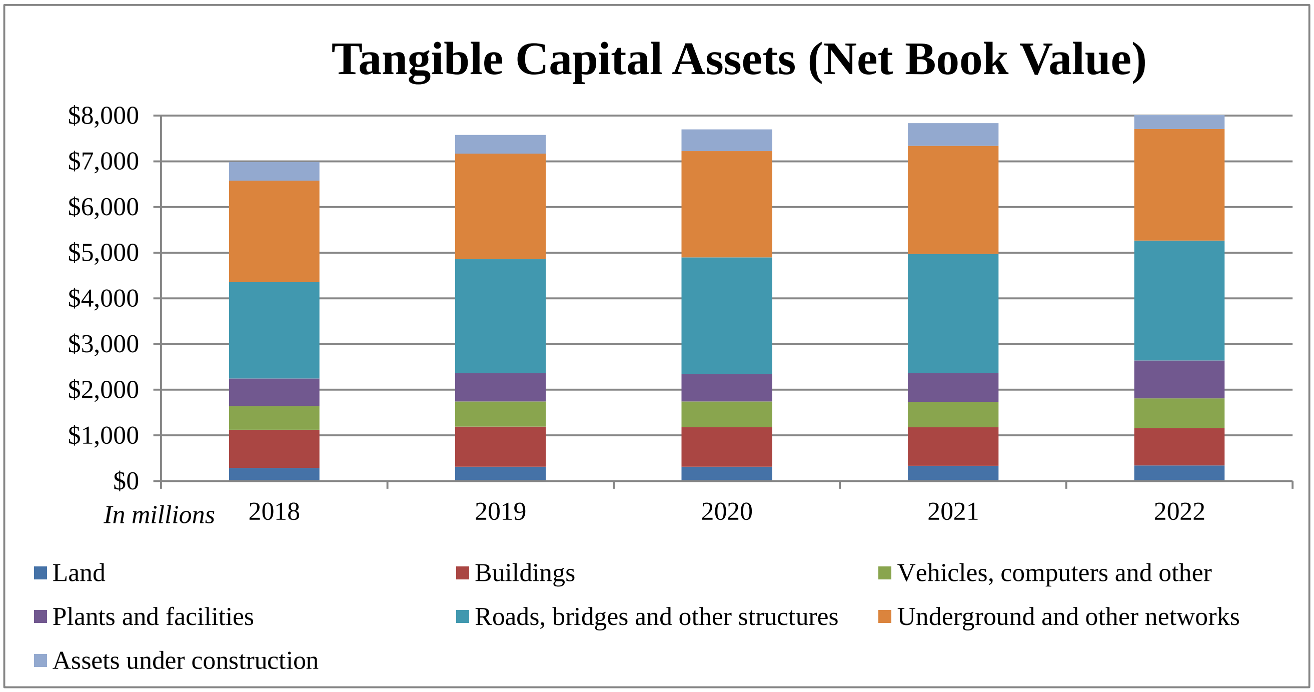
Net Financial Position



Net financial position is the difference between financial assets and liabilities and indicates the affordability of additional spending. As at December 31, 2022, the City is in a net financial liability position of $1.0 billion (2021 - $883.1 million), an increase of $126.0 million partially due to the fiscal challenges presented by the pandemic.

Non-Financial Assets

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



During 2022, the City acquired $494.5 million of tangible capital assets (2021 - $424.1 million), including contributed roads and underground networks totaling $84.8 million (2021 - $63.5 million). Contributed assets are capitalized at their fair value at the time of receipt. Of the assets acquired, $179.3 million was for tax-supported projects (36%). Spending on tax-supported projects was primarily on roads, a priority of Council.

The City continues to prioritize investing in infrastructure. The acquisition of tangible capital assets is authorized largely through the Council approved capital budget. On December 15, 2021, Council adopted the 2022 annual capital budget and the 2023 to 2027 five-year capital forecast. The six-year plan projected $2.9 billion in City capital projects, with $527.0 million authorized for 2022. The 2022 Budget includes:

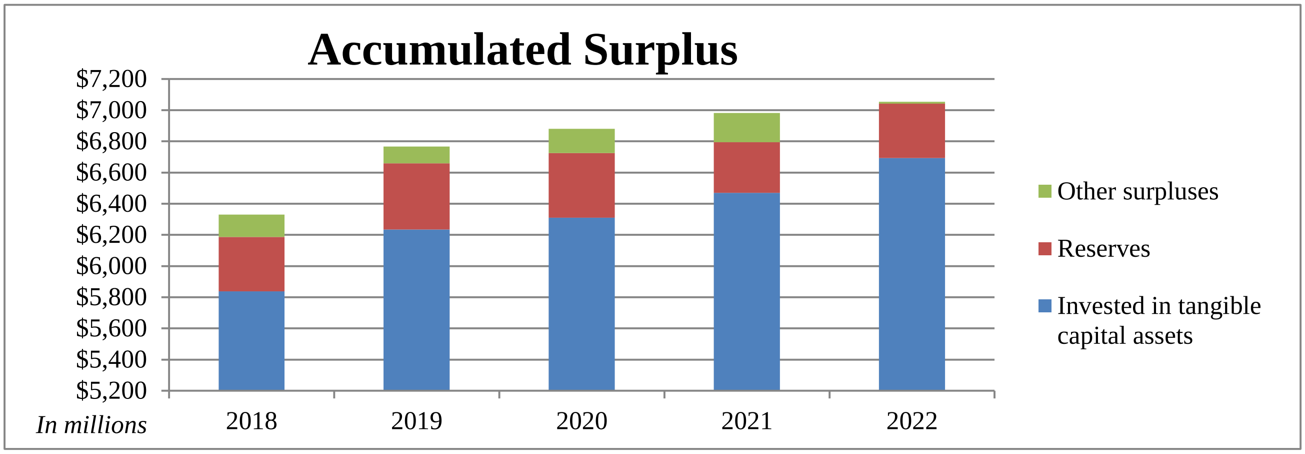
- $164.7 million for regional and local street renewal and $11.1 million for waterway crossings and grade separations
- $99.9 million for public transit projects, including $49.8 million for the transition to zero emission buses and $42.5 million for the North Garage replacement
- $77.8 million for sewage disposal collection and treatment systems projects, including $30.0 million for combined sewer overflow and basement flood management strategy
- $33.7 million for waterworks systems projects, including $18.5 million for water main renewals
- $32.9 million for community services, including $16.7 million for recreation and library facility investment strategy
- $20.3 million for fire paramedic service, including $13.4 million for facility optimization in St. Boniface Industrial area and Windsor park station consolidation
- $20.0 million for economic response and recovery plan: revitalizing downtown strategy and related infrastructure investments
- $16.8 million for fleet management agency, including fleet asset acquisitions
- $11.8 million for parks and open space, including $6.2 million for urban forest renewal
- $5.0 million for police service, including communication site upgrades

Included in the capital investment plan over the six-year period (2022 to 2027) is $570.7 million of federal funding under the Canada Community-Building Fund (formerly the Gas Tax), New Building Canada Fund, and Veterans Affairs Canada and Investing in Canada Infrastructure Program; $251.6 million of provincial funding and $86.5 million of cash to capital funding.

Accumulated Surplus

The accumulated surplus represents the net assets of the City, and the yearly change in the accumulated surplus is equal to the annual excess of revenues over expenses for the year (results of operations or annual surplus).

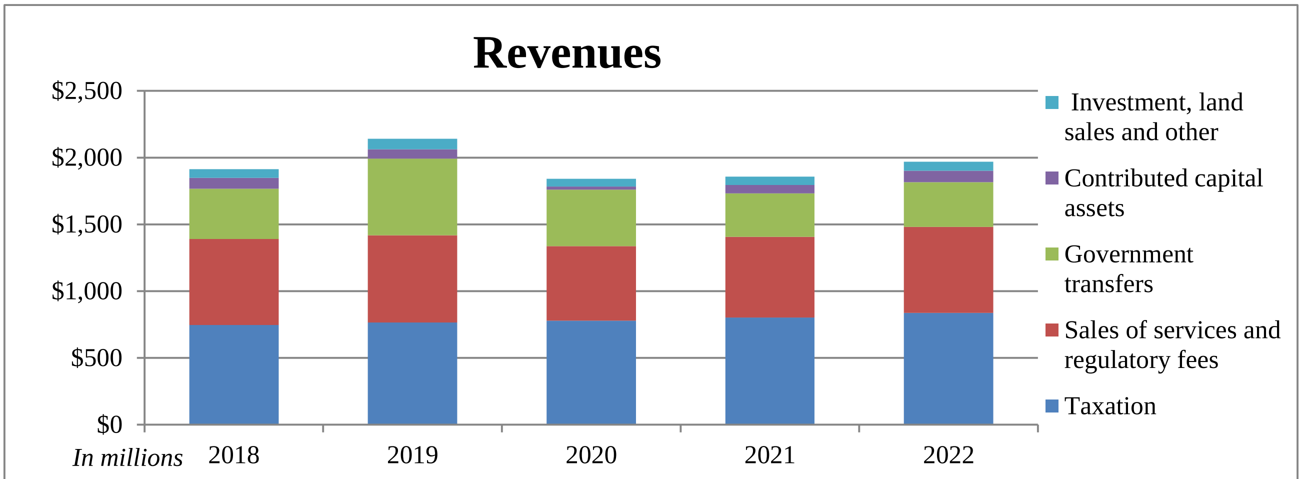
Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities, such as vacation, retirement allowance, compensated absences and landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2022 - 95%; 2021 - 93%). Investment in tangible capital assets is an important aspect of service delivery and is not intended or readily accessible for use in funding ongoing operations.



The City's accumulated surplus, through its investment in tangible capital assets, has grown by $70.6 million in 2022, indicating a strong foundation upon which services will continue to be delivered in the future.

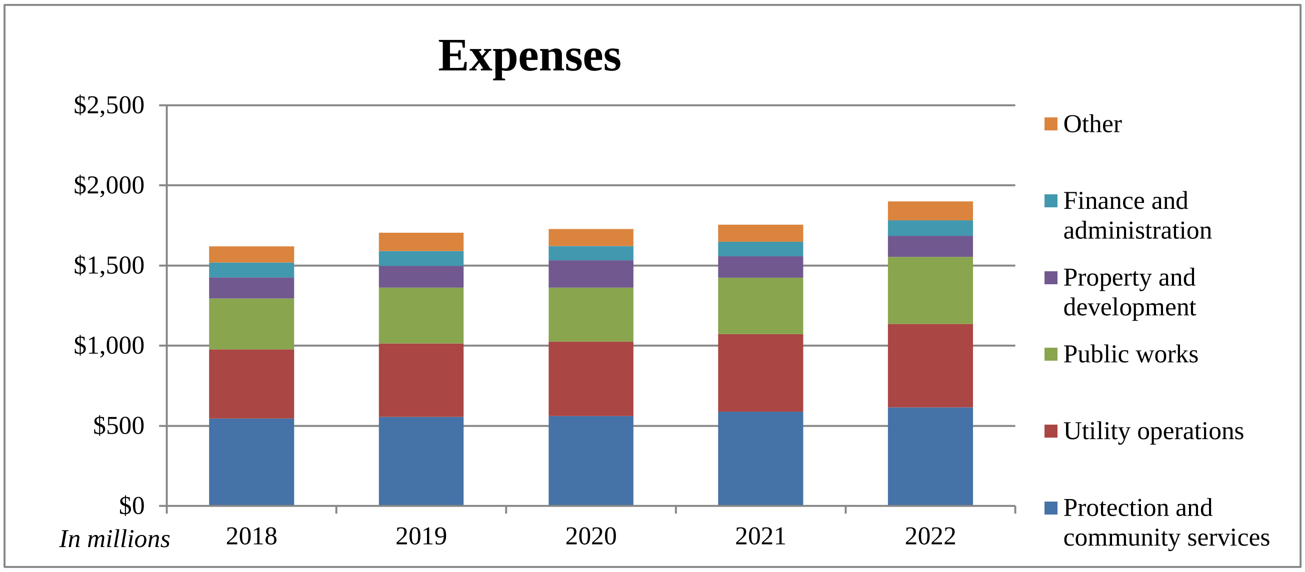
Consolidated Statement of Operations

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



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

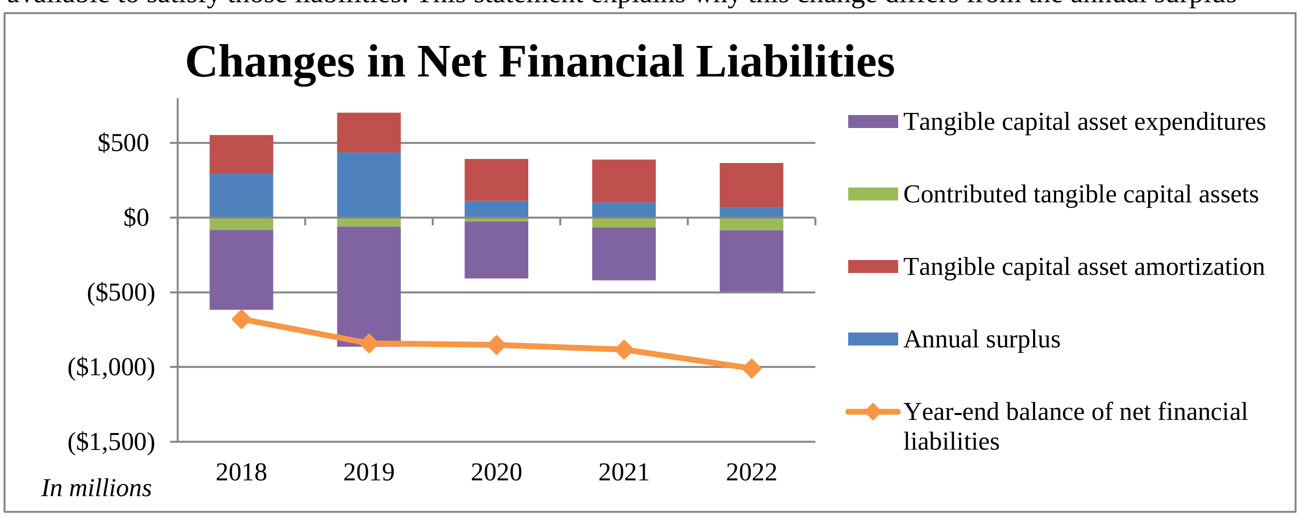
Beyond government transfers, the City has a balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has defined indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability measure a government's risk of over-dependency on sources of funding outside its control or exposure to risks that could impair its ability to meet financial and service commitments. Over the five year period, government transfers as a percentage of total revenue has ranged from 17% to 27%. For 2022, government transfers represent 17% of total revenues.



Spending in all categories are largely consistent with 2021 and reflects Council's priorities of public safety and roads. Public Works expense increased from 2021 relating to higher snow and ice control costs in 2022 due to extraordinary weather conditions.

Consolidated Statement of Changes in Net Financial Liabilities

Net financial liabilities represent the difference between the City's liabilities and its financial assets readily available to satisfy those liabilities. This statement explains why this change differs from the annual surplus



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

The City continues to assume debt in a responsible and prudent manner as reflected in the results of its credit rating review. In June 2022, Standard & Poor's ("S&P") raised its rating on the City of Winnipeg to AA+ from AA. This was reaffirmed in November 2022, due to Winnipeg's "diversified economy" and "well-balanced institutional framework".

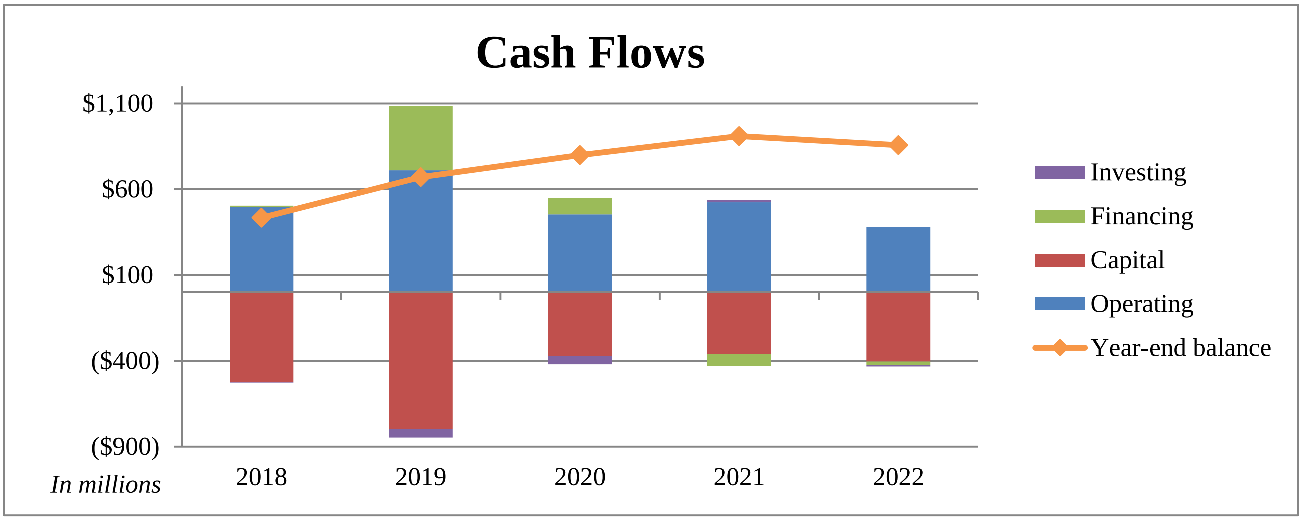
Moody's Investors Service ("Moody's") announced in December 2022 it maintained the City's credit rating at Aa2, noting "strong debt affordability" and "economic diversity". The announcement also expressed "strong governance and management structure" as a strength but that the rating is constrained by Winnipeg's debt burden as the City continues to invest in infrastructure. The rating reflects the economic and fiscal pressures of the pandemic.

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

Another indicator of financial condition introduced by PSAB measures flexibility. Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. Even with the assumption of more debt, the City's interest expense-to-revenues has remained constant over the past several years between 2.7% - 3.6%. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest borrowing rates obtained by the City, which reflect not only the current market conditions but also the City's strong credit rating.

Consolidated Statement of Cash Flows

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



Managing cash flow to ensure sufficient liquidity was a key area of focus again in 2022 due to the impacts of the COVID-19 pandemic.

Analysis of Statements

Accounts Receivable

The accounts receivable balance has increased by $3.4 million from the prior year, largely related to taxes receivables outstanding in 2022. The largest component of accounts receivable is trade accounts and other receivables at 58% (2021 - 54%). Approximately 47% (2021 - 51%) of trade accounts and other receivables result from water and sewer services. Management has determined credit risk to be low on the outstanding water and sewer receivables and has provided an allowance for doubtful accounts of $400,000 (2021 - $400,000). The largest component of the total allowance for doubtful accounts relates to ambulance services.

As at December 31, 2022, property, payments-in-lieu and business tax receivables (taxes receivable), net of the estimated allowance for tax arrears, represented 20% (2021 - 17%) of total receivables. Taxation revenue is 42% (2021 - 43%) of total consolidated revenues. The decreased allowance for tax arrears in 2022 relates to the reduced uncertainties of the impacts of the pandemic on collectability of business taxes.

Taxes Receivable As at December 31 (in thousands of dollars)	2022	2021	2020	2019	2018
Taxes receivable	$ 68,565	$ 57,005	$ 67,309	$ 60,120	$ 56,704
Allowance for tax arrears	(1,277)	(1,500)	(2,849)	(1,207)	(813)
	$ 67,288	$ 55,505	$ 64,460	$ 58,913	$ 55,891

Investments

Investments As at December 31 (in thousands of dollars)	2022	2021
Marketable securities		
Municipal bonds	$ 111,319	$ 115,794
Provincial bonds and bond coupons	40,429	28,729
Federal entity bonds	26,344	25,733
	178,092	170,256
Manitoba Hydro long-term receivable	220,238	220,238
Other	2,895	156
	$ 401,225	$ 390,650
Market value of marketable securities	$ 146,047	$ 178,368

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

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

Debt

Debt As at December 31 (in thousands of dollars)	2022	2021
Sinking fund debentures	$ 1,072,568	$1,072,568
Equity in sinking funds	(152,454)	(132,049)
	920,114	940,519
Service concession arrangement obligations	269,399	274,787
Bank loans and other	151,803	140,528
Capital lease obligations	17,427	19,045
	1,358,743	1,374,879
Unamortized premium on debt	104,391	108,089
	$ 1,463,134	$1,482,968

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

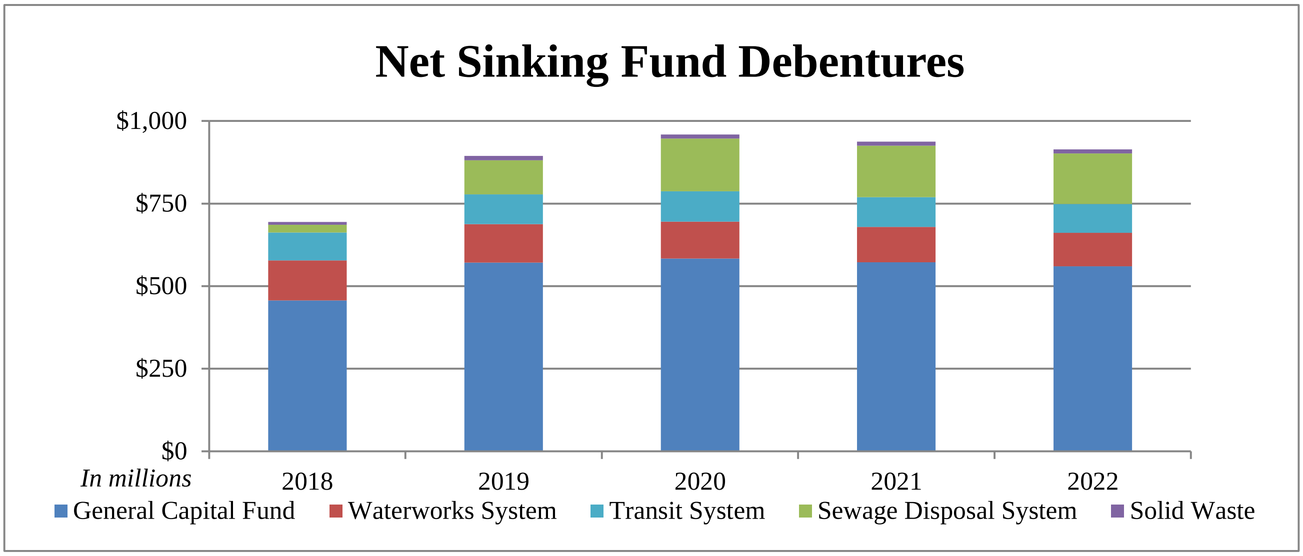
For the City managed sinking fund, the City pays interest on the principal to the investors and contributes a set percentage of the principal into the sinking fund annually. The sinking fund contribution percentage is set at the time of debt issuance and is estimated to be sufficient to retire the debentures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

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

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

No sinking fund debentures were issued in 2022 or in 2021.

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



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

Debt Service Coverage Ratio	2022	2021	2020	2019	2018
Free Cash and Liquid Assets/ Debt Service	633.5%	832.3%	1261.1%	1052.8%	774.4%

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	2022	2021	2020	2019	2018
Free Cash, Liquid Assets and Committed Credit/Consolidated Operating Expenses less Amortization	58.2%	70.3%	77.5%	61.3%	46.4%

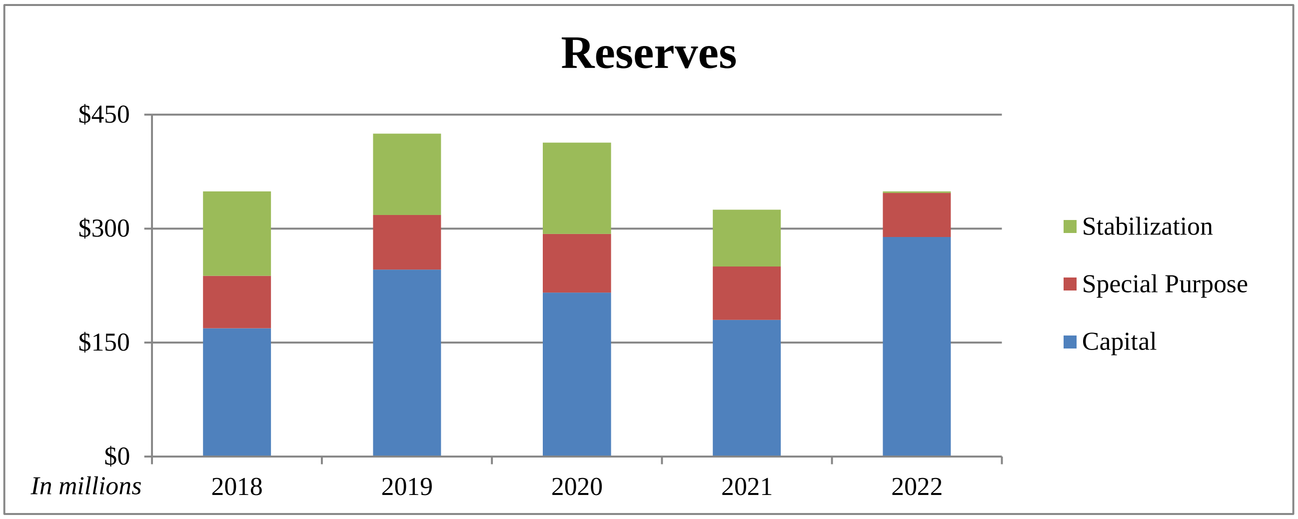
In its recent credit rating report, Standard and Poor's commented that the City has a diversified economy, strong financial management and robust liquidity.

Reserves

Reserve balances have increased overall by $24.0 million (2021 - $88.1 million decrease) from the prior year.

The Financial Stabilization Reserve is projected to be $17.4 million, which is $60.6 million below its minimum balance of 6% of the General Revenue Fund adopted 2023 budgeted expenses at the end of 2023. The Reserve projected balance is below the minimum balance due to the need to draw on the reserve to balance 2022's General Revenue Fund deficit. In 2022, the Financial Stabilization Reserve balance decreased by $73.0 million, ending at $2.1 million. The Council adopted 2023 Budget includes a transfer of $15.0 million to this reserve from the Waterworks Fund.

The Capital Reserve balance increased by $98.4 million mainly due to additional funding for the Environmental Project Reserve Fund.



On January 25, 2006, City Council authorized the establishment of the Federal Gas Tax Revenue Reserve Fund. Purpose of the Reserve is to account for funds received from the Province under the Federal Gas Tax Funding agreement. The name of the Reserve has been amended to the "Canada Community-Building Fund Reserve" to reflect the change in name of the Federal government program. The reserve transferred $51.0 million to General Capital Fund during 2022 to fund various eligible capital projects.

During 2013, a reserve was established to track dedicated revenue for the sole purpose of funding the renewal of local streets, back lanes and sidewalks. The long-term proposal, subject to annual Council approval, is to fund this Local Street Renewal Reserve Fund with dedicated annual 1% property tax increases in 2022. The reserve transferred $47.5 million to the General Capital Fund during 2022 to fund local street, back lane and sidewalk projects.

A similarly dedicated 1% property tax increase was introduced in 2014 to fund a Regional Street Renewal Reserve. Approximately 80% of the traffic volume in the City occurs on 1,800 lane kilometers of regional streets. The long-term proposal, subject to annual Council approval, is to dedicate annual 1% property tax increases in 2022, to the renewal of regional streets, sidewalks and bridges. The reserve transferred $42.9 million to the General Capital Fund during 2022 to fund regional street projects.

Consolidated Revenue and Expense Comparisons

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2022 on a comparative basis. The City increased its accumulated surplus during the year because annual revenues exceeded expenses. This statement includes the consolidated budget to provide additional transparency and accountability.

During 2022, the City recorded consolidated revenues of $1.970 billion (2021 - $1.857 billion), which included government transfers, developer contributions-in-kind and other capital contributions related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.900 billion (2021 - $1.754 billion).

Consolidated revenues before government transfers, developer contributions-in-kind and other capital contributions totaled $1.769 billion (2021 - $1.676 billion). As a result, the City reported a deficit of $130.7 million (2021 deficit of $78.1 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 2022		Actual 2022		Actual 2021		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 827,627	42%	$ 836,980	42%	$ 800,949	43%	$ 9,353	$ 36,031
Sales of services and regulatory fees	641,952	33%	644,358	33%	605,229	33%	2,406	39,129
Government transfers - Operating	215,159	11%	226,616	12%	219,869	12%	11,457	6,747
Investment, land sales and other revenues	50,425	3%	61,098	3%	50,364	3%	10,673	10,734
Revenue before Other	1,735,163		1,769,052		1,676,411		33,889	92,641
Government transfers - Capital	132,248	7%	108,698	6%	105,592	6%	(23,550)	3,106
Developer contributions-in-kind	70,670	4%	84,767	4%	63,500	3%	14,097	21,267
Other capital contributions	5,800	0%	7,808	0%	11,155	0%	2,008	(3,347)
	208,718		201,273		180,247		(7,445)	21,026
	$1,943,881		$1,970,325		$1,856,658		$ 26,444	$ 113,667

Revenues were $113.7 million higher in 2022 due to several factors. Sale of services and regulatory fees increased compared to 2021 largely due to gradual return of ridership to Transit. As well, several revenue streams rebounded from the impact in 2021 of the pandemic, including parking fines, parking meter fees, resumption of events and conventions, park revenues and restoration of recreation services.

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

Investments, land sales and other revenues increased mainly due to higher interest rates compared to prior year. Government Transfers year over year actual for operating increased mainly due to Federal funding to assist with operational losses due to COVID-19.

Consolidated Expenses By Service For the years ended December 31 (in thousands of dollars)	Budget 2022		Actual 2022		Actual 2021		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 598,440	33%	$ 615,086	32%	$ 589,273	34%	$ (16,646)	$ (25,813)
Utility operations	508,325	28%	520,525	27%	481,631	27%	(12,200)	(38,894)
Public works	345,533	19%	418,207	22%	353,693	20%	(72,674)	(64,514)
Property and development	151,154	8%	131,932	7%	133,275	8%	19,222	1,343
Finance and administration	96,000	5%	96,705	5%	89,713	5%	(705)	(6,992)
Civic corporations	75,038	5%	79,456	5%	63,818	4%	(4,418)	(15,638)
General government	12,974	2%	37,811	2%	43,058	2%	(24,837)	5,247
	$ 1,787,464		$ 1,899,722		$ 1,754,461		$ (112,258)	$ (145,261)

Consolidated expenses increased by $145.2 million or 8.3% from the previous year for the following reasons:

- Public works services expenses increased by $64.5 million primarily due to higher volumes of snow removal and ice control, and due to contractual pay increases to employees.

- Utility operations expenses increased by $38.9 million compared to 2021. This is due to increase in fuel prices and salary and benefits costs, higher Transit Plus costs due to increased demand and additional Sewage amortization expense.

- Protection and community services increased by $25.8 million primarily due to contractual pay increases to employees and resumption of services in 2022 due to closures related to COVID-19 in 2021.

Consolidated Expenses By Object For the years ended December 31 (in thousands of dollars)	2022		2021		Variance
Salaries and benefits	$ 980,478	52%	$ 932,407	53%	$ (48,071)
Goods and services	530,604	28%	429,939	25%	(100,665)
Amortization	293,628	15%	286,475	16%	(7,153)
Interest	64,202	3%	66,324	4%	2,122
Other expenses	30,810	2%	39,316	2%	8,506
	$ 1,899,722		$ 1,754,461		$ (145,261)

- Increases in goods and services expenses resulted primarily due to snow removal and ice control costs, increase in fuel prices and parts spending due to inflation and due to higher demands in Transit Plus service from the gradual recovery from the impact of COVID-19.
- Increases in salaries and benefits expenses resulted primarily due to contractual pay increases to employees, resumption of services in 2022 and snow removal and ice control activities due to significant snowfall in 2022.

Risks and Risk Mitigation

Financial Sustainability

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

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

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

Comprehensive Asset Management

The City faces a significant infrastructure deficit to address infrastructure needs relating to the major service areas across the organization. Based on the published 2018 State of the Infrastructure Report, an investment of $6.9 billion is required over the next decade. An updated 2024 Infrastructure Plan will be released at the end of 2023.

To assist in addressing this issue, the City is using the dedicated property taxes for local and regional roads (1% each), and leveraging Federal and Provincial funding opportunities. As well, the City has committed to comprehensive asset management as a key initiative to help address challenges associated with infrastructure investments. Several near and long-term strategies to address the deficit are outlined in the 2018 City Asset Management Plan, which sets the stage to routinely monitor and improve asset performance and organizational sustainability.

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

In January 2015, Council approved an Asset Management Policy. This policy guides the City in incorporating best practices in asset management. Asset management aligns the elements of governance, process and technology to deliver established levels of service at an acceptable level of risk. In fulfilling the policy's requirements, the following documents have been delivered:

- Asset Management Administrative Standard: This document establishes the City's approach to managing the City’s physical assets.
- Investment Planning Manual: This manual provides a methodology to develop a consistent, efficient and effective process to develop Investment Plans (Capital Budget).
- Project Management Manual: This manual provides consistency in project delivery in the City. It is to be used by all business units in all departments for delivery of capital projects in the City. This manual is largely based on the Project Management Body of Knowledge, which is generally considered to be best practices for project management in North America.
- Templates: Templates such as a Business Case Template and a Basis of Estimate Template were created to ensure consistency throughout the Public Service when working on investment planning or project management.
- Asset Management Strategy Documents:
    - **Departmental Asset Management Plan:** This plan contains critical asset information pertaining to inventory, replacement value, condition, age and performance. It outlines tactical and financial strategies for managing assets throughout their life cycle.
    - **City Asset Management Plan ("CAMP"):** This plan provides a summary of asset information, strategies and funding deficits related to the entire portfolio of new and existing infrastructure. It presents a cross-comparison of major City services and facilitates broader decision making across the organization. The plan also outlines corporate strategies and improvement initiatives focusing on people, process, technology and assets across City departments and functional teams.
    - **State of the Infrastructure Report:** This report provides a high level summary of the CAMP and it reports on 13 major infrastructure elements that the City manages in order to deliver services. The report provides a comparison of asset condition, capital budget allocations and a service area’s overall contribution to the deficit based on new and existing infrastructure needs.
    - **Infrastructure Plan:** The Infrastructure Plan is meant to capture the City’s 10-year investment strategy, which outlines capital priorities and the limited availability of funding to support the development of a multi-year capital budget. Enhanced decision-making is facilitated through capital optimization and continuous monitoring of the City’s infrastructure deficit, debt capacity, and financing sources. The Infrastructure Plan will guide the City’s investment planning efforts based on aligned capital priorities and budget availability. It is meant to inform the capital planning process and ensure alignment with long-term City objectives as set out in OurWinnipeg, Council priorities, and departmental plans.
    - **Strategic Asset Management Plan ("SAMP"):** This document provides the City's commitment and approach to achieving Council's approved policy. The SAMP will summarize the City’s strategy for asset management and will outline how organizational objectives will be converted into asset management objectives. The document was endorsed through the City's Asset Management Advisory Committee.

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

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

The City has applied for funding under ICIP, a 10-year federal infrastructure funding program (2018 to 2027). Funding is available under three infrastructure streams:

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

In 2021, the City received notice of approval of funding for NEWPCC: Headworks facilities, South Winnipeg Recreation Campus and St. James Civic Centre. In 2022, the NEWPCC: Biosolids facilities and all six projects under PTIS received approval.

Capital Project Management

One of the major functions of the City is the delivery of capital investments. In 2022, the City put into service $0.5 billion in tangible capital assets, rehabilitating and investing in new assets such as roads, bridges and buildings. Tangible capital assets serve as key components to service delivery.

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

- The Public Service established Major Capital Project Advisory Committees to ensure project risks are being appropriately identified and addressed. As well, regular reporting to the Standing Policy Committee on Finance and Economic Development enhances public transparency.
- The City transitioned to a system where all capital budget submissions require a supporting business case that can be challenged on the basis of need (level of service and risk), assumptions and recommended solutions.
- In 2018, the City rolled out its Open Capital Projects Dashboard (the "Dashboard") on its website. The Dashboard is a visually engaging, interactive tool that reports on the progress of the City's open capital projects with budgets of $5 million or more. It eliminates the complexity of analyzing a capital project's financial and non-financial information. Its schedule and cost variance matrix were custom developed to do this analysis for users. The Dashboard was awarded GFOA's Award for Excellence in Government Finance. This award recognizes this initiative as a contribution to the practice of government finance that exemplifies outstanding financial management.
- The Dashboard complements the Open Budget, which reports fundamental financial information of adopted budget, amended budget and actual costs categorized by department, category and subcategory for the City's entire portfolio of more than 700 open capital projects.
- A Capital Expenditures Monthly Report is posted to the City's website to improve transparency and accountability. A version was made available through the City's Open Data Portal early in 2016.

Financial Management Plan

The latest Financial Management Plan (the "Plan") was adopted by Council on March 20, 2020. The Plan outlines the City's strategy for guiding financial decision-making, meeting long-term obligations and improving its economic position and financial stability. It sets forth guidelines upon which current and future financial performance can be measured. The goals and targets have been refreshed from the previous plan adopted in 2011. A new goal added to the Plan supports long-term financial planning, with the target of transitioning to multi-year balanced tax-supported operating budgets. This target will help address financial sustainability.

One of the eight targets included in the Plan is to ensure debt issuance and outstanding debt levels are in accordance with the Debt Management Policy and Debt Strategy. A review of forecasted net debt and servicing costs, including the financial implications of service concession arrangements, is conducted on an ongoing basis.

Debt Strategy

To help manage the City's debt responsibly and transparently, on October 28, 2015, Council approved an updated debt strategy for the City. The following table provides the Council approved limits; the debt metrics as at December 31, 2022; and the forecasted peak levels based on the Council approved borrowing from the 2023 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As At December 31, 2022	Forecasted Peak
Debt as a % of revenue			
City	90.0%	69.0%	78.0%
Tax-supported and other funds	80.0%	45.0%	57.4%
Utilities and other	220.0%	64.0%	105.2%
Debt-servicing as a % of revenue			
City	11.0%	5.3%	7.0%
Tax-supported and other funds	10.0%	3.8%	5.2%
Utilities and other	20.0%	4.5%	9.8%
Debt per capita			
City	$2,800	$1,745	$2,096
Tax-supported and other funds	$1,500	$981	$1,142
Utilities and other	$1,500	$661	$1,167

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, 2022 is $32.3 million (2021 - $34.1 million). Included in the outstanding balance on guaranteed loans is a $5.3 million guarantee related to financing provided by the Federation of Canadian Municipalities to the private Fort Rouge Yards project. The City is fully indemnified for this guarantee through an indemnity agreement with First National Financial LP.

Some of the capital projects related to guarantees are in progress at year-end, using lines of credit. The potential full use of these credit facilities, or at risk amount, is $35.4 million (2021 - $36.5 million). The City does not anticipate incurring future payments on these guarantees.

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

COVID-19 has financially impacted most businesses and organizations, including those for which the City has provided a loan guarantee. The City is in regular contact with these organizations and is monitoring the status of its loan guarantees.

Employee Benefit Programs

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

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

Pension Plans

The City has two major pension plans - The Winnipeg Civic Employees' Benefits Program and the Winnipeg Police Pension Plan.

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

The future service cost of the Winnipeg Civic Employees' Benefits Program in 2022 was 27.48% 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, 2022, the market value of this pension fund's assets was $2,042.5 million (2021 - $2,115.9 million), which is $53.6 million more (2021 - $236.0 million more) than the accrued pension obligation.

Based on the valuation of the Plan as at December 31, 2021, the cost of benefits accruing under this Plan in 2022 represents 32.46% of pensionable earnings, of which the employees contributed 8% of earnings. In accordance with Provincial pension legislation, the Plan's Contribution Stabilization Reserve can be used to reduce the City's contributions to match the employees' contributions to the extent the Plan is funded in excess of both 105% on a solvency basis and fully funded, including the prescribed Provision for Adverse Deviation, on a going-concern basis. The balance in the Contribution Stabilization Reserve has been below the required threshold to reduce City contributions since May 2012. Further, in accordance with the Plan provisions and the last filed actuarial report the City was required to contribute 21.78% of pensionable earnings, leaving 2.68% of earnings not being funded.

The date of the next required actuarial valuation of the Plan to be prepared and filed with the Manitoba Office of the Superintendent - Pension Commission (The "Pension Commission") is December 31, 2023. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. As of the most recent valuation filed with the Pension Commission as of

December 31, 2020, the Plan had a solvency deficiency under this wind-up scenario.

This deficiency is being addressed over the five years following the valuation date by the City by obtaining a letter of credit with face value equal to the value of additional contributions cumulatively required. City Council approved the letter of credit and the City has obtained a letter of credit for $4.8 million as of December 31, 2022.

Group Life Insurance Plans

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

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

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

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

Environmental Matters

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

The 2005 to 2022 Council approved capital budgets for the Water and Waste utilities and their 2023 to 2027 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" was passed, which further enforces limits and imposes treatment options for the North End Water Pollution Control Centre ("NEWPCC"). In 2013, an additional licence was issued under the Environment Act, which governs combined sewers and overflow structures. With this direction, a waste-water upgrade program is underway that will address nutrient control and biosolids management, estimated (class 3) cost is approximately $1.8 billion. The combined sewer overflow mitigation Master Plan was approved by the Province on November 13, 2019. The estimated cost (class 5) is approximately $2.3 billion. These estimates are based on preliminary assessments and are dependent on market factors and interpretation of the compliance requirements.

Council approved a project that includes upgrades to the Headworks facilities of NEWPCC. The scope of this project is necessary for the subsequent Biosolids and Nutrient Removal Facilities projects that will address regulatory requirements. These projects also include replacement of end-of-life equipment. Biosolids from all three sewage treatment plants are processed at NEWPCC, which is nearing biosolids treatment capacity. The Biosolids project also provides for a new treatment facility in order to meet regulatory requirements regarding maximizing biosolids reuse. Without Provincial or Federal support of this project, it will be a challenge for the City to upgrade this facility. On September 26, 2019, Council approved the submission of an application to ICIP for upgrades to the NEWPCC project. On June 2, 2021, the Province of Manitoba advised that the federal and provincial funding was approved for the Headworks Facilities Project. The Biosolids Facilities Project funding was approved on December 20, 2022. Other major funding sources for these improvements will be provided by the Environmental Projects Reserve, the Canada Strategic Infrastructure Fund, the Green Infrastructure Fund and accumulated surplus.

The City of Winnipeg operates one landfill, located at the Brady Road Resource Management Facility, and maintains and monitors several former landfill sites. The City estimates costs associated with future landfill closure and post-closure care requirements in the determination of its environmental liability. The Provincial Environment Act Licence issued on April 23, 2014 provides direction on closure and post closure requirements. In estimating future landfill closure costs, management has estimated the total cost to cover, landscape and maintain the site based upon remaining life and capacity. The liability is measured on a discounted basis using the City's budgeted long-term borrowing rate.

The City recognizes a liability for remediation of contaminated sites when conditions are identified that indicate non-compliance with environmental legislation. As at December 31, 2022, the City recorded $8.1 million (2021 - $5.3 million) of liability related to contaminated sites.

Labour Negotiations

For the year ended December 31, 2022, 52% (2021 - 53%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,286 (2021 - 10,279). The majority of employees are represented by eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,397	January 7, 2023
CUPE	4,263	February 28, 2025
MGEU	393	February 28, 2021
UFFW	969	December 31, 2023
WAPSO	865	December 31, 2023
WFPSOA	47	December 31, 2024
WPA	2,004	December 31, 2021
WPSOA	36	December 31, 2021
Other (non-union/association)	312	Not applicable

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

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

Corporate Risk Management Division

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

Financial Accountability

Audit Department

The City Auditor is a statutory officer appointed by Council under The City of Winnipeg Charter. The City Auditor reports to Council through the Audit Committee and is independent of the City's Public Service. The Audit Department is classified as an independent external auditor under Government Auditing Standards due to statutory safeguards that require the City Auditor to report directly to Council through the Audit Committee. The Audit Department's primary client is Council, through the Audit Committee.

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

External Auditor

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

Budget Process

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

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

2022 was the second update to the 2020 multi-year budget. The next multi-year budget will be completed in 2024.

Looking Forward

2023 Multi-year Balanced Operating and Capital Budget Updates

On March 22, 2023, Council adopted both budgets for The City of Winnipeg - the 2023 operating budget update and the 2023 capital budget including the 2024-2028 five-year capital forecast. 2023 is the last budget update to the 2020 multi-year balanced budget.

The key priorities in this budget were:

- Citizen service improvements
- Economic development
- Community outreach and safety
- Protect the environment
- Affordability and expenditure control
- Strategic investments

2023 is the first full year of the newly elected Mayor and Council. In the context of the 2023 Budget Update, these Council approved priorities balance the ongoing uncertain financial impacts of the COVID-19 global pandemic while simultaneously presenting a disciplined plan that ensures services are provided at an affordable cost. City of Winnipeg continues to work with federal and provincial partners to maximize share of funding for infrastructure and services that will support our growing City.

The adopted 2023 Balanced Budget Update includes a six-year capital investment plan of $3.1 billion. This plan is $0.2 billion higher than last year's six-year plan. The increase is primarily due to additional investments for regional and local street renewals in the six-year plan.

The six-year capital investment plan includes $980.6 million in regional and local street renewals; $530.1 million in Transit, including $267.8 million invested in the transition to zero-emission buses; $620.3 million in Sewage Disposal System projects, including $240.0 in combined sewer overflow and basement flood management strategy; and $340.4 million invested in Waterworks System, including $120.5 million in water main renewals. The 2023 Budget Update includes a 3.50% property tax increase. 2.00% of this increase is dedicated to the renewal of local and regional streets and sidewalks, 1.17% to the tax supported operating budget and 0.33% to fund future payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass projects.

The City was awarded the GFOA's Distinguished Budget Presentation Award for its 2022 to 2023 multi-year budget update.

The adopted 2023 Budget Update document includes the 2022 and 2023 consolidated budgets that are prepared on the same basis as the consolidated financial statements.

Unconsolidated General Revenue Fund - Adopted Budget For the years ended December 31 (in thousands of dollars)	2022 Restated	**2023 Budget**
Revenues		
Property tax	$ 688,491	**$ 720,211**
Property tax credits	(6,346)	**(6,264)**
Business tax	64,435	**66,939**
Business tax credits	(7,439)	**(8,027)**
Other taxation	28,285	**29,182**
Street renewal frontage levy	64,184	**82,574**
Government transfers	150,794	**190,759**
Regulation fees	79,509	**80,286**
Sale of goods and services	51,817	**56,589**
Interest	7,318	**7,168**
Transfer from other funds	17,878	**19,095**
Utility dividend	37,278	**38,262**
Other	18,350	**23,221**
	1,194,554	**1,299,995**
Expenses		
Police service	310,649	**316,175**
Public works	154,145	**159,189**
Fire paramedic service	215,041	**219,951**
Community services	111,145	**113,694**
Corporate	90,733	**115,229**
Planning, property and development	34,582	**35,668**
Water and waste	22,391	**23,980**
Street lighting	13,815	**13,709**
Assessment and taxation	18,579	**20,035**
Assets and project management	8,551	**8,565**
Innovation and technology	21,261	**21,531**
City clerk's	11,982	**12,591**
Corporate finance	8,337	**8,577**
Customer service and communications	7,012	**8,081**
Human resource services	7,319	**7,748**
Other departments	18,594	**22,404**
Operational expenditures	1,054,136	**1,107,127**
Capital related expenses (e.g. transfers to street renewal reserves and debt and finance charges)	140,418	**192,868**
Balanced Budget	$ -	**$ -**

Accounting Pronouncements

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

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

Request for Information

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

Catherine Kloepfer, FCPA, CGA, FCA, ICD.D
Chief Financial Officer
May 16, 2023

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 16, 2023. In addition, the Audit Committee meets periodically with management and with both the City's internal and external auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Audit Committee is readily accessible to external and internal auditors.

KPMG LLP, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and members of City Council and appears on the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian public sector accounting standards.

Catherine Kloepfer, FCPA, CGA, FCA, ICD.D
Chief Financial Officer
May 16, 2023

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Winnipeg MB
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INDEPENDENT AUDITOR'S 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, 2022, the consolidated statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 16, 2023

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	$ **857,804**	$ 909,496
Accounts receivable (Note 4)	**331,773**	328,329
Investments (Note 5)	**401,225**	390,650
Investment in government businesses (Note 6)	**19,977**	22,689
Land held for resale	**10,527**	8,883
	1,621,306	1,660,047
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**350,063**	291,341
Deferred revenue (Note 8)	**416,926**	376,641
Debt (Note 9)	**1,463,134**	1,482,968
Other liabilities (Note 10)	**151,447**	152,807
Employee benefits obligations (Note 11)	**248,844**	239,436
	2,630,414	2,543,193
NET FINANCIAL LIABILITIES	**(1,009,108)**	(883,146)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	**8,021,705**	7,829,569
Inventories	**28,915**	26,717
Prepaid expenses and deferred charges	**11,744**	9,513
	8,062,364	7,865,799
ACCUMULATED SURPLUS (Note 13)	$ **7,053,256**	$ 6,982,653

Commitments and contingencies (Note 14)

See accompanying notes and schedules to the consolidated financial statements

Approved on behalf of the Audit Committee:

MAYOR

CHAIRPERSON
STANDING POLICY COMMITTEE ON FINANCE AND ECONOMIC DEVELOPMENT

THE CITY OF WINNIPEG
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget 2022 (Note 20)	Actual 2022	Actual 2021
REVENUES			
Taxation (Note 15)	**$ 827,627**	**$ 836,980**	$ 800,949
Sales of services and regulatory fees (Note 16)	**641,952**	**644,358**	605,229
Government transfers (Note 17)	**215,159**	**226,616**	219,869
Investment income	**31,393**	**43,809**	30,669
Land sales and other revenue (Note 18)	**19,032**	**17,289**	19,695
Total Revenues	**1,735,163**	**1,769,052**	1,676,411
EXPENSES			
Protection and community services	**598,440**	**615,086**	589,273
Utility operations	**508,325**	**520,525**	481,631
Public works	**361,486**	**418,207**	353,693
Property and development	**135,201**	**131,932**	133,275
Finance and administration	**96,000**	**96,705**	89,713
Civic corporations	**75,038**	**79,456**	63,818
General government	**12,974**	**37,811**	43,058
Total Expenses (Note 19)	**1,787,464**	**1,899,722**	1,754,461
Annual Deficit Before Other	**(52,301)**	**(130,670)**	(78,050)
OTHER			
Government transfers related to capital (Note 17)	**132,248**	**108,698**	105,592
Developer contributions-in-kind related to capital (Note 12)	**70,670**	**84,767**	63,500
Other capital contributions	**5,800**	**7,808**	11,155
	208,718	**201,273**	180,247
Annual Surplus	**$ 156,417**	**70,603**	102,197
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**6,982,653**	6,880,456
ACCUMULATED SURPLUS, END OF YEAR		**$ 7,053,256**	$ 6,982,653

See accompanying notes and schedules to the consolidated financial statements

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

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

	Budget 2022 (Note 20)	Actual 2022	Actual 2021
ANNUAL SURPLUS	**$ 156,417**	**$ 70,603**	$ 102,197
Amortization of tangible capital assets	**279,419**	**293,628**	286,475
Proceeds on disposal of tangible capital assets	**6,250**	**6,733**	1,047
Loss on disposal of tangible capital assets	**1,209**	**716**	1,685
Other changes in non-financial assets and net transfers to land held for resale	**1,790**	**(3,420)**	(779)
Developer contributions-in-kind related to capital (Note 12)	**(70,670)**	**(84,767)**	(63,500)
Acquisition of tangible capital assets	**(522,684)**	**(409,455)**	(359,329)
INCREASE IN NET FINANCIAL LIABILITIES	**(148,269)**	**(125,962)**	(32,204)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(1,021,998)**	**(883,146)**	(850,942)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (1,170,267)**	**$ (1,009,108)**	$ (883,146)

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)

		2022		2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Annual surplus	**$**	**70,603**	$	102,197
Add (deduct) items not impacting cash and cash equivalents				
Amortization of tangible capital assets		**293,628**		286,475
Developer contributions-in-kind related to capital (Note 12)		**(84,767)**		(63,500)
Change in other liabilities and employee benefits obligations		**8,048**		6,788
Change in investments in Government Businesses		**2,712**		807
Loss on sale of tangible capital assets		**716**		1,685
		290,940		334,452
Net change in non-cash working capital balances related to operations (Note 21)		**89,490**		189,138
Net transfer between land held for resale and tangible capital assets		**1,009**		166
Cash provided by operating activities		**381,439**		523,756
CAPITAL				
Acquisition of tangible capital assets		**(409,455)**		(359,329)
Proceeds on disposal of tangible capital assets		**6,733**		1,047
Cash used in capital activities		**(402,722)**		(358,282)
FINANCING				
Increase in sinking fund investments		**(20,405)**		(19,104)
Service concession arrangements retired		**(5,388)**		(5,065)
Decrease in debt premium and obligation for leased tangible capital assets		**(5,316)**		(5,061)
Increase (decrease) in bank loans and other debt		**11,275**		(42,204)
Cash used in financing activities		**(19,834)**		(71,434)
INVESTING				
Net (increase) decrease in investments		**(10,575)**		15,023
Cash (used in) provided by investing activities		**(10,575)**		15,023
(Decrease) increase in cash and cash equivalents		**(51,692)**		109,063
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**909,496**		800,433
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**857,804**	$	909,496

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

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada’s federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services. As at December 31, 2022, the City's programs and services have been altered as required to ensure compliance with Provincial public health orders, when applicable and reflect consumer demand. Management assessed the financial impact on the City and as at December 31, 2022, the City did not have significant accounting estimate adjustments to reflect the implications of COVID-19.

2. *Significant Accounting Policies*

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

a) Basis of consolidation

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

i) Consolidated entities

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

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

ii) Government businesses

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

2. *Significant Accounting Policies (continued)*

iii) Partnerships

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

iv) Pension and group insurance funds

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

b) Basis of accounting

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

c) Cash equivalents

Cash equivalents consist of federal and federal guarantee bonds; guaranteed investment certificates; municipal bonds; schedule 1 bank bonds; bankers' acceptances; schedule 2 bankers' acceptances; asset backed commercial paper; and Canada treasury bills. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand or with maturity dates of 90 days or less from the date of acquisition.

d) Land held for resale

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

e) Investments

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

f) Unamortized premium on debt

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

g) Solid waste landfills

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

2. *Significant Accounting Policies (continued)*

h) Contaminated sites

The City recognizes a liability for remediation of contaminated sites when conditions are identified which indicate non-compliance with environmental legislation and when the site is no longer in productive use or an unexpected event resulting in contamination has occurred. The liability reflects the City's best estimate of the amount required to remediate the site to the current minimum standard of use prior to contamination, as of the financial statement date.

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

i) Deferred revenue

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

j) Employee benefits plans

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

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

k) Non-financial assets

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

i) Tangible capital assets

Tangible capital assets are initially 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:

i) Tangible capital assets (continued)

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

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

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

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

a) Contributions of tangible capital assets

Developer-contributed tangible capital assets are recorded at their fair value at the date of receipt and when the asset value is measurable. 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 concessionaire 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 concessionaire to maintain the tangible capital asset on behalf of the City.

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

ii) Inventories

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

2. *Significant Accounting Policies (continued)*

l) Tax revenues

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

The City is required by *The Public Schools Act* to bill, collect and remit provincial education support levies in respect of residential and other properties on behalf of the Province, and school division special levies on behalf of school divisions. The City has no jurisdiction or control over the school divisions' operations or their mill rate increases. Therefore, no tax revenue is recognized in these consolidated financial statements for amounts collected on behalf of the Province and school divisions, nor are the assets, liabilities, revenues and expenses, with respect to the operations of the school boards (Note 15).

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

m) Government transfers

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

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

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

n) Loan guarantees

Periodically the City provides loan guarantees on specific debt issued by other entities not consolidated in these financial statements. Loan guarantees are disclosed as contingent liabilities (Note 14c) and no amounts are accrued in the consolidated financial statements until the City considers it likely that the borrower will default on the specified loan obligation. Should a default occur, the City's resulting liability would be recorded in the consolidated financial statements.

o) Use of accounting estimates

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

2. *Significant Accounting Policies (continued)*

p) Budget

The 2022 adopted consolidated budget is included on the consolidated statements of operations and accumulated surplus and changes in net financial liabilities. The budget is compiled from the City Council-approved Operating Budget, estimates for controlled entities, adjustments to report the budget on a full accrual basis including capital revenue adjustments, assets capitalized on the statement of financial position, amortization of tangible capital assets and accruals for unfunded liabilities and administrative adjustments to provide for proper comparison to actual results presented herein.

3. *Cash and Cash Equivalents*

	2022	2021
Cash equivalents	**$ 355,188**	$ 321,671
Cash	**315,514**	461,010
Restricted cash	**187,102**	126,815
	$ 857,804	$ 909,496

The average effective interest rate for cash equivalents at December 31, 2022 is 3.84% (2021 - 0.60%).

Cash received for interest from all cash, cash equivalents and investments during the year is $40.2 million (2021 - $31.3 million).

Restricted cash above includes advances by the Province for a number of capital projects under various programs and accumulated interest on the advances. There is an external restriction to hold these funds separately until the eligible expenditures have been incurred. An amount equal to the restricted cash amount has been accounted for as deferred revenue (Note 8).

4. *Accounts Receivable*

	2022	2021
Trade accounts and other receivables	**$ 192,662**	$ 177,848
Province of Manitoba	**63,209**	88,902
Government of Canada	**41,317**	34,650
Allowance for doubtful accounts	**(32,703)**	(28,576)
	264,485	272,824
Property, payments-in-lieu and business taxes receivable	**68,565**	57,005
Allowance for property, payments-in-lieu and business taxes receivable	**(1,277)**	(1,500)
	67,288	55,505
	$ 331,773	$ 328,329

5. *Investments*

	2022	2021
Marketable securities (Note 5a)		
Municipal bonds	**$ 111,319**	$ 115,794
Provincial bonds	**40,429**	28,729
Federal bonds and related entities	**26,344**	25,733
	178,092	170,256
Manitoba Hydro long-term receivable (Note 5b)	**220,238**	220,238
Other	**2,895**	156
	$ 401,225	$ 390,650

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2022 is $146.0 million (2021 - $178.4 million) and their maturity dates range from 2023 to 2053.

b) Manitoba Hydro long-term receivable

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

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

6. *Investment in Government Businesses*

a) North Portage Development Corporation

North Portage Development Corporation (the "NPDC") is a government business partnership that is jointly controlled by the Government of Canada, the Province of Manitoba and The City of Winnipeg. The mission of NPDC is to act as a catalyst, encouraging activities for people in the downtown through public and private partnerships and revitalization strategies and to work to ensure financial self-sufficiency. NPDC is responsible for the continuing renewal and stewardship of two sites in Winnipeg 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. This joint venture was wound up in June 2022 and the City's equity was distributed, completing this agreement.

c) River Park South Developments Inc.

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

6. *Investment in Government Businesses (continued)*

Summary of investment in government businesses

		2022		2021
North Portage Development Corporation (1/3 share)	**$**	**19,512**	$	19,823
Park City Commons (2022 - nil, 2021 - 1/2 share)		**-**		2,396
River Park South Developments Inc. (1/2 share)		**465**		470
	$	**19,977**	$	22,689

Summary of results of operations

		2022		2021
North Portage Development Corporation (1/3 share)	**$**	**(311)**	$	(71)
Park City Commons (2022 - nil, 2021 - 1/2 share)		**-**		215
River Park South Developments Inc. (1/2 share)		**(5)**		70
	$	**(316)**	$	214

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

7. *Accounts Payable and Accrued Liabilities*

		2022		2021
Accrued liabilities	**$**	**184,024**	$	170,846
Trade accounts payable		**158,921**		113,345
Accrued interest payable		**7,118**		7,150
	$	**350,063**	$	291,341

8. *Deferred Revenue*

		2021		Inflows		Revenue Recognized		**2022**
Operating								
Prepayment for services	$	23,318	$	6,981	$	(5,174)	**$**	**25,125**
Government of Canada								
- Rapid Housing Initiative		14,287		-		(8,522)		**5,765**
Province of Manitoba		1,582		3,198		(2,705)		**2,075**
Other		3,744		1,014		(843)		**3,915**
		42,931		11,193		(17,244)		**36,880**
Capital								
Province of Manitoba		258,157		82,603		(28,029)		**312,731**
Canada Community Building Fund		73,981		46,414		(54,660)		**65,735**
Other		1,572		825		(817)		**1,580**
		333,710		129,842		(83,506)		**380,046**
	$	376,641	$	141,035	$	(100,750)	**$**	**416,926**

9. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	By-Law No.	**2022**	2021
2006-2036	July 17	5.200	183/04, 72/06	**$ 60,000**	$ 60,000
2008-2036	July 17	5.200	72/06B, 32/07	**100,000**	100,000
2010-2041	June 3	5.150	183/08	**60,000**	60,000
2011-2051	Nov. 15	4.300	72/06, 183/08, 150/09	**50,000**	50,000
2012-2051	Nov. 15	3.853	93/11	**50,000**	50,000
2012-2051	Nov. 15	3.759	120/09, 93/11, 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.391	93/11, 84/13	**60,000**	60,000
2014-2045	June 1	4.100	144/11, 23/13, 149/13	**60,000**	60,000
2014-2045	June 1	3.713	100/12, 23/13, 149/13	**60,000**	60,000
2014-2051	Nov. 15	3.893	93/11, 145/13	**52,568**	52,568
2015-2045	June 1	3.828	144/11, 100/12, 23/13, 149/13, 5/15, 61/15	**60,000**	60,000
2016-2045	June 1	3.303	72/06, 23/13, 149/13, 5/15, 96/15, 40/16	**80,000**	80,000
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**	100,000
2019-2051	Nov. 15	2.667	6976/97, 7751/01, 219/07, 184/08, 150/09, 40/16, 133/17	**120,000**	120,000
2020-2051	Nov. 15	2.663	183/04, 150/009, 149/13, 5/15, 40/16, 136/16, 133/17	**85,000**	85,000
				1,072,568	1,072,568
Equity in The Sinking Funds (Notes 9a and b)				**(152,454)**	(132,049)
Net sinking fund debentures outstanding				**920,114**	940,519
Other debt outstanding					
Service concession arrangement obligations (Notes 9c and 14d)				**269,399**	274,787
Bank loans and other with varying maturities up to 2046 and a weighted average interest rate of 3.23% (2021 - 2.96%)				**151,803**	140,528
Obligations for leased tangible capital assets (Note 9d)				**17,427**	19,045
				1,358,743	1,374,879
Unamortized premium on debt (Note 9e)				**104,391**	108,089
				$ 1,463,134	$ 1,482,968

9. *Debt (continued)*

Debt segregated by fund/organization:

	2022	2021
General Capital Fund	**$ 817,191**	$ 833,011
Transit System	**242,559**	246,650
Sewage Disposal	**178,538**	182,700
Waterworks System	**100,843**	106,297
Fleet Special Operating Agency	**45,100**	42,115
Consolidated entities	**39,471**	33,107
Solid Waste Disposal	**24,001**	25,040
Other	**13,950**	12,295
Land Drainage	**1,481**	1,753
	$ 1,463,134	$ 1,482,968

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

	2023	2024	2025	2026	2027	2028+
Sinking fund debentures	$ 16,398	$ 16,398	$ 16,398	$ 16,398	$ 16,398	$ 990,578
Other debt	40,762	26,836	22,363	21,052	18,516	309,100
	$ 57,160	$ 43,234	$ 38,761	$ 37,450	$ 34,914	$ 1,299,678

a) As at December 31, 2022, sinking fund assets have a market value of $128.3 million (2021 - $142.0 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 $37.0 million (2021 - $17.6 million) and a market value of $32.6 million (2021 - $18.3 million).

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

c) Service concession arrangement obligations are as follows:

	2022	2021
i) Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**$ 131,285**	$ 133,810
ii) Disraeli Bridges	**95,237**	97,168
iii) Chief Peguis Trail Extension	**42,877**	43,809
	$ 269,399	$ 274,787

9. Debt (continued)

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

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

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

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

2023	$ 3,141
2024	5,225
2025	1,301
2026	1,301
2027	1,314
Thereafter	11,775
Total future minimum lease payments	24,057
Amount representing interest at a weighted average rate of 8.18%	(6,630)
Obligations for leased tangible capital assets	$ 17,427

e) Included in the Consolidated Statement of Financial Position are investments and cash equivalents of $114.2 million (2021 - $116.8 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 2022 is $64.2 million (2021 - $66.3 million) and cash paid for interest during the year is $64.2 million (2021 - $66.5 million).

g) On February 27, 2002, Manitoba Hydro purchased Winnipeg Hydro from the City. As part of the purchase agreement, The City of Winnipeg Sinking Fund Trustees are required to hold Manitoba Hydro Electric Bonds issued by Manitoba Hydro to the City of Winnipeg in connection with the Winnipeg Hydro portion of the City's debt. The bonds were issued for the purpose of enabling the City to repay the Winnipeg Hydro portion of the City's debt, and were issued with identical terms and conditions as to par value, interest and date of maturity as the Winnipeg Hydro portion of the City's debt. The bonds are guaranteed by the Province of Manitoba and are non-transferable and non-redeemable prior to maturity. This debt has been defeased under this arrangement, and accordingly, is not reported in the Consolidated Statement of Financial Position. The book value of this debt as at December 31, 2022 is $60.0 million (2021 - $60.0 million).

10. *Other Liabilities*

		2022		2021
Landfill	$	**68,680**	$	75,230
Expropriation		**52,928**		55,018
Contaminated sites		**8,136**		5,269
Developer deposits and other		**21,703**		17,290
	$	**151,447**	$	152,807

Landfill

Included in landfill liabilities is the estimated total landfill closure and post-closure care expenses. The estimated liability for the City's only active landfill is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for future closure and post-closure care activities discounted at the City's average, long-term borrowing rate of 4.0% (2021 - 3.5%). Amounts to be accrued in future years as the landfill's capacity is consumed are estimated at $29.6 million (2021 - $34.6 million).

Landfill closure and post-closure care requirements have been defined in accordance with *The Environment Act* and include final covering and landscaping of the landfill, pumping of ground, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a greater than 100 year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 82% (2021 - 82%) of its total capacity and its remaining life is estimated to be over 100 years after which perpetual post-closure maintenance is required.

The Landfill Rehabilitation Reserve was established for the purpose of providing funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for active and closed landfills maintained under the responsibility of the City. It is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill. As at December 31, 2022, the reserve had a balance of $4.5 million (2021 - $5.1 million) (Schedule 3).

Contaminated sites

As of December 31, 2022, 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, fuel handling, vehicle storage and maintenance, snow storage and soil lead concentration.

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

11. *Employee Benefits Obligations*

		2022		2021
Retirement allowance and compensated absences (Note 11a)	$	**126,882**	$	122,944
Vacation (Note 11b)		**56,562**		55,670
Workers compensation (Note 11c)		**59,536**		54,831
Defined benefit pension plans (Note 11d)		**5,864**		5,991
	$	**248,844**	$	239,436

11. *Employee Benefits Obligations (continued)*

a) Retirement allowance and compensated absences

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

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

Adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 15.0 years (2021 - 15.0 years) for retirement allowance and compensated absences, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

The City measures its accrued retirement allowance and compensated absences obligations as at December 31 of each year. An actuarial valuation of the obligation was calculated as of July 31, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2022 using year-end assumptions.

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

	Retirement Allowance	**Compensated Absences**	**Total 2022**	Total 2021
Obligation balance, beginning of year	**$ 82,177**	**$ 60,004**	**$ 142,181**	$ 149,748
Current service cost	**5,307**	**6,032**	**11,339**	11,927
Interest cost	**2,003**	**1,519**	**3,522**	2,781
Actuarial gain	**(13,927)**	**(9,188)**	**(23,115)**	(7,672)
Benefit payments	**(8,009)**	**(5,493)**	**(13,502)**	(14,603)
Obligation balance, end of year	**67,551**	**52,874**	**120,425**	$ 142,181
Unamortized net actuarial gain (loss)	**18,450**	**(11,993)**	**6,457**	(19,237)
Accrued benefit liability	**$ 86,001**	**$ 40,881**	**$ 126,882**	122,944
Reconciliation of unamortized net actuarial gain (loss):				
Balance beginning of year	**$ 4,563**	**$ (23,800)**	**$ (19,237)**	$ (30,060)
Amortization for current year	**(40)**	**2,619**	**2,579**	3,151
Actuarial gain	**13,927**	**9,188**	**23,115**	7,672
Balance end of year	**$ 18,450**	**$ (11,993)**	**$ 6,457**	$ (19,237)
Expense consists of the following:				
Current service cost	**$ 5,307**	**$ 6,032**	**$ 11,339**	$ 11,927
Interest cost	**2,003**	**1,519**	**3,522**	2,781
Amortization of net actuarial (gain) loss	**(40)**	**2,619**	**2,579**	3,151
	$ 7,270	**$ 10,170**	**$ 17,440**	$ 17,859

11. *Employee Benefits Obligations (continued)*

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

	2022	2021
Discount rate on liability	**4.50%**	2.40%
General increases in pay	**2.50 - 3.00%**	2.50 - 3.00%

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

b) Vacation

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

c) Workers compensation

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

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

d) Defined benefit pension plans

	2022	2021
i) Councillors' Pension Plans:		
a) Pension Plan Established Under By-Law Number 3553/83	**$ 3,640**	$ 3,640
b) Pension Plan Established Under By-Law Number 7869/2001	**(252)**	(125)
ii) Supplementary Executive Pension Plan	**2,476**	2,476
	$ 5,864	$ 5,991

i) Councillors' pension plans

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

On November 2, 1992, the pension plan provided to members of City Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. This plan has no dedicated assets or contributions and benefit payments are paid by the City in accordance with the plan's provisions. In 2022, the City paid out $0.3 million (2021 - $0.3 million). An actuarially determined pension obligation of $3.6 million (2021 - $3.6 million) has been reflected in the employee benefit obligations on the Consolidated Statement of Financial Position.

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

On November 22, 2000, City Council adopted the policy that effective January 1, 2001, a Council Pension Plan be created for all members of City Council for The City of Winnipeg. All members of Council are required to become members of the Council Benefits Program (the "Program"). Members of the Program contribute 6 1/2% of their Canada Pension Plan earnings plus 7 1/2% of any earnings in excess of their Canada Pension Plan earnings. The City makes contributions to the Program as required, based on the recommendation of the actuary.

11. *Employee Benefits Obligations (continued)*

An actuarial valuation of the Program was prepared as at December 31, 2019 and extrapolated to December 31, 2022 by Mercer (Canada) Limited (the "actuary"). 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 5.35% (2021 - 4.20%) per annum, a rate of return on assets of 5.35% (2021 - 4.20%) per annum, and a general rate of salary increase of 2.50% (2021 - 2.50%) per annum. The results of the valuation indicated an obligation at December 31, 2022 of $6.9 million (2021 - $8.1 million), which is offset by assets in the plan of $7.2 million (2021 - $8.2 million), resulting in net assets of $0.3 million (2021 - $0.1 million).

Total contributions made by the City to the Program in 2022 were $0.6 million (2021 - $0.5 million). Total program member contributions to the Program in 2022 were $0.1 million (2021 - $0.1 million). In 2022, this Program paid out $0.7 million (2021 - $0.4 million) in benefits including commuted values.

ii) Supplementary Executive Pension Plan

The Supplementary Executive Pension Plan (the "Plan") was established January 1, 2001. Senior management are eligible for the plan when established by employment contract. This plan has no dedicated assets or contributions and benefit payments are paid by the City in accordance with the plan's provisions. In 2022, the City paid benefits of $0.1 million (2021 - $0.1 million). An actuarially determined pension obligation of $2.5 million (2021 - $2.5 million) has been reflected in the accrued employee benefit obligation on the Consolidated Statement of Financial Position.

iii) Winnipeg Police Pension Plan

The Winnipeg Police Pension Plan (the "WPP 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 WPP Plan's benefits other than cost-of-living adjustments and to contribute 2% of pensionable earnings in respect of cost-of-living adjustments. A contribution stabilization reserve has been established to maintain the City's contribution rate at 8% of pensionable earnings, when permitted under provincial pension legislation. The WPP 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 WPP Plan members. Funding deficiencies are resolved through reductions in the WPP Plan's contribution stabilization reserve and the rate of cost-of-living adjustments to pensions.

An actuarial funding valuation of the WPP Plan was prepared as of December 31, 2021. The valuation revealed a funding excess, which, in accordance with the terms of the WPP Plan, was resolved by an increase in the contribution stabilization reserve and by increasing the rate of cost-of-living adjustments to pensions from 50.0% to 52.5% of the inflation rate.

An actuarial valuation of the WPP Plan as of December 31, 2022 is to be prepared and may be filed with the Office of the Superintendent - Pension Commission. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the WPP Plan must also be valued under the hypothetical scenario that the WPP Plan is wound up and members' benefit entitlements settled on the valuation date. As of the date of the last valuation of the Plan that was filed with the Office of the Superintendent - Pension Commission, December 31, 2020, the actuarial valuation showed that the WPP Plan has a solvency deficiency at December 31, 2020 under this wind-up scenario. This deficiency is being addressed by the City by obtaining a yearly renewable letter of credit with face value equal to the accumulated value of additional contributions with interest that would otherwise be required.

11. Employee Benefits Obligations (continued)

The results of the December 31, 2021 actuarial valuation of the WPP Plan were extrapolated to December 31, 2022. In accordance with the terms of the WPP Plan, surpluses and deficiencies are resolved through transfers to and from the contribution stabilization reserve and increases or reductions in the rate of cost-of-living adjustments to pensions. The principal long-term assumptions on which the extrapolation was based were: discount rate of 4.75% per year (2021 - 4.75%); inflation rate of 3.50% for one year followed by 2.00% per year (2021 - 3.50% for two years followed by 2% per year); and general pay increases of 3.25% per year (2021 - 3.25%). The accrued pension obligation was valued using the projected benefit method pro-rated on services.

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

	2022	2021
WPP Plan assets:		
Fair value, beginning of year	**$ 2,115,947**	$ 1,866,360
Employer contributions	**38,380**	37,223
Employee contributions and transfers	**15,723**	16,299
Benefits and expenses paid	**(68,402)**	(66,432)
Net investment income	**(59,182)**	262,497
Fair value, end of year	**2,042,466**	2,115,947
Actuarial adjustment	**(53,577)**	(235,965)
Actuarial value, end of year	**$ 1,988,889**	$ 1,879,982
Accrued pension costs and obligations:		
Beginning of year	**$ 1,821,795**	$ 1,696,294
Interest on accrued pension obligation	**86,307**	80,346
Current period benefit cost	**58,794**	56,819
Actuarial loss (gain)	**26,174**	54,768
Benefits and expenses paid	**(68,402)**	(66,432)
End of year	**$ 1,924,668**	$ 1,821,795
Funded status	**$ 64,221**	**$** 58,187
Less: city account	**(32)**	(7)
Less: contribution stabilization reserve	**(64,189)**	(58,180)
Actuarial surplus	**$ -**	**$** -

	2022	2021
Expenses related to pensions:		
Current period benefit cost	**$ 58,794**	$ 56,819
Amortization of actuarial gains	**(2,038)**	(1,714)
Less: employee contributions and transfers	**(15,723)**	(16,299)
Pension benefit expense	**41,033**	38,806
Interest on accrued benefit obligation	**86,307**	80,346
Expected return on plan assets	**(88,960)**	(81,929)
Pension interest income	**(2,653)**	(1,583)
Total expenses related to pensions	**$ 38,380**	$ 37,223

11. Employee Benefits Obligations (continued)

The actuarial value of the WPP 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 WPP Plan in 2022 were $38.4 million (2021 - $37.2 million). Total employee contributions to the WPP Plan in 2022 were $14.2 million (2021 - $13.8 million). Benefits paid from the WPP Plan in 2022 were $67.0 million (2021 - $64.8 million).

The expected rate of return on WPP Plan assets in 2022 was 4.75% (2021 - 4.75%). The actual rate of return, net of investment expenses, on the fair value of WPP Plan assets in 2022 was a negative return of 2.81% (2021 - 14.11%).

As the City's contributions to the WPP 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 WPP Plan provides that within certain prescribed constraints, in the event of a funding deficiency, a transfer from the contribution stabilization reserve and amendments to the rate of cost-of-living adjustments to pensions will be utilized to resolve the deficiency, and vice versa in the event of a surplus. The above extrapolation anticipates that the funding surplus at December 31, 2022 will be resolved through an allocation to both the city account and contribution stabilization reserve and an increase in the rate of cost-of-living adjustments.

e) Other benefit plans

i) Winnipeg Civic Employees' Benefits Program

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

Members' contribution rates were 9.5% of their Year's Maximum Pensionable Earnings under the Canada Pension Plan and 11.8% of pensionable earnings in excess of the Year's Maximum Pensionable Earnings in 2022, and for future years, consistent with 2021. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2021, which indicated an excess of actuarial value of program assets over actuarial liabilities of $223.5 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 the 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, 2022 was nil (2021 - nil).

Total contributions by the City to the Benefits Program in 2022 were $54.2 million (2021 - $53.4 million), which were expensed as incurred.

ii) Group Life Insurance Plan

Employees of the City who are members of the Civic Employees' Pension Plan or the Winnipeg Police Pension Plan must become members of the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan, (the "Plans") respectively. These plans provide life insurance for members while employed and can be continued into retirement at the employees' option. The Plans members and the City share the cost of basic life insurance until retirement. An actuarial valuation as of December 31, 2019 indicated that this post-retirement liability is fully funded. A new actuarial valuation being undertaken as of December 31, 2022 is expected to be completed in 2023.

11. Employee Benefits Obligations (continued)

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

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

An actuarial valuation of the Plans was prepared as of December 31, 2019 and the results were extrapolated to December 31, 2022. The principal long-term assumptions on which the valuation and extrapolation was based were: discount rate of 5.50% per year (2021 - 5.00%); and general pay increases of 3.25% per year (2021 - 3.25%). The accrued group life insurance obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the funded status of the Plans is as follows:

	2022	2021
Group life insurance plan assets, at actuarial value	**$ 196,423**	$ 190,949
Accrued post-retirement life insurance obligations	**$ 98,576**	$ 104,190

12. Tangible Capital Assets

	Net Book Value	
	2022	2021
General		
Land	**$ 340,600**	$ 336,309
Buildings	**823,311**	839,105
Vehicles	**217,272**	237,123
Computer	**40,944**	37,636
Other	**390,455**	284,340
Infrastructure		
Plants and facilities	**825,861**	636,268
Roads	**1,984,339**	1,944,635
Underground and other networks	**2,440,088**	2,365,061
Bridges and other structures	**643,358**	657,811
	7,706,228	7,338,288
Assets under construction	**315,477**	491,281
	$ 8,021,705	$ 7,829,569

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

During the year, there were no write-downs of tangible capital assets (2021 - $nil). Interest capitalized during 2022 was $2.7 million (2021 - $3.1 million). In addition, roads and underground networks contributed to the City totaled $84.8 million in 2022 (2021 - $63.5 million) and were capitalized at their fair value at the time of receipt and when the asset value is measurable.

Included in the above net book values are $618.3 million (2021 - $632.9 million) of tangible capital assets that were acquired through service concession arrangements.

The net book value of land includes estimated, yet to be determined settlements for land expropriations.

13. *Accumulated Surplus*

Accumulated surplus consists of the following:

		2022		2021
Invested in tangible capital assets	**$**	**6,693,213**	$	6,468,698
Reserves (Schedule 3)		**348,986**		324,934
Other surplus accumulated in utility operations, consolidated entities and other		**111,888**		280,599
Manitoba Hydro long-term receivable (Note 5)		**220,238**		220,238
Equity in government businesses (Note 6)		**19,977**		22,689
Unfunded expenses to be funded from future revenues:				
Accrued employee benefits and other		**(262,263)**		(252,039)
Landfill (Note 10)		**(68,680)**		(75,230)
Contaminated sites (Note 10)		**(8,136)**		(5,269)
Canadian Museum for Human Rights grant		**(1,967)**		(1,967)
	$	**7,053,256**	$	6,982,653

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

14. *Commitments and Contingencies*

The significant commitments and contingencies existing at December 31, 2022 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:

2023	$	9,212
2024		8,982
2025		8,548
2026		8,079
2027		7,607
Thereafter		37,365
	$	79,793

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, 2022 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.

14. *Commitments and Contingencies (continued)*

c) Loan guarantees

The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans and line of credits for several organizations. The outstanding balance on these loans as at December 31, 2022 is $32.3 million (2021 - $34.1 million). The City does not anticipate incurring future payment on these guarantees, and therefore no amount has been included as a liability.

Some of the line of credits that are guaranteed are not fully utilized at December 31. The authorized limit of these guarantees is $35.4 million (2021 - $36.5 million).

These guarantees cover various periods expiring between 2026 and no stated expiry date.

d) Service concession arrangements

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

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

e) Veolia agreement

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

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

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

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

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

14. Commitments and Contingencies (continued)

Compensation to Veolia under the Agreement includes the following components:

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

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

Amounts earned by Veolia over the term of the Agreement (Fee, Gainshare, KPI earnings and EARA interest adjustment) are credited to an Earning at Risk Account (EARA). In 2022, total EARA accrued is $7.1 million (2021 - $3.9 million). 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 2022, Veolia withdrew $nil (2021 - $nil) from EARA and replaced this at risk amount with a standby letter of credit. Total EARA secured by a standby letter of credit at December 31, 2022 is $13.1 million (2021 - $13.1 million).

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

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

f) Forgivable loans

The City has received funding from the federal and provincial governments for the purchase of certain properties. Repayment of this funding is not required as long as the properties operate as an affordable housing complex or offer services for the homeless. As at December 31, 2022, the forgivable loans totaled $1.3 million (2021 - $1.7 million). As payments are forgiven a revenue is recognized.

15. Taxation

	2022	2021
Municipal and school property taxes	**$ 1,345,985**	$ 1,328,889
Payments-in-lieu of property (municipal and school) taxes	**56,623**	49,805
	1,402,608	1,378,694
Payments to Province and school divisions	**(727,416)**	(729,019)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	**675,192**	649,675
Local improvement and frontage levies	**65,726**	64,433
Business and payments-in-lieu of business taxes	**58,129**	57,146
Electricity and natural gas sales taxes	**24,164**	22,263
Amusement, accommodation taxes and mobile home licences	**13,769**	7,432
	$ 836,980	$ 800,949

The property tax roll includes school taxes of $690.0 million (2021 - $698.8 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2022 totalled $37.4 million (2021 - $30.2 million) and are treated the same as school taxes. School taxes and payments-in-lieu of school taxes are remitted to the Province and school divisions based upon a formula and schedule set by the Province. If property taxes are reduced due to an assessment reduction, the City is required by legislation to fund the repayment of both the municipal and school taxes with applicable interest.

The business tax roll includes an amount assessed and levied on behalf of business improvement zones of $6.6 million (2021 - $6.5 million). Collections of this levy are remitted to the business improvement zones and excluded from business taxes.

16. Sales of Services and Regulatory Fees

	2022	2021
Water sales and sewage services	**$ 347,808**	$ 350,570
Other sales of goods and services	**151,533**	131,444
Regulatory fees	**83,636**	82,949
Transit fares	**61,381**	40,266
	$ 644,358	$ 605,229

17. Government Transfers

	2022	2021
Operating		
Province of Manitoba		
Municipal Operating Grant	**$ 139,802**	$ 139,804
Public Safety	**23,955**	23,955
	163,757	163,759
Less: Support for Provincial Programs	**(23,650)**	(23,650)
	140,107	140,109
Transfer for paramedic services	**50,316**	48,199
Other	**15,701**	15,210
	206,124	203,518
Government of Canada		
Transit	**9,000**	-
Rapid Housing Initiative	**8,522**	10,986
Other	**2,970**	5,365
	20,492	16,351
Total Operating	**226,616**	219,869
Capital		
Province of Manitoba		
Accelerated Regional Street Renewal Project	**18,392**	20,490
Strategic Infrastructure Basket	**11,303**	6,440
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**382**	653
Waverley underpass	**50**	516
Transit Bus Purchases	**-**	2,900
Other	**4,374**	6,004
	34,501	37,003
Government of Canada		
Canada Community Building Fund (Note 8)	**54,660**	42,622
Accelerated Regional Street Renewal Project	**18,389**	20,490
Assiniboine Park Conservancy	**243**	3,907
Waverley underpass	**50**	519
Other	**855**	1,051
	74,197	68,589
Total Capital	**108,698**	105,592
	$ 335,314	$ 325,461

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

18. Land Sales and Other Revenue

		2022		2021
Land sales	**$**	**6,969**	$	6,995
Contributions in lieu of land dedication		**1,770**		1,298
(Loss) income from government businesses (Note 6)		**(316)**		214
Other		**8,866**		11,188
	$	**17,289**	$	19,695

19. Expenses by Object

		2022		2021
Salaries and benefits	**$**	**980,478**	$	932,407
Goods and services		**530,604**		429,939
Amortization of tangible capital assets		**293,628**		286,475
Interest (Note 9f)		**64,202**		66,324
Other expenses		**30,810**		39,316
	$	**1,899,722**	$	1,754,461

20. Budget

On December 15, 2021 Council approved the 2022 budget for the City, including operating budgets for tax supported, utility, special operating agency and reserve operations as well as a capital budget. Included in the Council approved 2022 budget is the 2022 consolidated budget that considers inter-fund transaction eliminations, tangible capital asset based revenues and amortization, controlled entity operations and the accrual of unfunded expenses. The resulting 2022 consolidated budget has been used in these consolidated financial statements.

21. Changes in Non-Cash Working Capital Balances

		2022		2021
Accounts receivable	**$**	**(3,444)**	$	(72,883)
Land held for resale		**(1,644)**		(928)
Accounts payable and accrued liabilities		**58,722**		26,207
Deferred revenue		**40,285**		237,687
Inventories		**(2,198)**		(1,133)
Prepaid expenses and deferred charges		**(2,231)**		188
	$	**89,490**	$	189,138

22. Property and Liability Insurance

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

23. *Segmented Information*

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

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

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

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

Protection

Protection is comprised of the Police Service and Fire Paramedic Service departments. The services these departments are responsible for include: police response, crime prevention, traffic safety and enforcement, fire and rescue response, fire and injury prevention, medical response and emergency management.

Community Services

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

Planning

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

Public Works and Garbage Collection

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

Finance and Administration

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

23. Segmented Information (continued)

Transit System Fund

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

Water and Waste Funds

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

Other Funds and Corporations

This segment consists of the General Capital Fund, Reserve Funds (Schedule 3), Special Operating Agencies, Municipal Accommodations Fund and consolidated entities (Note 2ai).

24. Contractual Rights

Developer contributions

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

25. Funds Held in Trust

The City receives funds from various entities including Winnipeg Civic Employees' Benefits Program which are administered under the terms of an investment agreement and invested on a pooled basis to obtain maximum investment returns. These investments are accounted for as a trust and the relating cash equivalents balances of $25.7 million (2021 - $28.7 million) are not included in the consolidated financial statements.

Additional Trust funds administered by the City for the benefit of external parties, total $4.3 million (2021 – $3.8 million), are not included in the consolidated financial statements.

26. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation made in the current year. No comparative figure reclasses resulted in changes to annual surplus.

Photo: City of Winnipeg

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF GOVERNMENT BUSINESSES AND PARTNERSHIP

Schedule 1

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

	GOVERNMENT BUSINESSES								GOVERNMENT PARTNERSHIP	
	North Portage Development Corporation March 31		Park City Commons December 31		River Park South Developments Inc. December 31		Total		Economic Development Winnipeg[1] December 31	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Financial Position										
Assets										
Current	**$ 5,185**	$ 6,889	**$ -**	$ 2,491	**$ 2,473**	$ 2,506	**$ 7,658**	$ 11,886	**$ 4,157**	$ 3,869
Capital	**73,614**	73,970	**-**	-	**-**	-	**73,614**	73,970	**714**	807
Other	**283**	452	**-**	-	**-**	-	**283**	452	**-**	-
	$ 79,082	$ 81,311	**$ -**	$ 2,491	**$ 2,473**	$ 2,506	**$ 81,555**	$ 86,308	**$ 4,871**	$ 4,676
Liabilities										
Current	**$ 4,344**	$ 4,240	**$ -**	$ -	**$ 1,543**	$ 1,566	**$ 5,887**	$ 5,806	**$ 366**	$ 61
Long-term	**16,203**	17,602	**-**	-	**-**	-	**16,203**	17,602	**651**	1,033
	20,547	21,842	**-**	-	**1,543**	1,566	**22,090**	23,408	**1,017**	1,094
Net equity	**58,535**	59,469	**-**	2,491	**930**	940	**59,465**	62,900	**3,854**	3,582
	$ 79,082	$ 81,311	**$ -**	$ 2,491	**$ 2,473**	$ 2,506	**$ 81,555**	$ 86,308	**$ 4,871**	$ 4,676
City share	**$ 19,512**	$ 19,823	**$ -**	$ 2,396	**$ 465**	$ 470	**$ 19,977**	$ 22,689	**$ 1,927**	$ 1,791
Results of Operations										
Revenues	**$ 12,870**	$ 12,473	**$ -**	$ 415	**$ 2**	$ 153	**$ 12,872**	$ 13,041	**$ 8,576**	$ 6,975
Expenses	**13,805**	12,687	**-**	3	**12**	13	**13,817**	12,703	**8,311**	6,701
Net income (loss)	**$ (935)**	$ (214)	**$ -**	$ 412	**$ (10)**	$ 140	**$ (945)**	$ 338	**$ 265**	$ 274
City share	**$ (311)**	$ (71)	**$ -**	$ 215	**$ (5)**	$ 70	**$ (316)**	$ 214	**$ 133**	$ 137

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

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31
(in thousands of dollars)

	General				
	Land [1]	**Buildings**	**Vehicles**	**Computer**	**Other**
Cost					
Balance, beginning of year	$ 336,309	$ 1,377,625	$ 497,414	$ 200,630	$ 644,499
Add:					
Additions during the year	5,643	20,252	9,887	14,604	139,742
Less:					
Disposals during the year	1,352	57,392	16,106	4,663	181
Balance, end of year	340,600	1,340,485	491,195	210,571	784,060
Accumulated amortization					
Balance, beginning of year	-	538,520	260,291	162,994	360,159
Add:					
Amortization	-	35,354	29,609	10,365	33,625
Less:					
Accumulated amortization on disposals	-	56,700	15,977	3,732	179
Balance, end of year	-	517,174	273,923	169,627	393,605
Net Book Value of Tangible Capital Assets	$ 340,600	$ 823,311	$ 217,272	$ 40,944	$ 390,455

[1] Included in land additions is $0.318 million (2021 - $1.281 million) of land transfers from land held for resale.
[1] Included in land disposals is $1.327 million (2021 - $1.447 million) of land transfers to land held for resale.

Infrastructure					Totals	
Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	2022	2021
$ 1,026,955	$ 3,461,994	$ 3,670,176	$ 990,006	$ 491,281	$ 12,696,889	$ 12,318,803
211,364	138,317	128,679	1,856	(175,804)	494,540	424,110
3,868	9,153	3,121	-	-	95,836	46,024
1,234,451	3,591,158	3,795,734	991,862	315,477	13,095,593	12,696,889
390,687	1,517,359	1,305,115	332,195	-	4,867,320	4,622,690
21,771	92,943	53,652	16,309	-	293,628	286,475
3,868	3,483	3,121	-	-	87,060	41,845
408,590	1,606,819	1,355,646	348,504	-	5,073,888	4,867,320
$ 825,861	$ 1,984,339	$ 2,440,088	$ 643,358	$ 315,477	$ 8,021,705	$ 7,829,569

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF RESERVES

Schedule 3

As at December 31
(in thousands of dollars)

		2022		2021
Reserves				
Capital Reserves				
Environmental Projects	**$**	**197,348**	$	115,324
Water Meter Renewal		**23,417**		12,548
Water Main Renewal		**18,252**		12,372
Waste Diversion		**17,331**		10,882
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment		**13,389**		12,880
Sewer System Rehabilitation		**4,941**		3,081
Landfill Rehabilitation		**4,535**		5,119
Canada Community-Building Fund		**3,572**		1,416
Computer, Critical Systems and Support		**3,293**		3,521
Southwest Rapid Transit Corridor		**1,297**		1,276
Local Street Renewal		**709**		824
Transit Bus Replacement		**411**		30
Regional Street Renewal		**291**		347
		288,786		179,620
Special Purpose Reserves				
Perpetual Maintenance Fund - Brookside Cemetery		**18,886**		18,431
Contributions in Lieu of Land Dedication		**12,278**		10,881
Housing Rehabilitation Investment		**4,435**		4,011
Insurance (Note 22)		**4,404**		5,075
Workers Compensation		**3,336**		4,427
Commitment		**2,832**		4,998
Destination Marketing		**2,822**		3,197
Land Operating *		**2,368**		6,909
General Purpose		**1,685**		1,080
Perpetual Maintenance Fund - St. Vital Cemetery		**1,421**		1,363
Perpetual Maintenance Fund - Transcona Cemetery		**1,047**		988
Insect Control Urgent Expenditures		**888**		3,000
Multi-Family Dwelling Tax Investment		**826**		902
Heritage Investment		**821**		854
Economic Development Investment		**16**		2,106
Permit		**-**		2,000
		58,065		70,222
Stabilization Reserve				
Financial Stabilization		**2,135**		75,092
Total Reserves	**$**	**348,986**	$	324,934

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

		2022		2021
Reserve balance as disclosed above	**$**	**2,368**	$	6,909
Investments held in government business (Note 6)		**465**		2,866
	$	**2,833**	$	9,775

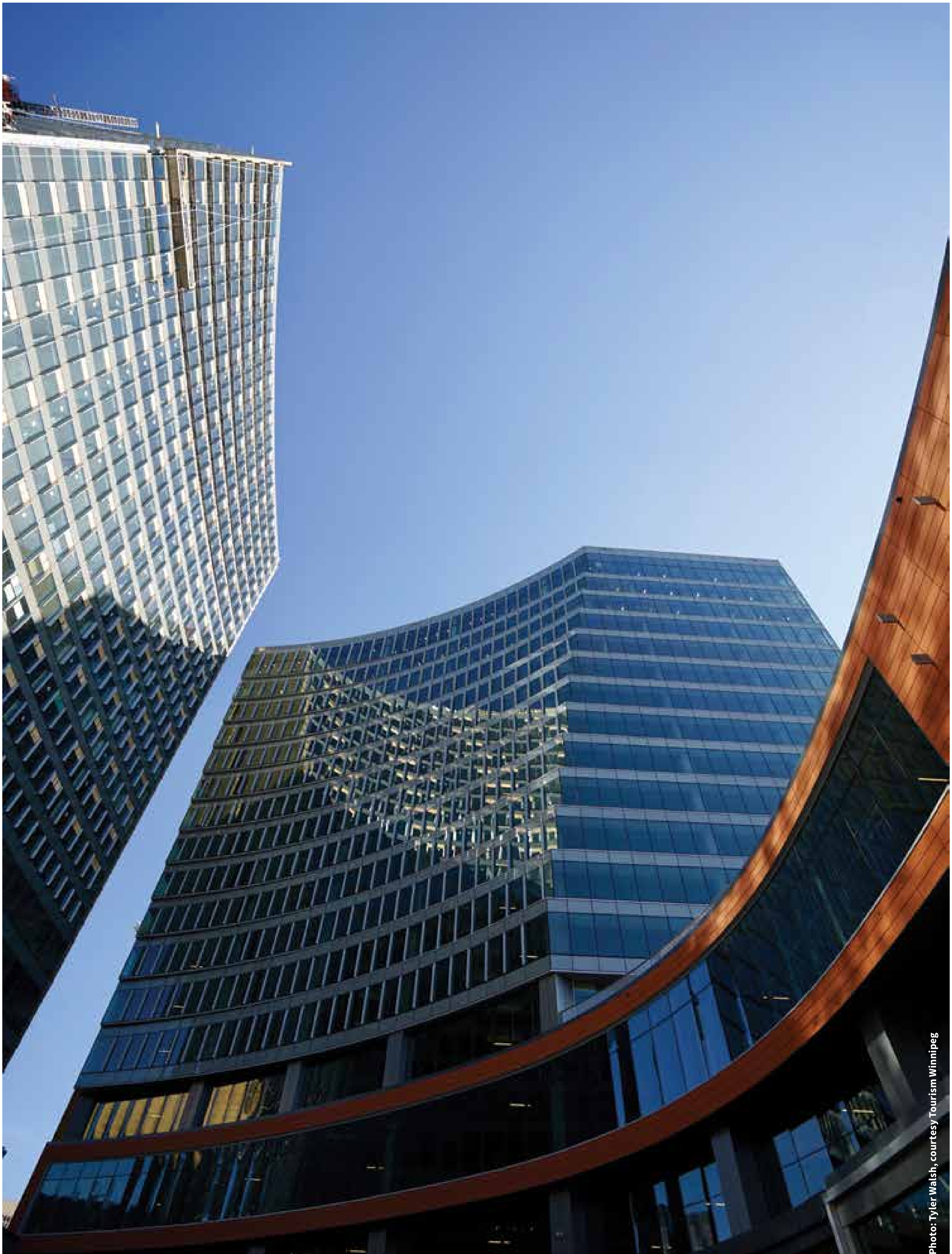


Photo: Tyler Walsh, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

For the year ended December 31, 2022
(in thousands of dollars)

	General Revenue Fund			
	Protection	**Community Services**	**Planning**	**Public Works and Garbage Collection**
REVENUES				
Taxation	**$ 340,056**	**$ 74,101**	**$ -**	**$ 290,623**
Sales of services and regulatory fees	**47,032**	**12,304**	**34,758**	**9,233**
Government transfers (Note 17)	**109,574**	**9,128**	**-**	**19,750**
Transfer from other funds	**37,112**	**8,216**	**(894)**	**24,562**
Other	**26,896**	**5,925**	**1,789**	**14,500**
	560,670	**109,674**	**35,653**	**358,668**
***EXPENSES** (Note 19)*				
Salaries and benefits	**478,988**	**42,360**	**29,104**	**82,595**
Goods and services	**50,838**	**7,773**	**4,433**	**168,930**
Interest	**7,165**	**3,243**	**23**	**3,794**
Transfer to other funds	**13,617**	**32,238**	**3,071**	**115,987**
Other	**10,062**	**24,060**	**(978)**	**(12,638)**
	560,670	**109,674**	**35,653**	**358,668**
ANNUAL SURPLUS	**$ -**	**$ -**	**$ -**	**$ -**

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

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

1 This segment includes the revenues and expenses from Government Business and Partnerships (Schedule 1)

Finance and Administration	Transit System Fund	Water and Waste Funds	Other Funds and Corporations [1]	Eliminations	Consolidated
$ 128,110	**$ -**	**$ -**	**$ 22,247**	**$ (18,157)**	**$ 836,980**
23,903	**64,243**	**406,714**	**113,489**	**(67,318)**	**644,358**
16,051	**51,420**	**5,969**	**157,562**	**(34,140)**	**335,314**
34,195	**114,853**	**81,353**	**557,797**	**(857,194)**	**-**
19,933	**1,192**	**77,491**	**55,531**	**(49,584)**	**153,673**
222,192	**231,708**	**571,527**	**906,626**	**(1,026,393)**	**1,970,325**
68,224	**125,479**	**78,937**	**64,110**	**10,681**	**980,478**
18,277	**69,639**	**146,663**	**130,858**	**(66,807)**	**530,604**
12,239	**11,414**	**13,758**	**49,423**	**(36,857)**	**64,202**
(170,087)	**(765)**	**(6,038)**	**870,777**	**(858,800)**	**-**
293,539	**52,576**	**298,310**	**(281,681)**	**(58,812)**	**324,438**
222,192	**258,343**	**531,630**	**833,487**	**(1,010,595)**	**1,899,722**
$ -	**$ (26,635)**	**$ 39,897**	**$ 73,139**	**$ (15,798)**	**$ 70,603**

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

THE CITY OF WINNIPEG
CONSOLIDATED FINANCIAL STATEMENTS

FIVE-YEAR REVIEW

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

	2022	2021	2020	2019	2018
1. Population (as restated per Statistics Canada)	**783,096**	772,935	767,250	763,071	752,970
Unemployment rate (as restated per Statistics Canada)					
- Winnipeg CMA (note 1)	**4.7%**	6.8%	9.0%	5.3%	6.3%
- National average	**5.3%**	7.5%	9.7%	5.7%	5.8%
2. Average annual headcount	**10,286**	10,279	10,388	10,638	10,490
3. Number of taxable properties	**243,581**	240,993	238,973	236,380	234,098
Payments-in-lieu of taxes					
Number of properties	**1,115**	1,255	1,521	1,432	1,410
4. Assessment - Residential	**$ 78,035,117**	$ 76,557,497	$ 75,141,769	$ 70,993,769	$ 69,872,623
- Commercial, industrial and other	**21,577,412**	21,457,395	21,307,140	19,385,942	19,288,744
- Farm and recreational	**386,645**	388,140	436,962	427,772	436,161
	$ 99,999,174	$ 98,403,033	$ 96,885,871	$ 90,807,483	$ 89,597,528
Assessment per capita (in dollars)	**$ 127,697**	$ 127,311	$ 126,277	$ 119,003	$ 118,992
Commercial, industrial and other as a percentage of assessment	**21.58%**	21.81%	21.99%	21.35%	21.53%
5. Tax arrears	**$ 68,565**	$ 57,005	$ 67,309	$ 60,120	$ 56,704
6. Tax arrears - per capita (in dollars)	**$ 87.56**	$ 73.75	$ 87.73	$ 78.79	$ 75.31
7. Municipal mill rate	**13.468**	13.161	12.861	13.290	12.987
- Adjustment for tax increase	**2.3%**	2.3%	2.3%	2.3%	2.3%
- Adjustment for general assessment (note 2)	**0.0%**	0.0%	(5.4%)	0.0%	(2.8%)
8. Tax Levies					
Municipal property taxes	**$ 655,999**	$ 630,061	$ 608,485	$ 588,365	$ 568,274
Payments-in-lieu of taxes	**19,193**	21,235	21,310	21,349	20,338
Local improvement and frontage levies	**65,726**	64,433	65,499	64,256	65,006
Business taxes and payments-in-lieu of business taxes	**58,129**	55,525	57,839	55,442	57,634
Electricity and other taxes	**37,933**	29,695	26,861	35,176	34,837
Total taxes levied for municipal purposes	**836,980**	800,949	779,994	764,588	746,089
Taxes levied on behalf of others					
Province and school divisions	**727,416**	729,019	732,304	713,974	699,765
Total taxes levied	**$ 1,564,396**	$ 1,529,968	$ 1,512,298	$ 1,478,562	$ 1,445,854
9. Winnipeg CMA consumer price index (per Statistics Canada) (note 1) (annual average)					
- 2002 base year 100	**152.5**	141.5	137.2	136.4	133.3
- Percentage increase	**7.8%**	3.1%	0.6%	2.3%	2.4%
10. Consolidated revenues					
- Municipal Property Taxes	**$ 675,192**	$ 649,675	$ 628,059	$ 607,911	$ 586,766
- Other Taxation	**161,788**	151,274	151,935	156,677	159,323
- User charges	**644,358**	605,229	556,624	653,079	645,356
- Government transfers	**335,314**	325,461	421,846	574,630	374,845
- Interest and other revenue	**153,673**	125,019	82,466	147,958	148,010
	$ 1,970,325	$ 1,856,658	$ 1,840,930	$ 2,140,255	$ 1,914,300
11. Consolidated expenses by function					
- Municipal operations	**$ 1,299,741**	$ 1,209,012	$ 1,201,392	$ 1,165,131	$ 1,111,811
- Public utilities	**520,525**	481,631	465,937	456,805	433,215
- Civic corporations	**79,456**	63,818	60,240	81,943	74,004
	$ 1,899,722	$ 1,754,461	$ 1,727,569	$ 1,703,879	$ 1,619,030
12. Growth in accumulated surplus	**$ 70,603**	$ 102,197	$ 113,361	$ 436,376	$ 295,270

Notes:

1. The Winnipeg Census Metropolitan Area (CMA) is an economic region defined by Statistics Canada.
2. Current provincial legislation requires that a general assessment be performed every two years, with the exception of 2022 where a one year delay was approved due to COVID-19. A general assessment occurred in 2014, 2016, 2018 and 2020, and the next general assessment will be 2023 due to the one year delay. 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)

	2022	2021	2020	2019	2018
13. Consolidated expenses by object					
Salaries and benefits	**$ 980,478**	$ 932,407	$ 906,039	$ 898,682	$ 860,556
Goods and services	**530,604**	429,939	424,602	463,660	420,798
Amortization	**293,628**	286,475	279,943	266,623	257,362
Interest	**64,202**	66,324	65,142	59,017	51,962
Other expenses	**30,810**	39,316	51,843	15,897	28,352
	$ 1,899,722	$ 1,754,461	$ 1,727,569	$ 1,703,879	$ 1,619,030
14. Payments to school authorities	**$ 727,416**	$ 729,019	$ 732,304	$ 713,974	$ 699,765
15. Debt					
Tax-supported	**$ 813,285**	$ 815,033	$ 815,507	$ 799,319	$ 685,939
Transit	**256,799**	258,372	292,880	281,747	147,444
City-owned utilities	**348,639**	349,842	352,402	296,062	214,687
Other	**92,474**	83,681	94,773	94,294	87,706
Total gross debt	**1,511,197**	1,506,928	1,555,562	1,471,422	1,135,776
Less: Sinking Funds	**152,454**	132,049	112,945	98,849	82,065
Total net long-term debt	**$ 1,358,743**	$ 1,374,879	$ 1,442,617	$ 1,372,573	$ 1,053,711
Percentage of total assessment	**1.36%**	1.40%	1.49%	1.51%	1.18%
Debt per capita	**$ 1,735**	$ 1,779	$ 1,880	$ 1,799	$ 1,399
16. Additions of tangible capital assets	**$ 494,540**	$ 424,110	$ 409,444	$ 872,771	$ 613,849
17. Net financial liabilities	**$ 1,009,108**	$ 883,146	$ 850,942	$ 841,786	$ 678,915
18. Accumulated surplus					
Invested in tangible capital assets	**$ 6,693,213**	$ 6,468,698	$ 6,311,139	$ 6,235,368	$ 5,836,664
Reserves					
Capital	**288,786**	179,620	215,767	245,746	168,606
Stabilization	**2,135**	75,092	119,891	107,766	110,961
Special Purpose	**58,065**	70,222	77,338	71,970	68,992
	348,986	324,934	412,996	425,482	348,559
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**131,865**	303,288	257,821	188,124	220,806
Unfunded expenses	**(341,046)**	(334,505)	(321,738)	(302,117)	(295,548)
	11,057	189,021	156,321	106,245	145,496
	$ 7,053,256	$ 6,982,653	$ 6,880,456	$ 6,767,095	$ 6,330,719
19. Government-specific indicators					
Assets-to-liabilities	**3.68**	3.75	3.94	4.05	4.58
Financial assets-to-liabilities	**0.62**	0.65	0.64	0.62	0.62
Public debt charges-to-revenues	**0.03**	0.04	0.04	0.03	0.03
Own-source revenues-to-taxable assessment	**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues	**0.17**	0.18	0.23	0.27	0.20

Photo: City of Winnipeg

2022
Funds

Detailed Financial Statements

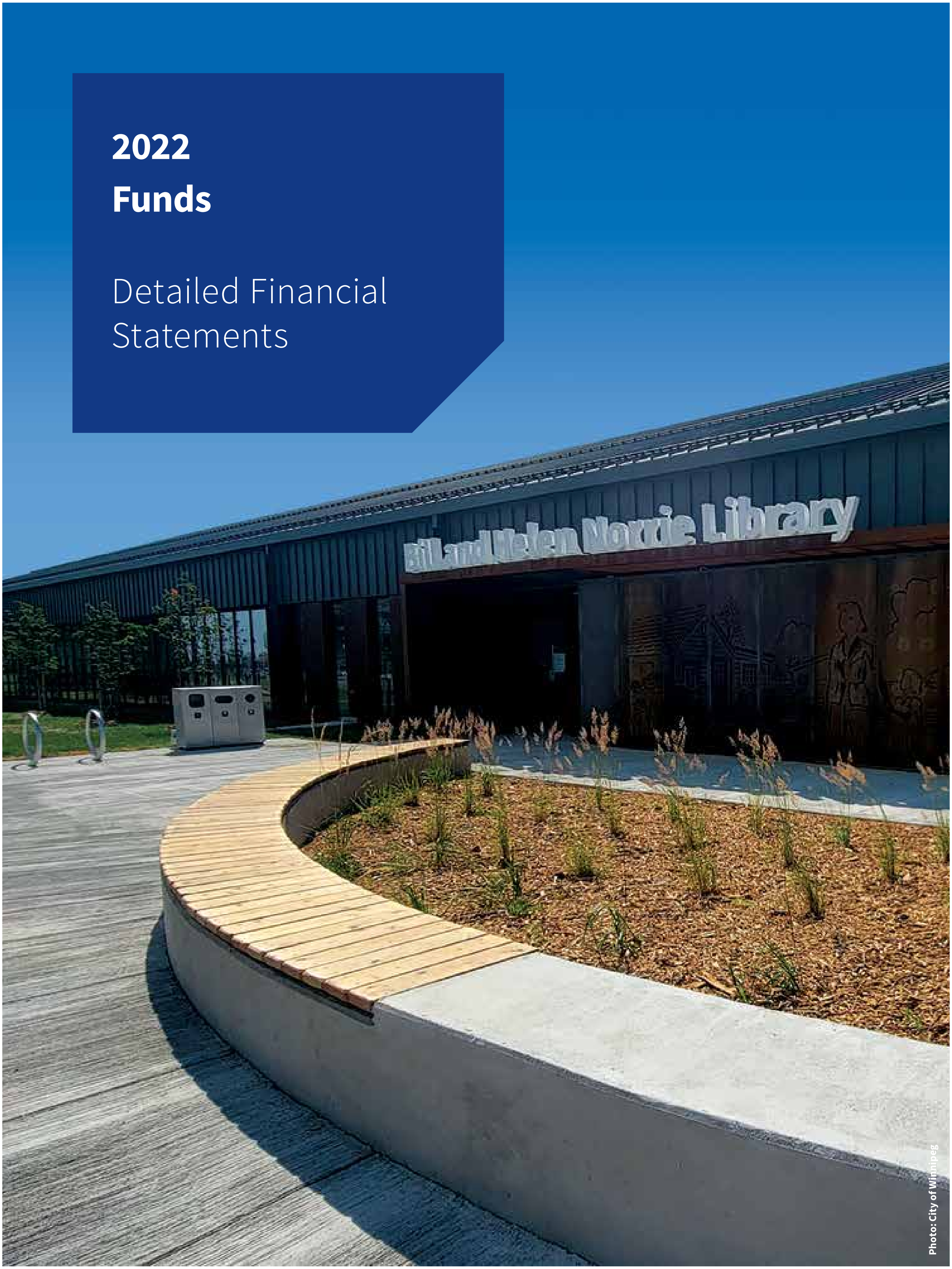


Photo: City of Winnipeg

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, 2022, the General Revenue Fund reported a deficit of $86.1 million (2021 - $22.3 million deficit) before transfers. Factors that contributed to the General Revenue Fund's position were as follows:

- Public Works department showed an unfavourable variance of $57.6 million due to snow clearing and ice control expenditures in 2022. Other unfavourable variances are additional roadway construction and maintenance costs, annual spring cleaning.
- Fire Paramedic Service department had an unfavourable variance of $8.3 million, mainly due to increased overtime and salary and benefit costs being greater than budget.
- Police department's unfavourable variance of $7.0 million resulted from a increased pension expenses, decreased net revenues form photo and traditional enforcement fines.
- Asset and Project management's unfavourable variances of $5.3 million relates to a lower transfer from Municipal Accommodations Fund.
- Assessment and Taxation department had an favourable variance of $1.0 million, mainly due to savings in salaries and benefits due largely to vacant positions.
- Innovation and Technology department had a favourable variance of $1.6 million, due to savings in software, professional services and salaries and benefits due to position vacancies.
- Corporate department's favourable variance of $2.0 million result of increase in short term investment interest due to increasing interest rates.
- Community Services department experienced a $6.7 million favourable variance, mainly due to salary and benefit expenses, especially in library services and recreation programming due to lower maintenance, position vacancies and turnover as well as savings in facility.
- Corporate account's favourable variance of $9.4 million is mainly due to the levers of the COVID-19 Crisis Cash Flow management Plan 2022, this is netted with the budgeted savings to be reorganized in departments of $30.8 million.
- Other departmental revenue and expenses resulted in a favourable variance of $2.2 million.

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

FIVE-YEAR REVIEW

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

	2022	2021	2020	2019	2018
Planning, Property and Development					
Construction					
-Permits issued	**7,684**	8,681	7,440	8,494	10,249
-Value	**$ 2,134,586**	$ 2,274,686	$ 1,653,831	$ 2,167,605	$ 1,849,842
Housing starts	**4,056**	5,744	3,849	5,021	3,757
Community Services					
Libraries Provincial Transfer	**$ 2,010**	$ 2,010	$ 2,010	$ 2,010	$ 2,010
Library circulation	**4,516,513**	3,622,407	2,881,774	5,006,407	4,881,757
Taxes Receivable					
Property, payments-in-lieu and business taxes	**$ 66,983**	$ 54,733	$ 65,108	$ 58,102	$ 52,999
Allowance for tax arrears	**(1,277)**	(1,500)	(2,849)	(1,207)	(813)
	$ 65,706	$ 53,233	$ 62,259	$ 56,895	$ 52,186
Tax Revenues					
Municipal realty taxes	**$ 646,790**	$ 623,022	$ 599,574	$ 572,923	$ 551,642
Payments-in-lieu of taxes	**37,986**	37,286	36,731	36,714	35,794
Business and licenses-in-lieu of business taxes	**$ 55,375**	$ 56,295	$ 56,180	$ 55,113	$ 55,070
Statement of Operations					
Revenues	**$ 1,200,719**	$ 1,187,083	$ 1,172,021	$ 1,134,276	$ 1,093,161
Expenses	**1,286,857**	1,209,394	1,169,500	1,135,413	1,073,663
	(86,138)	(22,311)	2,521	(1,137)	19,498
Contribution (to)/from: Financial Stabilization Reserve	**86,138**	22,311	(2,521)	1,137	(19,498)
Surplus	**$ -**	$ -	$ -	$ -	$ -

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
ASSETS		
Current		
Cash and cash equivalents (Note 3)	**$ 660,979**	$ 772,168
Accounts receivable (Note 4)	**112,665**	92,818
Materials and supplies	**15,010**	14,415
Prepaid expenses	**5,005**	2,569
	793,659	881,970
Investments (Note 5)	**35,251**	30,113
Contributed surplus and other assets (Note 6)	**38,920**	36,995
	$ 867,830	$ 949,078
LIABILITIES		
Current		
Notes payable (Note 7)	**$ 33,459**	$ 41,394
Due to other funds (Note 8)	**563,801**	685,864
Accounts payable and accrued liabilities (Note 9)	**197,809**	150,225
Deferred revenue (Note 10)	**47,153**	44,684
Performance and other deposits	**25,608**	26,911
	$ 867,830	$ 949,078

Commitments and contingent liabilities (Note 11)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

STATEMENT OF OPERATIONS

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

	2022 Budget	2022 Actual	2021 Actual
REVENUES (Schedule 1)			
Taxation (Note 12)	**$ 793,992**	**$ 794,904**	$ 768,533
Government transfers	**150,794**	**154,503**	152,185
Contributions and transfers	**17,878**	**103,191**	59,632
Regulation fees	**79,116**	**68,974**	72,039
Sale of goods and services (Note 13)	**51,838**	**58,552**	51,515
Investment and other interest	**45,898**	**50,082**	49,795
Payments-in-lieu of taxes (Note 12)	**37,986**	**37,986**	37,286
Sale of Winnipeg Hydro and Other	**17,052**	**18,665**	18,409
Total Revenues	**1,194,554**	**1,286,857**	1,209,394
EXPENSES (Schedules 2 and 3)			
Protection and community services	**657,876**	**671,110**	643,013
Public works	**302,117**	**358,668**	307,529
Finance and administration	**104,919**	**101,477**	89,716
Contribution and appropriations	**97,633**	**97,633**	104,273
Property and development	**35,663**	**35,653**	46,464
Employee benefits and payroll tax	**15,780**	**16,112**	14,586
Other	**(18,217)**	**5,860**	3,514
Debt and finance charges	**(1,217)**	**344**	299
Total Expenses	**1,194,554**	**1,286,857**	1,209,394
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

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

a) Basis of presentation

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

b) Basis of accounting

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

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

c) Cash equivalents

Cash equivalents consist of federal guarantees; other municipal bonds; schedule A bank bonds; and commercial papers. 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.

1. *Significant Accounting Policies (continued)*

k) Tax Revenue *(continued)*

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.

l) Government transfers

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

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

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

2. *Status of the General Revenue Fund*

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

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

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. *Cash and Cash Equivalents*

		2022		2021
Cash	**$**	**280,577**	$	423,570
Cash equivalents		**380,402**		348,598
	$	**660,979**	$	772,168

Cash equivalents have an effective average interest rate of 3.84% (2021 - 0.60%).

4. *Accounts Receivable*

		2022		2021
Property, payments-in-lieu and business taxes	**$**	**66,983**	$	54,733
Allowance for tax arrears		**(1,277)**		(1,499)
		65,706		53,234
Trade accounts and other receivables		**49,980**		44,683
Province of Manitoba		**9,116**		9,290
Government of Canada		**5,818**		4,431
Accrued interest receivable		**4,201**		647
Allowance for doubtful accounts		**(22,156)**		(19,467)
		46,959		39,584
	$	**112,665**	$	92,818

5. *Investments*

		2022		2021
Marketable securities				
Federal related entity	**$**	**25,346**	$	25,733
Provincial bonds		**9,905**		4,380
	$	**35,251**	$	30,113

The aggregate market value of marketable securities at December 31, 2022 is $34.3 million (2021 - $29.9 million).

6. *Contributed Surplus and Other Assets*

		2022		2021
Contributed surpluses:				
Golf Services - Special Operating Agency	**$**	**20,575**	$	20,575
Land Operating Reserve		**8,425**		8,425
Winnipeg Parking Authority - Special Operating Agency		**73**		73
Loans receivables:				
Winnipeg Parking Authority - Special Operating Agency, start-up loan with no specific terms of repayment		**3,918**		3,918
Golf Services - Special Operating Agency, start-up loan, non-interest bearing		**2,613**		2,662
Capital loan receivable:				
Capitalize land development costs in St. Boniface Industrial Park Phase II, non-interest bearing		**1,185**		1,342
Deferred election costs		**2,131**		-
	$	**38,920**	$	36,995

7. *Notes Payable*

The City finances short-term borrowing requirements from related entities at market rates of interest, which have an effective interest rate of 4.20% (2021 - 0.20%). These notes are callable by the issuers.

		2022		2021
Winnipeg Civic Employees' Benefits Program (Pension Fund)	**$**	**22,333**	$	10,727
Winnipeg Police Pension Plan		**3,441**		8,446
Insurance Reserve		**3,405**		6,030
Workers Compensation Reserve		**3,336**		4,427
Perpetual Maintenance Reserve Funds:				
- Brookside Cemetery		**498**		1,792
- Transcona Cemetery		**194**		135
- St. Vital Cemetery		**164**		107
Landfill Site Rehabilitation Reserve		**125**		252
Sinking Fund and premium		**(37)**		9,478
	$	**33,459**	$	41,394

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.

8. *Due to Other Funds (continued)*

	2022	2021
Capital Reserves	**$ 348,950**	$ 248,178
General Capital	**121,586**	87,361
Waterworks System	**32,213**	30,103
Special Purpose Reserves	**31,089**	48,943
Land Drainage	**17,899**	21,900
Solid Waste Disposal	**11,989**	8,801
Transit System	**5,276**	23,272
Municipal Accommodations	**4,195**	3,055
Winnipeg Parking Authority - Special Operating Agency	**3,857**	2,481
Animal Services - Special Operating Agency	**3,070**	3,593
Financial Stabilization Reserve	**2,135**	75,092
Equipment and Material Services	**141**	139
Fleet Management - Special Operating Agency	**(215)**	(8,679)
Golf Services - Special Operating Agency	**(1,152)**	(1,442)
Sewage Disposal System	**(17,232)**	143,067
	$ 563,801	$ 685,864

9. *Accounts Payable and Accrued Liabilities*

	2022	2021
Trade accounts payable	**$ 84,805**	$ 56,915
Provincial education support and school division special levies payable	**42,150**	39,387
Provision for assessment appeals	**17,936**	19,128
Other accrued liabilities	**22,264**	19,119
Wages and employee benefits payable	**28,867**	13,865
Accrued interest on long-term debt	**1,787**	1,811
	$ 197,809	$ 150,225

10. *Deferred Revenue*

	2022	2021
Deferred gain on sale of assets to:		
Golf Services - Special Operating Agency	**$ 20,744**	$ 20,833
Winnipeg Parking Authority - Special Operating Agency	**2,207**	2,207
Permit, membership, street cuts and other	**21,647**	19,492
Rentals	**2,555**	2,152
	$ 47,153	$ 44,684

11. Commitments and Contingent Liabilities

The following significant commitments and contingencies existed at December 31:

a) Loan guarantees

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

	2022	2021
The Convention Centre Corporation	**$ 23,001**	$ 25,988
CentreVenture Development Corporation	**14,915**	16,531
Assiniboine Park Conservancy	**12,975**	3,121
Garden City Community Centre Inc.	**6,389**	6,483
Winnipeg Soccer Federation	**6,167**	6,332
Fort Rouge Yards	**5,292**	5,292
Dakota Community Centre Inc.	**3,582**	3,689
Transcona East End Community Club Inc.	**3,261**	3,385
Southdale Recreation Association Inc.	**1,708**	1,861
Winnipeg Housing Rehabilitation Corporation	**-**	603
	$ 77,290	$ 73,285

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, 2022, 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, 2022 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 (2021 - $1.3 billion). This included school taxes of $690.0 million (2021 - $698.8 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Total payments-in-lieu of taxes for the year were $75.4 million (2021 - $67.5 million). Included were payments-in-lieu of school taxes assessed in 2022 of $37.4 million (2021 - $30.2 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.

12. *Taxation (continued)*

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

The amounts levied are as follows:

	2022	2021
Sewage Disposal System	**$ 12,533**	$ 11,538
Waterworks System	**3,167**	3,156
Transit System	**1,175**	1,140
Winnipeg Parking Authority - Special Operating Agency	**106**	104
Solid Waste Disposal	**44**	43
	$ 17,025	$ 15,981

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:

	2022	2021
Waterworks System	**$ 1,092**	$ 1,087
Sewage Disposal System	**945**	940
Transit System	**817**	813
Municipal Accommodations	**631**	628
Solid Waste Disposal	**141**	141
Winnipeg Parking Authority - Special Operating Agency	**107**	106
Animal Services - Special Operating Agency	**80**	80
	$ 3,813	$ 3,795

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

Included in Community Services department's expenses are transfers to various funds as follows: Animal Services - Special Operating Agency transfer $0.4 million (2021 - $1.3 million).

Included in Public Works department's expenses is a transfer to the Insect Control Urgent Expenditures Reserve $1.7 million (2021 - $2.3 million).

Included in Planning, Property and Development department's expenses is a transfer to the Perpetual Maintenance Reserves in the amount of $211 thousand (2021 - $187 thousand), a transfer to the Permit Reserve is $nil (2021 - $2.1 million), a transfer to Golf Services in the amount of $nil (2021 - $730 thousand) and the Housing Rehabilitation Investment Reserve of $1.0 million (2021 - $1.0 million).

14. Contributions and Appropriations to Related Parties (continued)

Included in Corporate Finance department's expenses are recoveries from various funds for investment management fees. This includes $261 thousand (2021 - $157 thousand) from the Special Purpose Reserves, $730 thousand (2021 - $440 thousand) from the Capital Reserves, and $518 thousand (2021 - $240 thousand) from the Sinking Fund. There was $284 thousand (2021 - $223 thousand) recovered from the Financial Stabilization Reserve.

Included in government affairs, pension contribution and other expenses during 2022 is a $94 thousand (2021 - $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 $1.2 million (2021 - $207 thousand).

Included in the other expense category is a transfer to the General Capital Fund of $3.0 million (2021 - $2.7 million) related to capital expenditures.

Included in various expense categories are the following: during 2022 a transfer of $66.1 million to the Municipal Accommodations Fund (2021 - $64.2 million); a transfer to the Computer Replacement Reserve of $1.3 million (2021 - $1.2 million); a transfer to the General Capital Fund of $11.2 million (2021 - $14.6 million) to fund capital projects; a contribution to the Commitment Reserve is $1.3 million (2021 - $3.7 million); a transfer from the Insurance Reserve of $647 thousand (2021 - $9 thousand); a transfer to the Waterworks System Fund of $82 thousand (2021 - $81 thousand); a transfer to Local Streets Renewal Reserve of $47.3 million (2021 - $47.3 million) and a transfer to Regional Streets Renewal Reserve of $42.9 million (2021 - $42.9 million); a transfer to Transit Fund $97.6 million (2021 - $104 million) and a transfer to Parking Special Operating Agency $nil (2021 - $nil).

15. Pension Costs and Obligations

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

The Fund's employees are eligible for benefits under the Winnipeg Civic Employees' Benefits Pension and the Winnipeg Police Pension Plans. The City allocates its benefit costs to various departments. During the year $74.4 million (2021 - $72.6 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, 2022 has been estimated to be $3.6 million (2021 - $3.6 million). In 2022, the City paid out $0.3 million (2021 - $0.3 million).

15. Pension Costs and Obligations (continued)

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 2022, the City made contribution of $0.6 million (2021 - $0.5 million).

16. Other Employee Benefits

a) Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2022 at $72.1 million (2021 - $72.7 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, 2022 is estimated at $30.6 million (2021 - $26.7 million).

c) Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2022 is estimated at $51.9 million (2021 - $50.7 million).

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2022 is estimated at $45.1 million (2021 - $42.4 million).

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

17. Related Party Transactions

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

18. Comparative figures

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

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2022 Budget	2022 Actual	2021 Actual
Taxation			
Municipal realty tax	**$ 645,779**	**$ 646,790**	$ 623,022
Frontage levy	**64,184**	**64,472**	63,882
Business taxes	**55,375**	**55,375**	56,295
Electricity and natural gas sales taxes	**24,508**	**24,164**	22,263
Entertainment tax	**1,500**	**1,538**	611
Local improvement tax	**1,419**	**1,330**	1,284
Billboard tax	**758**	**786**	742
Licenses-in-lieu of realty tax	**369**	**415**	383
Local improvement tax commuted	**100**	**34**	51
	793,992	**794,904**	768,533
Government transfers			
Provincial of Manitoba			
Municipal Operating Grant	**95,195**	**95,281**	95,265
Public Safety	**23,954**	**23,955**	23,955
	119,149	**119,236**	119,220
Less: Support for Provincial Programs	**(23,650)**	**(23,650)**	(23,650)
	95,499	**95,586**	95,570
Transfer for paramedic services	**48,861**	**50,316**	48,199
Other	**6,419**	**8,601**	8,416
	150,779	**154,503**	152,185
Government of Canada	**15**	**-**	-
	150,794	**154,503**	152,185
Regulation fees			
Permits and fees	**38,230**	**34,033**	36,417
Tax penalty interest	**18,000**	**17,790**	14,695
Fines	**20,319**	**14,678**	18,385
Licenses	**2,567**	**2,473**	2,542
	79,116	**68,974**	72,039
Sale of goods and services	**51,838**	**58,552**	51,515

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 1

REVENUES

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

	2022 Budget	2022 Actual	2021 Actual
Investment and other interest			
Transfer from Sewage Disposal System	**21,899**	**22,551**	21,044
Transfer from Waterworks System	**15,378**	**15,620**	14,637
Interest earned	**5,218**	**6,696**	5,842
Transfer from Parking	**1,211**	**3,211**	6,085
Interest capitalized	**2,100**	**1,912**	2,095
Transfer from Fleet	**92**	**92**	92
	45,898	**50,082**	49,795
Payments-in-lieu of taxes	**37,986**	**37,986**	37,286
Contributions and transfers			
Financial Stabilization Reserve	**(6,314)**	**79,824**	42,563
Municipal Accommodations (Note 14)	**11,202**	**5,920**	10,351
Land Operating Reserve	**6,235**	**6,235**	1,235
Insect Control Urgent Expenditure Reserve	**2,500**	**3,830**	1,869
Permit Reserve	**-**	**1,884**	-
Economic Development Reserve	**2,186**	**1,761**	2,000
Workers Compensation Reserve	**500**	**1,500**	1,000
Multi-Family Reserve	**1,000**	**1,000**	-
Insurance Reserve	**-**	**647**	-
Perpetual Maintenance	**322**	**343**	368
Housing Rehabilitation Reserve	**162**	**162**	162
Destination Marketing Reserve	**85**	**85**	84
	17,878	**103,191**	59,632
Sale of Winnipeg Hydro and other			
Manitoba Hydro	**16,000**	**16,000**	16,000
Other revenues	**1,052**	**2,665**	2,409
	17,052	**18,665**	18,409
Total Revenues	**$ 1,194,554**	**$ 1,286,857**	$ 1,209,394

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Protection and community services			
Police service	$ 319,726	$ 328,387	$ 320,718
Fire paramedic service	221,089	232,284	222,394
Community services	116,296	109,674	99,136
Museums	765	765	765
	657,876	671,110	643,013
Public works			
Public works	265,912	323,038	271,351
Water and waste	22,390	22,537	23,297
Street lighting	13,815	13,093	12,881
	302,117	358,668	307,529
Finance and administration			
Innovation, transformation and technology	23,806	22,231	24,499
Assessment and taxation	19,878	19,257	14,257
City clerks	12,118	13,249	11,426
Asset and project management	8,551	8,622	-
Corporate finance	8,395	7,611	8,337
Customer services & communication	7,023	6,843	6,593
Human resource services	7,319	6,650	6,033
Legal services	4,890	4,538	5,917
Chief administrative offices	4,688	4,361	4,959
Council	4,250	4,325	4,130
Mayor's office	1,848	1,883	1,684
Audit	1,350	1,306	1,294
Policy development and strategic initiatives	803	601	587
	104,919	101,477	89,716
Contributions and appropriations			
Contribution to Transit System	97,633	97,633	104,273
Transfer to Financial Stabilization Reserve	-	-	-
	97,633	97,633	104,273

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Property and development			
Planning, property and development	**35,663**	**35,653**	46,464
Employee benefits and payroll tax			
Provincial payroll tax	**12,248**	**12,894**	11,778
Employee benefits	**3,532**	**3,218**	2,808
	15,780	**16,112**	14,586
Other			
Insurance and damage claims	**4,576**	**4,576**	4,256
Government affairs, pension contribution and other	**(22,793)**	**1,284**	(742)
	(18,217)	**5,860**	3,514
Debt and finance charges			
Transfer to General Capital Fund	**29,141**	**34,286**	31,638
Other interest and finance charges	**-**	**759**	1,268
Transfer charges to departments	**(30,358)**	**(34,701)**	(32,607)
	(1,217)	**344**	299
Total Expenses	**$ 1,194,554**	**$ 1,286,857**	$ 1,209,394

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 3

EXPENSES BY OBJECT

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

	2022 Budget	2022 Actual	2021 Actual
Salaries and employee benefits	**$ 696,297**	**$ 701,271**	$ 671,835
Transfers to other Funds	**270,356**	**273,847**	288,306
Services	**114,417**	**191,245**	147,021
Materials, parts and supplies	**43,145**	**50,857**	39,575
Debt and finance charges - departmental and corporate	**37,789**	**36,832**	34,777
Grants and payments	**33,280**	**34,751**	38,254
Provincial payroll tax	**12,249**	**12,897**	11,778
Municipal tax, amortization and other	**13,954**	**10,803**	9,838
Assets - purchases and renovations	**7,250**	**8,148**	8,590
Recoveries	**(34,183)**	**(33,794)**	(40,580)
	$ 1,194,554	**$ 1,286,857**	$ 1,209,394

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 2022 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 2022 with 2021 comparative figures are as follows:

	2022	2021
Provincial education support program levy		
Other property	**$ 108,510,212**	$ 109,276,169
Special levies (by school division)		
Winnipeg	**197,069,199**	197,069,200
Louis Riel	**113,348,780**	113,348,856
Pembina Trails	**110,073,905**	110,121,795
River East - Transcona	**81,296,891**	81,216,679
St. James - Assiniboia	**59,792,101**	60,034,158
Seven Oaks	**52,292,198**	52,847,836
Seine River	**4,990,673**	5,059,774
Interlake	**41,568**	44,077
	618,905,315	619,742,375
	$ 727,415,527	$ 729,018,544
Allocated as follows:		
Realty taxes	**$ 689,985,050**	$ 698,828,474
Payments-in-lieu of taxes	**37,430,477**	30,190,070
	$ 727,415,527	$ 729,018,544

THE CITY OF WINNIPEG
GENERAL REVENUE FUND

Schedule 5

2022 ASSESSMENT PORTIONED BY PROPERTY CLASSIFICATION

As at April 19, 2022
(unaudited)

	Portion	Taxable	Exempt Subject to Payments-in-Lieu	Exempt	Total
Residential 1	45.0%	$ 27,965,047,107	$ 70,429,637	$ 65,775,802	$ 28,101,252,546
Residential 2	45.0%	4,435,830,628	337,302,045	4,662,045	4,777,794,718
Residential 3	45.0%	2,305,386,630	1,806,750	139,950	2,307,333,330
Farm	26.0%	57,384,952	4,600,691	60,647,844	122,633,487
Institutional	65.0%	1,067,187,028	105,259,050	2,180,274,730	3,352,720,808
Designated Higher Education	0.0%	-	-	-	-
Pipelines	50.0%	9,518,000	5,567,638	-	15,085,638
Railways	25.0%	95,501,394	1,134,000	-	96,635,394
Designated recreational facilities	10.0%	13,976,000	847,900	4,989,100	19,813,000
Other	65.0%	10,842,020,012	1,295,481,861	1,921,947,538	14,059,449,411
Legislative building	65.0%	-	9,823,515	-	9,823,515
		$ 46,791,851,751	$ 1,832,253,087	$ 4,238,437,009	$ 52,862,541,847

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 2022 budget for the General Capital Fund of $283.6 million was a 24.3% increase from the 2021 budget of $228.1 million. Capital asset additions in 2022 relating to 2022 and previous years capital budgets, decreased from $216.6 million in 2021 to $179.3 million for a net increase in asset additions of $107.2 million in 2022.

Of the $179.3 million of assets placed into service, $138.1 million was for Roads and Bridges, $17.6 million was for Buildings and $10.1 million was for Other Assets.

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

-	Local Streets Renewal program	$	51.6	million
-	Regional Streets Renewal program	$	20.7	million
-	Developer Contributed Roads	$	12.3	million
-	St. James Civic Centre	$	9.4	million
-	Smith St.-Notre Dame Ave. to Midtown Bridge	$	7.3	million
-	Stafford St. -Corydon Ave. -Pembina Highway	$	7.0	million
-	Erin St.-Notre Dame Ave. to Wolever Ave.	$	5.6	million
-	Selkirk Ave.-Arlington St to McPhilips St.	$	5.4	million
-	Jubilee Ave -Osborne St. to Pembina Hwy.	$	5.3	million
-	P25 Compliant Radio Gear	$	5.0	million
-	Pedestrian and Cycle Facilities	$	4.4	million
-	Mountain Ave. -Arlington St. to McPhillips St.	$	4.4	million
-	Pembina Highway -McGillivray Blvd. to Chevrier Blvd.	$	4.3	million
-	Nairn Ave-Stadacona St. to Watt St.	$	3.9	million
-	University Crescent - Pembina Hwy. to Chancellor Matheson Rd.	$	3.2	million
-	St Mary Ave-Memorial Blvd to Portage Ave.	$	3.0	million

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

FIVE-YEAR REVIEW

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

	2022	2021	2020	2019	2018
Tangible Capital Assets	**$ 3,245,855**	$ 3,219,884	$ 3,148,830	$ 3,097,260	$ 3,058,314
% change in tangible capital assets	**0.81%**	2.26%	1.67%	1.27%	(19.17%)
Debt					
Net Sinking Fund, serial and installment	**$ 560,160**	$ 571,588	$ 582,548	$ 570,620	$ 457,076
Other long-term debt	**185,347**	187,252	187,886	193,870	201,876
Total long-term debt	**$ 745,507**	$ 758,840	$ 760,618	$ 764,490	$ 658,952
% change in total debt	**(1.76%)**	(0.23%)	(0.51%)	16.02%	(3.45%)
Interest Expense	**$ 37,014**	$ 38,329	$ 26,080	$ 32,516	$ 33,169
% change in external interest expense	**(3.43%)**	(32.85%)	(19.79%)	(1.97%)	(5.33%)
Summary of Cash Flows					
Operating activities	**$ 232,478**	$ 200,385	$ 214,286	$ 224,028	$ (655,069)
Long-term debt issued (retired), net	**$ (1,905)**	$ (634)	$ 16,026	$ 114,180	$ (15,341)
Payments to The Sinking Fund, net	**$ (8,779)**	$ (8,779)	$ (8,338)	$ 7,176	$ 8,593
Due from/to General Revenue Fund	**$ (34,225)**	$ 26,081	$ (28,574)	$ (140,279)	$ 75,838
Capital acquisitions	**$ (179,280)**	$ (216,625)	$ (199,697)	$ (181,925)	$ (235,881)
Other	**$ (8,289)**	$ (428)	$ 6,297	$ (23,180)	$ 821,860

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
FINANCIAL ASSETS		
Cash	**$ 14,657**	$ -
Due from General Revenue Fund (Note 3)	**121,586**	87,361
Accounts receivable (Note 4)	**50,314**	55,133
Capital loans receivable (Note 5)	**19,050**	22,013
	205,607	164,507
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	**15,150**	14,606
Capital loans payable	**41**	282
Expropriation liability	**41,915**	43,967
Deferred revenue	**88,609**	56,330
Deferred revenue related to capital assets (Note 7)	**17,168**	14,349
Debt (Note 8)	**745,507**	758,840
Deferred liabilities	**550**	708
Developer deposits	**11,895**	10,464
	920,835	899,546
NET FINANCIAL LIABILITIES	**(715,228)**	(735,039)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	**3,245,855**	3,219,884
Prepaid expenses	**1,714**	1,755
	3,247,569	3,221,639
ACCUMULATED SURPLUS (Note 10)	**$ 2,532,341**	$ 2,486,600

Commitments (Note 11)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2022	2021
REVENUES		
Transfers from other City of Winnipeg Funds (Schedule 2)	**$ 154,583**	$ 140,294
Transfer from General Revenue Fund		
Debt and finance	**34,286**	31,638
Other	**3,003**	2,730
Province of Manitoba capital transfer	**32,337**	29,329
Government of Canada capital transfer	**19,294**	21,409
Developer contributions-in-kind	**15,119**	49,337
Capital funding recognized (Note 7)	**9,464**	13,725
Other	**3,265**	3,897
Interest income	**2,649**	2,181
Gain on disposal of tangible capital assets	**-**	-
	274,000	294,540
EXPENSES		
Amortization	**145,596**	144,181
Interest - External debt	**37,014**	38,329
Infrastructure maintenance	**17,631**	17,512
Transfers to other City of Winnipeg Funds (Schedule 2)	**10,248**	3,990
Grants	**9,679**	15,164
Other	**6,673**	1,560
Loss on disposal of tangible capital assets	**1,418**	1,336
	228,259	222,072
NET SURPLUS FOR THE YEAR	**45,741**	72,468
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**2,486,600**	2,414,132
ACCUMULATED SURPLUS, END OF YEAR (Note 10)	**$ 2,532,341**	$ 2,486,600

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GENERAL CAPITAL FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

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

a) Basis of presentation

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

b) Basis of accounting

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

c) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	5 to 75 years
Buildings	10 to 50 years
Machinery and equipment	5 to 25 years
Vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Water and waste	
Underground networks	50 to 100 years
Flood stations and other infrastructure	20 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and structures	25 to 75 years

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

In certain circumstances, capital project work is charged an administration fee equal to 1.25 % 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 of Winnipeg.

1. *Significant Accounting Policies (continued)*

d) Deferred revenue

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

e) Contributions of tangible capital assets

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

f) Leases

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

g) Service concession arrangement

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

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

h) Deferred liabilities

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

i) Revenue recognition

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

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

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

1. Significant Accounting Policies (continued)

j) Debt and finance charges

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

2. Status of the General Capital Fund

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

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. Due from General Revenue Fund

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

4. Accounts Receivable

	2022	2021
Province of Manitoba	**$ 30,389**	$ 34,740
Government of Canada	**17,647**	17,854
Local improvements - Fairfield Park	**734**	788
Other	**1,544**	1,751
	$ 50,314	$ 55,133

5. Capital Loans Receivable

At varying maturities up to the year 2035 with a weighted average interest rate for the year 2022 of 1.24% (2021 - 1.27%) due from the following:

	2022	2021
Transit System	**$ 19,050**	$ 22,013

6. Accounts Payable and Accrued Liabilities

	2022	2021
Trade accounts payable	**$ 9,273**	$ 9,734
Contractors' holdbacks	**5,877**	4,872
	$ 15,150	$ 14,606

7. *Deferred Revenue Related to Capital Assets*

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

	2022	2021
Beginning balance	**$ 14,349**	$ 12,387
Contributions received from:		
General Revenue Fund	**11,227**	14,631
Municipal Accommodations Fund	**1,056**	1,056
	12,283	15,687
Deduct capital funding recognized	**9,464**	13,725
	$ 17,168	$ 14,349

8. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2022	2021
2014-2045	Jun. 1	4.100	WD1	144/11, 23/13, and 149/13	**$ 60,000**	$ 60,000
2014-2045	Jun. 1	3.713	WD2	100/12, 23/13 and 149/13	**60,000**	60,000
2015-2045	Jun. 1	3.828	WD3	144/11, 100/12, 23/13, 149/13, 5/15 and 61/15	**56,381**	56,381
2016-2045	Jun. 1	3.303	WD4	72/06, 23/13, 149/13, 5/15, 96/15 and 40/16	**47,363**	47,363
2011-2051	Nov. 15	4.300	WC1	72/06, 183/08, and 150/09	**20,250**	20,250
2012-2051	Nov. 15	3.853	WC2	93/2011	**50,000**	50,000
2012-2051	Nov. 15	3.759	WC3	120/09, 93/11, and 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.300	WC4	93/2011 and 84/2013	**60,000**	60,000
2014-2051	Nov. 15	3.893	WC4	93/2011 and 145/2013	**52,568**	52,568
2019-2051	Nov. 15	3.499	WC6	6520/94, 6774/96, 6976/97, 7751/01, 72/06, 32/07, 219/07, and 184/08	**97,550**	97,550
2019-2051	Nov. 15	2.667	WC7	6976/97, 7751/01, and 40/16	**28,001**	28,001
2019-2051	Nov. 15	2.667	WC7	183/04, 150/09, 149/13, 5/15, 40/16, 40/16, 136/16, and 133/17	**22,010**	22,010
					629,123	629,123
Equity in Sinking Fund (Note 8b)					**(68,963)**	(57,535)
Net sinking fund debentures outstanding					**560,160**	571,588

8. *Debt (continued)*

Other long-term debt outstanding

	2022	2021
Service concession arrangement obligations (Notes 8c and 11)	**138,114**	140,978
Capital lease obligations with varying maturities up to 2038 and a weighted average interest rate of 8.18% (2021 - 8.18%) (Note 8d)	**17,427**	19,045
Canada Mortgage and Housing Corporation ("CMHC") term loan, maturity February 1, 2026, interest rate of 3.72%	**3,119**	3,830
Toronto Dominion Bank fixed rate term loans, with varying maturities up to May 2037, and a weighted average interest rate of 2.92% (2021 - 2.87%)	**7,815**	9,018
Royal Bank of Canada, fixed rate term loans, with varying maturities up to May 2032, and a weighted average interest rate of 3.24% (2021 - 1.16%)	**10,735**	5,830
Garden City Community Centre grant loan with an interest rate of 4.16%	**4,567**	4,731
Transcona East End Community Centre grant loan with an interest rate of 4.00%	**2,385**	2,478
General Revenue Fund debt issued to mature 2031 with an interest rate of 3.20%	**1,185**	1,342
	$ 745,507	$ 758,840

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

	2023	2024	2025	2026	2027	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 629,123
Service concession arrangements	3,097	3,349	3,622	3,917	4,237	119,892
Capital lease obligations	1,969	4,225	696	737	794	9,006
CMHC	737	765	793	824	-	-
Toronto Dominion	1,448	1,489	1,534	1,578	1,624	142
Royal Bank Of Canada	1,437	1,482	1,528	1,409	1,080	3,799
General Revenue Fund	146	146	146	146	146	455
Community Centre Grants	268	279	291	304	316	5,494
	$ 9,102	$ 11,735	$ 8,610	$ 8,915	$ 8,197	$ 767,911

8. *Debt (continued)*

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

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

c) Service concession arrangement obligations

(i) Chief Peguis Trail Extension

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

The $107.7 million project will have been financed through a grant of $23.9 million from PPP Canada, a Provincial government transfer of $9.0 million, sinking fund debentures (Series WC) of $18.7 million, a $50.0 million service concession arrangement obligation to DBF2 and cash consideration paid by the City of $6.1 million. As at December 31, 2022, $107.4 million was capitalized (Note 9). Monthly capital and interest performance-based payments totaling $4.5 million annually, for the service concession arrangement obligation to DBF2 commenced in January 2012, commensurate with commissioning the project and are payable to termination of the contract with DBF2.

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the full $107.7 million project is 4.6%. Specifically, the sinking fund debt and service concession arrangement obligation to DBF2 bear a combined weighted average interest rate of 7.2%.

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

(ii) Disraeli Bridges

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

The $195.0 million project will have been financed through sinking fund debentures (Series WC) of $25.0 million, a $109.4 million service concession arrangement obligation to PRW, Federal gas tax revenue of $50.0 million, and cash consideration paid by the City of $10.6 million. As at December 31, 2022, $195.0 million was capitalized for commissioned works (Note 9). Monthly capital and interest performance-based payments totaling $9.8 million annually, for the service concession arrangement obligation to PRW commenced in October 2012, commensurate with commissioning the project and are payable to termination of the contract with PRW.

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

8. Debt (continued)

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

	2022	2021
Plenary Roads Winnipeg GP - Disraeli Bridges	**$ 95,237**	$ 97,169
DBF2 - Chief Peguis Trail	**42,877**	43,809
	$ 138,114	$ 140,978

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

	2023	$ 3,141
	2024	5,225
	2025	1,301
	2026	1,301
	2027	1,314
	thereafter	11,775
Total future minimum lease payments		24,057
Amount representing interest at a weighted average interest rate of 8.18%		(6,630)
Balance of the capital lease obligations		$ 17,427

9. Tangible Capital Assets

	2022	2021
Land	**$ 265,873**	$ 261,767
Buildings	**548,896**	555,295
Vehicles	**709**	248
Computer	**22,782**	24,747
Other	**104,112**	111,864
Plants and facilities	**19,994**	20,242
Roads	**1,722,729**	1,673,109
Underground and other networks	**17,966**	18,512
Bridges and other structures	**485,535**	496,444
Assets under construction	**57,259**	57,656
	$ 3,245,855	$ 3,219,884

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

During the year, there were no write-downs of tangible capital assets (2021 - $0.0 million). Administration fees and interim financing charges capitalized during 2022 were $2.4 million (2021 - $2.6 million). In addition, land, roads, parks, recreation facilities and underground networks contributed to the City and recorded in the General Capital Fund totaled $15.1 million in 2022 (2021 - $49.3 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $248.6 million (2021- $253.5 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

10. Accumulated Surplus

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

11. Commitments

Service concession arrangements

(i) As disclosed in Note 8c, the City will pay DBF2 a monthly performance-based maintenance payment related to the Chief Peguis Trail Extension contract. The monthly payment totaling $1.5 million annually is to be adjusted by CPI, is payable commencing January 2012 until the termination of the contract with DBF2 in January 2042.

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

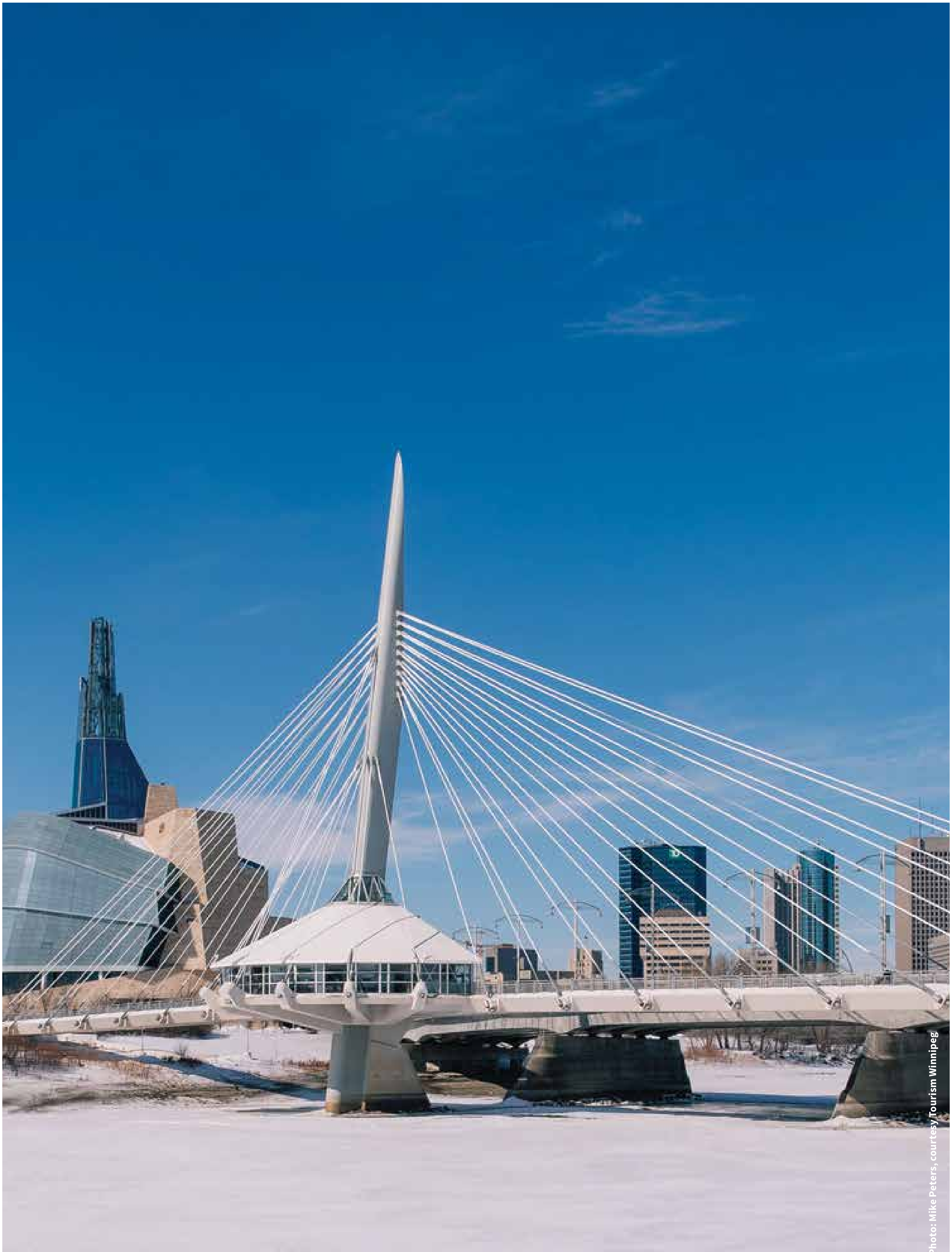


Photo: Mike Peters, courtesy Tourism Winnipeg

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	$ 261,767	$ 989,918	$ 7,085	$ 138,009	$ 290,955
Add: Additions during the year	4,130	17,633	528	6,896	10,180
Less: Disposals during the year	24	57,070	762	4,663	-
Balance, end of year	265,873	950,481	6,851	140,242	301,135
Accumulated amortization					
Balance, beginning of year	-	434,623	6,837	113,262	179,091
Add: Amortization	-	23,340	68	7,930	17,932
Less: Accumulated amortization on disposals	-	56,378	763	3,732	-
Balance, end of year	-	401,585	6,142	117,460	197,023
Net Book Value of Tangible Capital Assets	$ 265,873	$ 548,896	$ 709	$ 22,782	$ 104,112

Schedule 1

Infrastructure											Totals		
Plants and Facilities		Roads		Underground and Other Networks		Bridges and Other Structures		Assets Under Construction		**2022**		2021	
$	22,267	$	3,155,003	$	23,255	$	803,212	$	57,656	**$**	**5,749,127**	$	5,555,116
	-		138,139		-		1,774		-		**179,280**		216,625
	-		9,153		-		-		397		**72,069**		22,614
	22,267		3,283,989		23,255		804,986		57,259		**5,856,338**		5,749,127
	2,025		1,481,894		4,743		306,768		-		**2,529,243**		2,406,286
	248		82,849		546		12,683		-		**145,596**		144,181
	-		3,483		-		-		-		**64,356**		21,224
	2,273		1,561,260		5,289		319,451		-		**2,610,483**		2,529,243
$	19,994	$	1,722,729	$	17,966	$	485,535	$	57,259	**$**	**3,245,855**	$	3,219,884

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)

	2022	2021
TRANSFERS FROM OTHER CITY OF WINNIPEG FUNDS		
Canada Community-Building Fund Reserve	**$ 50,990**	$ 35,539
Local Street Renewal Reserve	**47,480**	47,489
Regional Street Renewal Reserve	**42,920**	42,870
Municipal Accommodations Fund (Note 7)	**5,649**	5,400
Land Operating Reserve	**3,972**	2,678
Destination Marketing Reserve	**2,029**	2,182
Contributions in Lieu of Land Dedication Reserve	**1,182**	451
Transit System	**212**	248
Permit Reserve	**149**	332
Financial Stabilization Reserve	**-**	3,105
	$ 154,583	$ 140,294
TRANSFERS TO OTHER CITY OF WINNIPEG FUNDS		
Land Drainage System	**$ 4,934**	$ -
Land Dedication Reserve	**2,434**	2,300
General Revenue Fund	**1,520**	1,645
Waterworks System	**870**	-
Sewage Disposal System	**490**	45
	$ 10,248	$ 3,990

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

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

History:

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

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

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

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

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

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

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

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

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

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

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

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE (continued)

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

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

On March 23, 2015, City Council, through the Operating Budget Recommendations revised the target for the Financial Stabilization Reserve to a minimum of 6% of tax-supported expenditures.

The Chief Financial Officer is the Fund Manager.

FIVE-YEAR REVIEW

December 31
(in thousands of dollars)
(unaudited)

	2022	2021	2020	2019	2018
General Revenue Fund's adopted budget expense	**$ 1,194,554**	$ 1,180,312	$ 1,144,451	$ 1,124,952	$ 1,082,088
Equity	**$ 2,135**	$ 75,092	$ 119,891	$ 107,766	$ 110,961
Level (1)	**0.2%**	6.4%	10.5%	9.6%	10.3%
Over target (2)	**$ (69,538)**	$ 4,273	$ 51,224	$ 40,269	$ 46,036

(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)

	2022	2021
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 2,135**	$ 75,092
EQUITY		
Unallocated	**$ 2,135**	$ 75,092

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)

	2022	2021
Balance, beginning of year	**$ 75,092**	$ 119,891
Add:		
Interest earned	**1,173**	422
Net realty taxes added to the assessment roll	**5,883**	337
Transfer from Commitment Reserve	**95**	333
Transfer from General Revenue Fund	**16,314**	-
	23,465	1,092
Deduct:		
Transfer to General Revenue Fund	**96,138**	42,563
Transfer to General Capital Fund	**-**	3,105
Transfer to General Revenue Fund - investment management fee	**284**	223
	96,422	45,891
Balance, end of year	**$ 2,135**	$ 75,092

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FINANCIAL STABILIZATION RESERVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(unaudited)

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

1. *Significant Accounting Policies*

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

a) Basis of presentation

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

b) Basis of accounting

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

2. *Status of the Financial Stabilization Reserve*

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

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

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

2. *Status of the Financial Stabilization Reserve (continued)*

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

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

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

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

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

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

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

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

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

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

On March 23, 2015, City Council, through the Operating Budget Recommendations revised the target for the Financial Stabilization Reserve to a minimum of 6% of tax-supported expenditures.

The Chief Financial Officer is the Fund Manager.

3. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2022 effective interest rate was 4.20% (2021 - 0.20%).

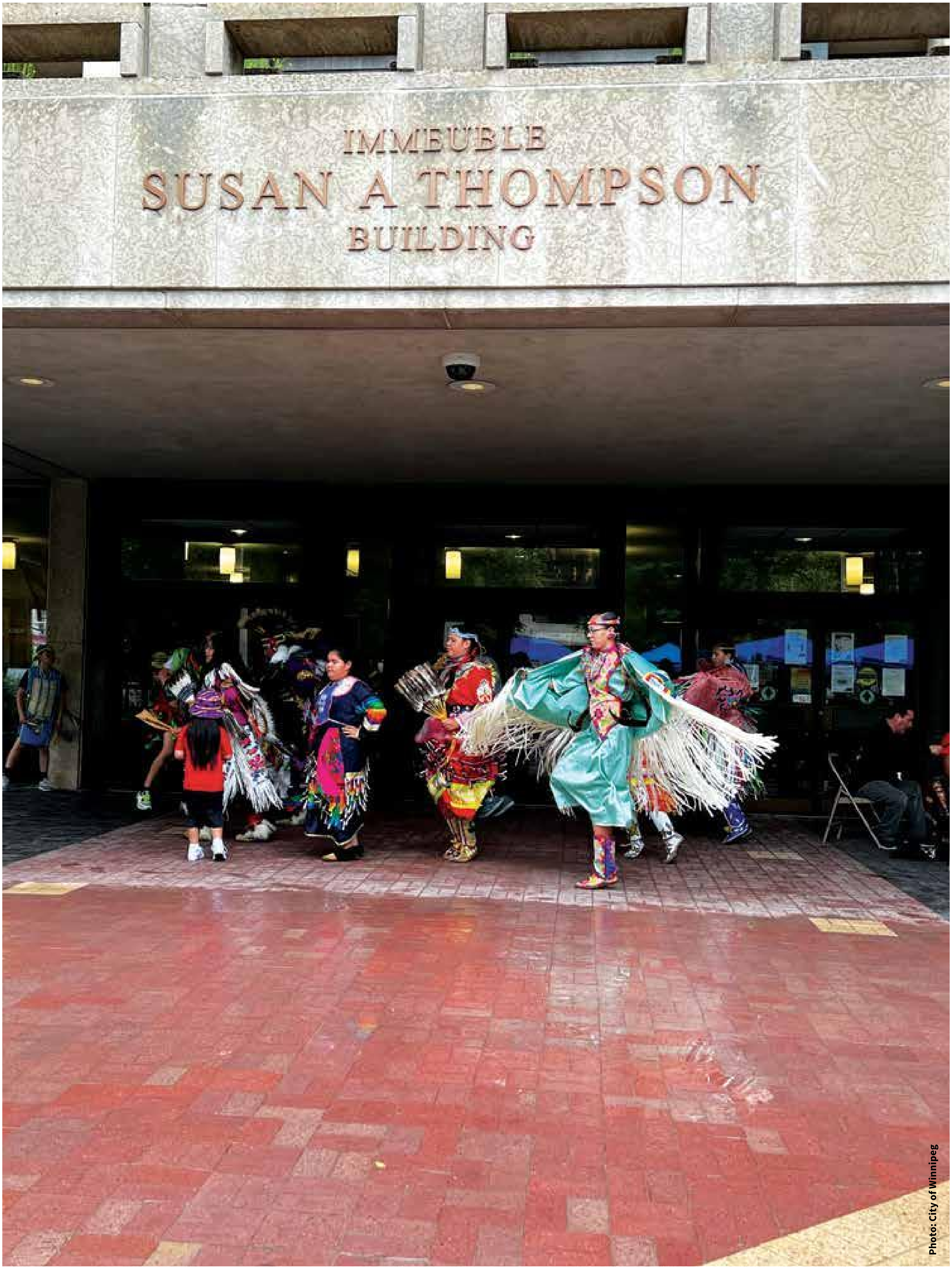


Photo: City of Winnipeg

THE CITY OF WINNIPEG
CAPITAL RESERVES

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

Water Main Renewal Reserve Fund

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

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

The Director of Water and Waste is the Fund Manager.

Water Meter Renewal Reserve

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

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

The Director of Water and Waste is the Fund Manager.

Sewer System Rehabilitation Reserve Fund

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

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

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

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

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

The Director of Water and Waste is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

Environmental Projects Reserve Fund

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

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

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

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

The Director of Water and Waste is the Fund Manager.

Landfill Rehabilitation Reserve Fund

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

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

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill.

The Director of Water and Waste is the Fund Manager.

Waste Diversion Reserve Fund

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

The Director of Water and Waste is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES (continued)

Golf Course Reserve Fund

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

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

Transit Bus Replacement Reserve Fund

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

The Director of Transit is the Fund Manager.

Computer, Critical Systems and Support Reserve Fund

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

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

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

Canada Community-Building Fund Reserve (formerly Federal Gas Tax Revenue Reserve)

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

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

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

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

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

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

The Director of Public Works is the Fund Manager.

Southwest Rapid Transit Corridor Reserve Fund

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

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

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

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

The Director of Transit is the Fund Manager.

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

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

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

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

The Director of Transit is the Fund Manager.

Local Street Renewal Reserve Fund

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

The Director of Public Works is the Fund Manager.

Regional Street Renewal Reserve Fund

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

The Director of Public Works is the Fund Manager.

Impact Fee Reserve Fund

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

On July 8, 2020, Manitoba Court of Queen’s Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "imposes a constitutionally invalid indirect tax” and ordered the City to refund the fees paid together with any interest earned on the funds. The City began processing refund payments November 30, 2020 with all refunds completed by December 31, 2020. No further collections of the impact fee have occurred after the ruling and the reserve is inactive.

The Chief Financial Officer is the Fund Manager.

Transit Infrastructure Reserve

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

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

The Director of Transit is the Fund Manager.

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW

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

	2022	2021	2020	2019	2018
Water Main Renewal Reserve Fund					
Water main renewals funded	**$ 13,904**	$ 15,809	$ 14,736	$ 15,394	$ 21,049
Kilometres of water mains	**2,717**	2,698	2,692	2,689	2,679
Water main repairs	**422**	585	317	493	721
Water Meter Renewal Reserve					
Transfer from Sewage Disposal System	**$ 5,307**	$ 3,942	$ 2,332	$ -	$ -
Transfer from Waterworks System Fund	**$ 5,307**	$ 3,942	$ 2,332	$ -	$ -
Sewer System Rehabilitation Reserve Fund					
Sewer renewals funded	**$ 15,254**	$ 23,827	$ 15,651	$ 14,613	$ 13,071
Kilometres of sewers	**2,696**	2,678	2,674	2,673	2,658
Kilometres of sewers renewed	**-**	-	-	-	0.23
Environmental Projects Reserve Fund					
Transfer from Sewage Disposal System	**$ 100,192**	$ 21,427	$ 20,711	$ 93,092	$ 23,561
Transfer to Sewage Disposal System - capital projects	**$ 20,273**	$ 70,672	$ 22,488	$ 35,117	$ 12,094
Landfill Rehabilitation Reserve Fund					
Transfer from Solid Waste Disposal	**$ 317**	$ 316	$ 345	$ 319	$ 327
Transfer to Solid Waste Disposal	**$ 1,049**	$ 484	$ 3,391	$ 316	$ 107
Waste Diversion Reserve Fund					
Transfer from Solid Waste Disposal	**$ 6,700**	$ 6,500	$ -	$ -	$ -
Golf Course Reserve Fund					
Equity	**$ -**	$ -	$ -	$ -	$ -
Transit Bus Replacement Reserve Fund					
Transfer (to)/from Transit System, net	**$ 381**	$ (1,200)	$ (190)	$ (9,735)	$ (368)
Number of buses financed	**-**	-	1	28	55

THE CITY OF WINNIPEG
CAPITAL RESERVES

FIVE-YEAR REVIEW (continued)

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

	2022	2021	2020	2019	2018
Computer, Critical Systems and Support Reserve Fund					
Allocation of equity:					
Innovation and Technology	**$ 2,663**	$ 3,010	$ 2,098	$ 1,041	$ 1,267
Public Works	**500**	397	294	199	212
Planning, Property and Development	**-**	26	26	48	92
Community Services	**130**	88	49	5	18
	$ 3,293	$ 3,521	$ 2,467	$ 1,293	$ 1,589
Canada Community-Building Fund Reserve					
Government of Canada funding	**$ 54,660**	$ 42,623	$ 66,810	$ 72,141	$ 32,625
Transfer to General Capital Fund	**$ 50,990**	$ 35,539	$ 48,897	$ 68,689	$ 32,625
Transfer to Transit System - capital projects	**$ 3,670**	$ 7,084	$ 17,913	$ 3,452	$ -
Southwest Rapid Transit Corridor Reserve Fund					
Transfer (to)/from Transit System, net	**$ -**	$ (900)	$ -	$ -	$ (815)
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve Fund					
Transfer (to)/from Transit System, net	**$ 164**	$ 137	$ (3,159)	$ 5,362	$ 5,235
Local Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 47,370**	$ 47,370	$ 41,270	$ 35,370	$ 29,770
Transfer to General Capital Fund	**$ 45,552**	$ 45,430	$ 38,998	$ 33,898	$ 28,298
Regional Street Renewal Reserve Fund					
Transfer from General Revenue Fund	**$ 42,870**	$ 42,870	$ 36,892	$ 30,870	$ 25,270
Transfer to General Capital Fund	**$ 41,588**	$ 41,583	$ 35,338	$ 29,538	$ 23,938
Impact Fee Reserve					
Impact Fees collected	**$ -**	$ -	$ 6,483	$ 13,270	$ 12,443

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Water Main Renewal Reserve	Water Meter Renewal Reserve	Sewer System Rehabilitation Reserve	Environmental Projects Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	$ 18,252	$ 23,417	$ 4,941	$ 197,348
Call loans - General Revenue Fund (Note 4)	-	-	-	-
Accounts receivable	-	-	-	-
	18,252	23,417	4,941	197,348
Investments (Note 5)	-	-	-	-
	$ 18,252	$ 23,417	$ 4,941	$ 197,348
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue	-	-	-	-
	-	-	-	-
EQUITY				
Allocated	18,252	23,417	4,941	197,348
Unallocated	-	-	-	-
	18,252	23,417	4,941	197,348
	$ 18,252	$ 23,417	$ 4,941	$ 197,348

See accompanying notes to the financial statements

Landfill Rehabilitation Reserve	Waste Diversion Reserve	Golf Course Reserve	Transit Bus Replacement Reserve	Computer, Critical Systems and Support Reserve	Sub-total
$ (1,096)	$ 17,331	$ -	$ 411	$ 3,293	$ 263,897
125	-	-	-	-	125
60	-	-	-	-	60
(911)	17,331	-	411	3,293	264,082
5,446	-	-	-	-	5,446
$ 4,535	$ 17,331	$ -	$ 411	$ 3,293	$ 269,528
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
4,535	17,331	-	-	3,293	269,117
-	-	-	411	-	411
4,535	17,331	-	411	3,293	269,528
$ 4,535	$ 17,331	$ -	$ 411	$ 3,293	$ 269,528

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Sub-total Brought Forward	Canada Community-Building Fund Reserve	SWRT Corridor Reserve	SWRT Payment Reserve
ASSETS				
Current				
Due from General Revenue Fund (Note 3)	$ 263,897	$ 69,307	$ 1,297	$ 13,389
Call loans - General Revenue Fund (Note 4)	125	-	-	-
Accounts receivable	60	-	-	-
	264,082	69,307	1,297	13,389
Investments (Note 5)	5,446	-	-	-
	$ 269,528	$ 69,307	$ 1,297	$ 13,389
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue	-	65,735	-	-
	-	65,735	-	-
EQUITY				
Allocated	269,117	-	535	13,389
Unallocated	411	3,572	762	-
	269,528	3,572	1,297	13,389
	$ 269,528	$ 69,307	$ 1,297	$ 13,389

See accompanying notes to the financial statements

Local Street Renewal Reserve	Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2022	Totals 2021
$ 693	$ 367	$ -	$ 348,950	$ 248,178
-	-	-	125	252
-	-	-	60	59
693	367	-	349,135	248,489
-	-	-	5,446	5,170
$ 693	$ 367	$ -	$ 354,581	$ 253,659
$ (16)	$ 76	$ -	$ 60	$ 59
-	-	-	65,735	73,981
(16)	76	-	65,795	74,040
709	291	-	284,041	177,433
-	-	-	4,745	2,186
709	291	-	288,786	179,619
$ 693	$ 367	$ -	$ 354,581	$ 253,659

THE CITY OF WINNIPEG
CAPITAL RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Water Main Renewal Reserve	Water Meter Renewal Reserve	Sewer System Rehabilitation Reserve	Environmental Projects Reserve
Balance, beginning of year	$ 12,372	$ 12,548	$ 3,081	$ 115,324
Add:				
Government of Canada transfers	-	-	-	-
Transfer from Sewage Disposal System	-	5,307	17,000	100,192
Transfer from Waterworks System	19,500	5,307	-	-
Transfer from Transit System	-	-	-	-
Interest earned	343	307	133	2,558
Transfer from General Revenue Fund	-	-	-	-
Transfer from Solid Waste Disposal	-	-	-	-
	19,843	10,921	17,133	102,750
Deduct:				
Transfer to General Capital Fund	-	-	-	-
Transfer to Transit System	-	-	-	-
Transfer to Sewage Disposal System	-	-	15,254	20,273
Transfer to Waterworks System	13,904	-	-	-
Purchase of equipment	-	-	-	-
Transfer to General Revenue Fund - investment management fee	59	52	19	453
Transfer to General Capital Fund - principal and interest	-	-	-	-
Transfer to Solid Waste Disposal	-	-	-	-
Other	-	-	-	-
	13,963	52	15,273	20,726
Balance, end of year	$ 18,252	$ 23,417	$ 4,941	$ 197,348

See accompanying notes to the financial statements

Landfill Rehabilitation Reserve	Waste Diversion Reserve	Golf Course Reserve	Transit Bus Replacement Reserve	Computer, Critical Systems and Support Reserve	Canada Community-Building Fund Reserve	Sub-total
$ 5,119	$ 10,882	$ -	$ 29	$ 3,521	$ 1,416	$ 164,292
-	-	-	-	-	54,660	54,660
-	-	-	-	-	-	122,499
-	-	-	-	-	-	24,807
-	-	-	381	-	-	381
170	214	-	1	61	2,156	5,943
-	-	-	-	1,259	-	1,259
317	6,700	-	-	-	-	7,017
487	6,914	-	382	1,320	56,816	216,566
-	-	-	-	-	50,990	50,990
-	-	-	-	-	3,670	3,670
-	-	-	-	-	-	35,527
-	-	-	-	-	-	13,904
-	-	-	-	1,537	-	1,537
22	39	-	-	11	-	655
-	-	-	-	-	-	-
1,049	426	-	-	-	-	1,475
-	-	-	-	-	-	-
1,071	465	-	-	1,548	54,660	107,758
$ 4,535	$ 17,331	$ -	$ 411	$ 3,293	$ 3,572	$ 273,100

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	$ 164,292	$ 1,276	$ 12,880	$ 824
Add:				
Government of Canada transfers	54,660	-	-	-
Transfer from Sewage Disposal System	122,499	-	-	-
Transfer from Waterworks System	24,807	-	-	-
Transfer from Transit System	381	-	13,187	-
Interest earned	5,943	26	415	(2)
Transfer from General Revenue Fund	1,259	-	-	47,370
Transfer from Solid Waste Disposal	7,017	-	-	-
	216,566	26	13,602	47,368
Deduct:				
Transfer to General Capital Fund	50,990	-	-	45,552
Transfer to Transit System	3,670	-	13,023	-
Transfer to Sewage Disposal System	35,527	-	-	-
Transfer to Waterworks System	13,904	-	-	-
Purchase of equipment	1,537	-	-	-
Transfer to General Revenue Fund - investment management fee	655	5	70	1
Transfer to General Capital Fund - principal and interest	-	-	-	1,928
Transfer to Solid Waste Disposal	1,475	-	-	-
Other	-	-	-	2
	107,758	5	13,093	47,483
	-			
Balance, end of year	$ 273,100	$ 1,297	$ 13,389	$ 709

See accompanying notes to the financial statements

Regional Street Renewal Reserve	Impact Fee Reserve	Totals 2022	Totals 2021
$ 347	$ -	$ 179,619	$ 215,768
-	-	54,660	42,623
-	-	122,499	45,369
-	-	24,807	23,442
-	-	13,568	11,108
(5)	-	6,377	590
42,870	-	91,499	91,449
-	-	7,017	6,816
42,865	-	320,427	221,397
41,588	-	138,130	122,507
-	-	16,693	20,155
-	-	35,527	94,499
-	-	13,904	15,809
-	-	1,537	155
1	-	732	440
1,332	-	3,260	3,133
-	-	1,475	848
-	-	2	-
42,921	-	211,260	257,546
$ 291	$ -	$ 288,786	$ 179,619

THE CITY OF WINNIPEG
CAPITAL RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

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

Management assessed the financial impact on the Funds and as at December 31, 2022, the Funds did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

1. Significant Accounting Policies

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

a) Basis of presentation

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

Water Main Renewal Reserve Fund
Water Meter Renewal Reserve
Sewer System Rehabilitation Reserve Fund
Environmental Projects Reserve Fund
Landfill Rehabilitation Reserve Fund
Waste Diversion Reserve Fund
Golf Course Reserve Fund
Transit Bus Replacement Reserve Fund
Impact Fee Reserve Fund
Transit Infrastructure Reserve
Computer, Critical Systems and Support Reserve Fund
Canada Community - Building Fund Reserve (formerly Federal Gas Tax Revenue Reserve Fund)
Southwest Rapid Transit Corridor Reserve Fund
Southwest Rapid Transitway (Stage 2) and Pembina Hwy Underpass Pmt Reserve Fund
Local Street Renewal Reserve Fund
Regional Street Renewal Reserve

b) Basis of accounting

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

c) Investment in bonds

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

1. Significant Accounting Policies (continued)

d) Bond coupons

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

e) Deferred revenue

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

f) Government transfers

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

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

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

2. Status of the Capital Reserves

Water Main Renewal Reserve Fund

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

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

The Director of Water and Waste is the Fund Manager.

Water Meter Renewal Reserve

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

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

The Director of Water and Waste is the Fund Manager.

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

Sewer System Rehabilitation Reserve Fund

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

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

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

The Director of Water and Waste is the Fund Manager.

Environmental Projects Reserve Fund

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

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

The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund. The 2022 sewer rate includes a provision of 0.4000 cents (2021 - 0.4000 cents) per cubic meter of billed water consumption to fund this transfer.

The Director of Water and Waste is the Fund Manager.

Landfill Rehabilitation Reserve Fund

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

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

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

The Director of Water and Waste is the Fund Manager.

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

Waste Diversion Reserve Fund

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

The Director of Water and Waste is the Fund Manager.

Golf Course Reserve Fund

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

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

Transit Bus Replacement Reserve Fund

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

The Director of Transit is the Fund Manager.

Computer, Critical Systems and Support Reserve

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

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

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

Canada Community-Building Fund Reserve (formerly Federal Gas Tax Reserve)

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

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

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

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

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

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

The Director of Public Works is the Fund Manager.

Southwest Rapid Transit Corridor Reserve Fund

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

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

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

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

The Director of Transit is the Fund Manager.

2. Status of the Capital Reserves (continued)

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

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

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

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

The Director of Transit is the Fund Manager.

Local Street Renewal Reserve Fund

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

The Director of Public Works is the Fund Manager.

Impact Fee Reserve Fund

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

On July 8, 2020, Manitoba Court of Queen’s Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "imposes a constitutionally invalid indirect tax” and ordered the City to refund the fees paid together with any interest earned on the funds. The City began processing refund payments November 30, 2020 with all refunds completed by December 31, 2020. No further collections of the impact fee have occurred after the ruling and the reserve is inactive.

The Chief Financial Officer is the Fund Manager.

Regional Street Renewal Reserve Fund

The Regional Street Renewal Reserve was established in 2014 to increase investment in regional streets and sidewalks. A separate property tax increase will fund this new reserve each year to ensure a dedicated funding system for regional 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.

2. Status of the Capital Reserves (continued)

Transit Infrastructure Reserve

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

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

The Director of Transit is the Fund Manager.

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, 2022 effective interest rate was 4.20% (2021 - 0.20%).

4. Call Loans - General Revenue Fund

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

5. Investments

	2022	2021
Marketable securities		
Municipal bonds	**$ 5,446**	$ 5,170

The aggregate market value of marketable securities at December 31, 2022 was $4.3 million (2021 - $5.6 million).

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

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

Workers Compensation Reserve Fund

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

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

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

The Corporate Controller is the Fund Manager.

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

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

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

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

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

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

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

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES (continued)

Insurance Reserve Fund

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

The Corporate Controller is the Fund Manager.

Contributions in Lieu of Land Dedication Reserve Fund

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

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

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

Land Operating Reserve Fund

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

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

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

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

Snow Clearing Reserve Fund

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

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES (continued)

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."

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

The Chief Financial Officer is the Fund Manager.

Multiple-Family Dwelling Tax Investment Reserve Fund

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

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

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES (continued)

Insect Control Urgent Expenditures Reserve Fund

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

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

The Director of Public Works is the Fund Manager.

Permit Reserve Fund

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

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

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

Destination Marketing Reserve Fund

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

The Chief Financial Officer is the Fund Manager.

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW

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

	2022	2021	2020	2019	2018
Workers Compensation Reserve Fund					
Call loans - General Revenue Fund	**$ 3,336**	$ 4,427	$ 4,574	$ 3,325	$ 1,160
Investments	**$ -**	$ -	$ -	$ -	$ 2,003
Interest earned	**$ 66**	$ 9	$ 17	$ 55	$ 72
Brookside Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 498**	$ 1,792	$ 1,346	$ 938	$ 482
Investments	**$ 18,238**	$ 16,497	$ 16,528	$ 16,558	$ 16,586
Interest earned	**$ 715**	$ 668	$ 670	$ 680	$ 670
St. Vital Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 164**	$ 107	$ 64	$ 222	$ 169
Investments	**$ 1,247**	$ 1,246	$ 1,246	$ 1,046	$ 1,046
Interest earned	**$ 42**	$ 39	$ 38	$ 37	$ 36
Transcona Cemetery Reserve Fund					
Call loans - General Revenue Fund	**$ 194**	$ 135	$ 89	$ 198	$ 152
Investments	**$ 847**	$ 847	$ 847	$ 697	$ 697
Interest earned	**$ 30**	$ 27	$ 27	$ 26	$ 25
Insurance Reserve Fund					
Call loans - General Revenue Fund	**$ 3,405**	$ 6,030	$ 4,631	$ 4,031	$ 4,705
Investments	**$ 998**	$ -	$ -	$ -	$ 1,002
Interest earned	**$ 99**	$ 10	$ 19	$ 98	$ 81
Contributions in Lieu of Land Dedication Reserve Fund					
Cash dedications revenue	**$ 1,770**	$ 1,298	$ 1,947	$ 1,143	$ 1,501
Interest earned	**$ 253**	$ 21	$ 37	$ 145	$ 143
Park improvement expenses	**$ 1,980**	$ 1,313	$ 1,025	$ 1,260	$ 1,922
Land Operating Reserve Fund					
Number of properties sold	**34**	27	38	28	20
Number acquired - tax sale	**19**	18	18	33	21
Number exchanged	**1**	1	3	2	2
Snow Clearing Reserve Fund					
Transfer (to)/from General Revenue Fund	**$ -**	$ -	$ -	$ -	$ -

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2022	2021	2020	2019	2018
Commitment Reserve Fund					
Allocation of equity:					
Corporate and other	**$ 2,337**	$ 2,682	$ 3,962	$ 1,573	$ 2,443
Fire Paramedic Services	**831**	855	2,282	1,200	300
Planning, Property and Development	**551**	788	-	-	249
Innovation, Transformation and Technology	**-**	673	328	658	440
Community Services	**-**	-	188	263	50
Water and Waste	**-**	-	165	219	
Police Service	**-**	-	-	-	-
Public Works	**-**	-	109	-	178
	$ 3,719	$ 4,998	$ 7,034	$ 3,913	$ 3,660
Heritage Investment Reserve Fund					
Municipal realty tax revenue	**$ 806**	$ 921	$ 1,200	$ 839	$ 769
Housing Rehabilitation Investment Reserve Fund					
Grant expense	**$ 9,221**	$ 11,769	$ 547	$ 5,204	**$** 11,305
Economic Development Investment Reserve Fund					
Municipal realty tax revenue	**$ 2,218**	$ 1,822	$ 2,337	$ 5,808	$ 4,859
General Purpose Reserve Fund					
Net transfer (to) from General Revenue Fund	**$ 796**	$ (7,771)	$ 9,068	$ 206	$ 110
Interest earned	**$ 20**	$ 13	$ 1	$ 3	$ 1
Multiple-Family Dwelling Tax Investment Reserve Fund					
Municipal realty tax revenue	**$ 2,311**	$ 2,305	$ 2,683	$ 3,447	$ -
Interest earned	**$ 54**	$ 4	$ 4	$ 33	$ 42
Insect Control Urgent Expenditures Reserve Fund					
Net transfer from (to) General Revenue Fund	**$ (2,158)**	$ 453	$ (455)	$ 1	$ -
Permit Reserve Fund					
Net transfer (to) from General Revenue Fund	**$ (1,884)**	$ 2,128	$ (1,706)	$ 608	$ (635)

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

FIVE-YEAR REVIEW (continued)

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

	2022	2021	2020	2019	2018
Destination Marketing Reserve Fund					
Accommodation tax revenue	**$ 11,029**	$ 5,696	$ 4,141	$ 10,009	$ 9,977
Grants expense:					
Economic Development Winnipeg Inc.	**$ 3,872**	$ 2,000	$ 3,588	$ 5,170	$ 4,548
The Convention Centre Corporation Inc.	**1,500**	1,500	2,520	4,580	1,500
Patent 5 Inc.	**18**	56	7	-	-
St. Boniface Street Links	**76**	-	180	180	-
Main Street Project	**77**	-	100	100	-
Exchange District Biz	**-**	-	95	95	-
Total Grants Expenses	**$ 5,543**	$ 3,556	$ 6,490	$ 10,125	$ 6,048

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)	3,336	498	164	3,998
Accounts receivable	-	150	10	160
Land held for resale	-	-	-	-
	3,336	648	174	4,158
Investments (Note 5)	-	18,238	1,247	19,485
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 3,336	$ 18,886	$ 1,421	$ 23,643
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ -	$ -
Deferred Revenue	-	-	-	-
	-	-	-	-
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	3,336	18,886	1,421	23,643
	3,336	18,886	1,421	23,643
	$ 3,336	$ 18,886	$ 1,421	$ 23,643

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)	$ -	$ -	$ -	$ 12,316
Call loans - General Revenue Fund (Note 4)	3,998	194	3,405	-
Accounts receivable	160	6	1	-
Land held for resale	-	-	-	-
	4,158	200	3,406	12,316
Investments (Note 5)	19,485	847	998	-
Investments in government business (Note 6)	-	-	-	-
Land	-	-	-	-
Deferred charges	-	-	-	-
	$ 23,643	$ 1,047	$ 4,404	$ 12,316
LIABILITIES				
Current				
Accounts payable	$ -	$ -	$ -	$ 38
Deferred Revenue	-	-	-	-
	-	-	-	38
EQUITY				
Contributed surplus (Note 7)	-	-	-	-
Allocated	-	-	-	-
Unallocated	23,643	1,047	4,404	12,278
	23,643	1,047	4,404	12,278
	$ 23,643	$ 1,047	$ 4,404	$ 12,316

See accompanying notes to the financial statements

Land Operating Reserve	Snow Clearing Reserve	Commitment Reserve	Heritage Investment Reserve	Housing Rehabilitation Reserve	Sub-Total
$ (5,787)	$ -	$ 3,021	$ 2,090	$ 10,115	$ 21,755
-	-	-	-	-	7,597
3,746	-	-	-	-	3,913
9,699	-	-	-	-	9,699
7,658	-	3,021	2,090	10,115	42,964
2,811	-	-	-	-	24,141
543	-	-	-	-	543
8,963	-	-	-	-	8,963
274	-	-	-	851	1,125
$ 20,249	$ -	$ 3,021	$ 2,090	$ 10,966	$ 77,736
$ 8,990	$ -	$ 189	$ 1,269	$ 766	$ 11,252
-	-	-	-	5,765	5,765
8,990	-	189	1,269	6,531	17,017
8,425	-	-	-	-	8,425
2,799	-	-	710	2,162	5,671
35	-	2,832	111	2,273	46,623
2,834	-	2,832	821	4,435	52,294
$ 20,249	$ -	$ 3,021	$ 2,090	$ 10,966	$ 77,736

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF FINANCIAL POSITION

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

	Sub-Total Brought Forward	Economic Development Reserve	General Purpose Reserve	Multiple-Family Dwelling Reserve
ASSETS				
Current				
Due from (to) General Revenue Fund (Note 3)	$ 21,755	$ 2,171	$ 1,685	$ 2,242
Call loans - General Revenue Fund (Note 4)	7,597	-	-	-
Accounts receivable	3,913	-	-	-
Land held for resale	9,699	-	-	-
	42,964	2,171	1,685	2,242
Investments (Note 5)	24,141	-	-	-
Investments in government business (Note 6)	543	-	-	-
Land	8,963	-	-	-
Deferred charges	1,125	-	-	-
	$ 77,736	$ 2,171	$ 1,685	$ 2,242
LIABILITIES				
Current				
Accounts payable	$ 11,252	$ 2,155	$ -	$ 35
Deferred Revenue	5,765	-	-	1,381
	17,017	2,155	-	1,416
EQUITY				
Contributed surplus (Note 7)	8,425	-	-	-
Allocated	5,671	-	-	-
Unallocated	46,623	16	1,685	826
	52,294	16	1,685	826
	$ 77,736	$ 2,171	$ 1,685	$ 2,242

See accompanying notes to the financial statements

Insect Control Reserve	Permit Reserve	Destination Marketing Reserve	Totals 2022	Totals 2021
$ 888	$ -	$ 2,348	$ 31,089	$ 48,943
-	-	-	7,597	12,491
-	-	600	4,513	1,997
-	-	-	9,699	8,885
888	-	2,948	52,898	72,316
-	-	-	24,141	18,663
-	-	-	543	2,948
-	-	-	8,963	9,972
-	-	-	1,125	2,678
$ 888	$ -	$ 2,948	$ 87,670	$ 106,577
$ -	$ -	$ 126	$ 13,568	$ 9,677
-	-	-	7,146	15,387
-	-	126	20,714	25,064
-	-	-	8,425	8,425
-	-	1,631	7,302	6,272
888	-	1,191	51,229	66,816
888	-	2,822	58,531	73,088
$ 888	$ -	$ 2,948	$ 87,670	$ 106,577

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Workers Compensation Reserve	Brookside Cemetery Reserve	St. Vital Cemetery Reserve	Transcona Cemetery Reserve
Balance, beginning of year	$ 4,427	$ 18,431	$ 1,363	$ 988
Add:				
Transfer from General Revenue Fund	-	126	40	46
Transfer from Municipal Accommodations	-	-	-	-
Other	1,611	-	-	-
Accommodation tax	-	-	-	-
Land sales	-	-	-	-
Municipal realty tax	-	-	-	-
Interest earned	66	715	42	30
Cash payments-in-lieu of land dedication	-	-	-	-
Transfer from Transit System Fund	-	-	-	-
Transfer from Land Operating Reserve	-	-	-	-
Transfer from General Capital Fund	-	-	-	-
Transfer from Winnipeg Parking - SOA	-	-	-	-
	1,677	841	82	76
Deduct:				
Transfer to General Revenue Fund	1,500	315	17	12
Grants	-	-	-	-
Transfer to General Capital Fund	-	-	-	-
Other	1,254	-	-	-
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	14	71	7	5
Transfer to Financial Stabilization Reserve	-	-	-	-
Transfer to Fleet Management - SOA	-	-	-	-
Transfer to Golf Services - SOA	-	-	-	-
Transfer to Transit	-	-	-	-
Transfer to Heritage Reserve	-	-	-	-
	2,768	386	24	17
Balance, end of year	$ 3,336	$ 18,886	$ 1,421	$ 1,047

See accompanying notes to the financial statements

Insurance Reserve	Land Dedication Reserve	Land Operating Reserve	Snow Clearing Reserve	Sub-Total
$ 5,075	$ 10,881	$ 9,775	$ -	$ 50,940
-	-	-	-	212
27	-	-	-	27
6	-	501	-	2,118
-	-	-	-	-
-	-	6,969	-	6,969
-	-	-	-	-
99	253	(63)	-	1,142
-	1,770	-	-	1,770
1,188	-	-	-	1,188
-	171	-	-	171
-	2,434	-	-	2,434
-	-	-	-	-
1,320	4,628	7,407	-	16,031
1,294	-	6,235	-	9,373
-	25	-	-	25
-	1,182	4,261	-	5,443
403	1,979	1,116	-	4,752
-	-	2,217	-	2,217
-	-	-	-	-
-	-	171	-	171
19	45	-	-	161
-	-	-	-	-
-	-	-	-	-
2	-	-	-	2
273	-	-	-	273
-	-	348	-	348
1,991	3,231	14,348	-	22,765
$ 4,404	$ 12,278	$ 2,834	$ -	$ 44,206

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

STATEMENT OF CHANGES IN EQUITY

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

	Sub-Total Brought Forward	Commitment Reserve	Heritage Investment Reserve	Housing Rehabilitation Reserve
Balance, beginning of year	$ 50,940	$ 4,998	$ 854	$ 4,011
Add:				
Transfer from General Revenue Fund	212	1,273	-	1,000
Transfer from Municipal Accommodations	27	-	-	-
Other	2,118	-	-	8,620
Accommodation tax	-	-	-	-
Land sales	6,969	-	-	-
Municipal realty tax	-	-	806	-
Interest earned	1,142	-	42	256
Cash payments-in-lieu of land dedication	1,770	-	-	-
Transfer from Transit System Fund	1,188	280	-	-
Transfer from Land Operating Reserve	171	-	348	-
Transfer from General Capital Fund	2,434	-	-	-
Transfer from Winnipeg Parking - SOA	-	-	-	-
	16,031	1,553	1,196	9,876
Deduct:				
Transfer to General Revenue Fund	9,373	-	-	162
Grants	25	-	1,222	9,221
Transfer to General Capital Fund	5,443	-	-	-
Other	4,752	3,624	-	17
Cost of sales	2,217	-	-	-
Transfer to Municipal Accommodations Fund	-	-	-	-
Transfer to Contributions in Lieu of Land Dedication Reserve	171	-	-	-
Transfer to General Revenue Fund - investment management fee	161	-	7	52
Transfer to Financial Stabilization Reserve	-	95	-	-
Transfer to Fleet Management - SOA	-	-	-	-
Transfer to Golf Services - SOA	2	-	-	-
Transfer to Transit	273	-	-	-
Transfer to Heritage Reserve	348	-	-	-
	22,765	3,719	1,229	9,452
Balance, end of year	$ 44,206	$ 2,832	$ 821	$ 4,435

See accompanying notes to the financial statements

Economic Development Reserve	General Purpose Reserve	Multiple-Family Dwelling Reserve	Insect Control Reserve	Permit Reserve	Sub-Total
$ 2,106	$ 1,080	$ 902	$ 3,000	$ 2,000	$ 69,891
-	1,194	-	1,672	-	5,351
-	-	-	-	-	27
-	-	1,100	-	-	11,838
-	-	-	-	-	-
-	-	-	-	-	6,969
2,218	-	2,311	-	-	5,335
42	20	54	56	40	1,652
-	-	-	-	-	1,770
-	-	-	-	-	1,468
-	-	-	-	-	519
-	-	-	-	-	2,434
-	-	-		-	-
2,260	1,214	3,465	1,728	40	37,363
1,761	398	1,000	3,830	1,884	18,408
2,582	101	2,532	-	-	15,683
-	-	-	-	149	5,592
-	106	-	-	-	8,499
-	-	-	-	-	2,217
-	-	-	-	-	-
-	-	-	-	-	171
7	4	9	10	7	257
-	-	-	-	-	95
-	-	-	-	-	-
-	-	-	-	-	2
-	-	-	-	-	273
-	-	-	-	-	348
4,350	609	3,541	3,840	2,040	51,545
$ 16	$ 1,685	$ 826	$ 888	$ -	$ 55,709

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 2022**	Totals 2021
Balance, beginning of year	**$ 69,891**	**$ 3,197**	**$ 73,088**	$ 80,942
Add:				
Transfer from General Revenue Fund	**5,351**	**-**	**5,351**	9,970
Transfer from Municipal Accommodations	**27**	**-**	**27**	-
Other	**11,838**	**-**	**11,838**	14,502
Accommodation tax	**-**	**11,029**	**11,029**	5,696
Land sales	**6,969**	**-**	**6,969**	6,995
Municipal realty tax	**5,335**	**-**	**5,335**	5,048
Interest earned	**1,652**	**56**	**1,708**	842
Cash payments-in-lieu of land dedication	**1,770**	**-**	**1,770**	1,298
Transfer from Transit System Fund	**1,468**	**-**	**1,468**	1,087
Transfer from Land Operating Reserve	**519**	**-**	**519**	1,553
Transfer from General Capital Fund	**2,434**	**153**	**2,587**	2,300
Transfer from Winnipeg Parking - SOA	**-**	**-**	**-**	5
	37,363	**11,238**	**48,601**	49,296
Deduct:				
Transfer to General Revenue Fund	**18,408**	**85**	**18,493**	14,704
Grants	**15,683**	**5,543**	**21,226**	22,213
Transfer to General Capital Fund	**5,592**	**2,182**	**7,774**	3,461
Other	**8,499**	**3,794**	**12,293**	11,677
Cost of sales	**2,217**	**-**	**2,217**	2,718
Transfer to Municipal Accommodations Fund	**-**	**-**	**-**	310
Transfer to Contributions in Lieu of Land Dedication Reserve	**171**	**-**	**171**	-
Transfer to General Revenue Fund - investment management fee	**257**	**9**	**266**	157
Transfer to Financial Stabilization Reserve	**95**	**-**	**95**	333
Transfer to Fleet Management - SOA	**-**	**-**	**-**	21
Transfer to Golf Services - SOA	**2**	**-**	**2**	3
Transfer to Transit	**273**	**-**	**273**	-
Transfer to Heritage Reserve	**348**	**-**	**348**	1,553
	51,545	**11,613**	**63,158**	57,150
Balance, end of year	**$ 55,709**	**$ 2,822**	**$ 58,531**	$ 73,088

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
SPECIAL PURPOSE RESERVES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

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

Management assessed the financial impact on the Funds and as at December 31, 2022, the Funds did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

1. Significant Accounting Policies

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

a) Basis of presentation

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

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

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

b) Basis of accounting

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

c) Land held for resale

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

1. Significant Accounting Policies (continued)

d) Investment in bonds

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

e) Bond coupons

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

f) Investment in government business

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

2. Status of the Special Purpose Reserves

Workers Compensation Reserve Fund

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

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

The Corporate Controller is the Fund Manager.

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

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

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

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

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

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

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

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

Insurance Reserve Fund

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

The Corporate Controller is the Fund Manager.

Contributions in Lieu of Land Dedication Reserve Fund

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

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

Land Operating Reserve Fund

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

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

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

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

Snow Clearing Reserve Fund

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

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

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

The Director of Public Works is the Fund Manager.

Commitment Reserve Fund

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

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

The Chief Financial Officer is the Fund Manager.

Heritage Investment Reserve Fund

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

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

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

Housing Rehabilitation Investment Reserve Fund

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

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

Economic Development Investment Reserve Fund

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

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

General Purpose Reserve Fund

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

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

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

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

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

The Chief Financial Officer is the Fund Manager.

Multiple-Family Dwelling Tax Investment Reserve Fund

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

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

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

Insect Control Urgent Expenditures Reserve Fund

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

The Director of Public Works is the Fund Manager.

Permit Reserve Fund

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

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

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

Destination Marketing Reserve Fund

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

Guidelines established for the Reserve include the following:

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

2. Status of the Special Purpose Reserves (continued)

On September 12, 2018, City Council approved the revised funding allocation for the Destination Marketing Reserve Fund as follows:
- A grant to Economic Development Winnipeg Inc. equal to the greater of $2.0 million or 35% of annual accommodation tax revenue;
- A grant of $1.5 million annually to The Winnipeg Convention Centre Corporation;
- Up to 37.5% of the annual accommodation tax revenue to be set aside within the Reserve to fund future capital works for the Winnipeg Convention Centre;
- That the Destination a Marketing Reserve Fund is to fund any expenses incurred in the General Revenue Fund to administer the accommodation; and
- The remainder of the funds, net of the above, paid to Economic Development Winnipeg Inc. for the Special Event Marketing Fund.

The Chief Financial Officer is the Fund Manager.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2022 effective interest rate was 4.20% (2021 - 0.20%).

4. Call Loans - General Revenue Fund

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

5. Investments

	2022	2021
Marketable securities		
Municipal bonds	**$ 19,638**	$ 17,897
Provincial bonds and bond coupons	**1,692**	694
	21,330	18,591
Other	**2,811**	72
	$ 24,141	$ 18,663

The aggregate market value of marketable securities at December 31, 2022 was $19.6 million (2021 - $22.0 million).

6. Investment in Government Business

River Park South Developments Inc.

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

The results of operations in 2022 provided a loss of $5 thousand (2021 - income of $70 thousand) are included in the Statement of Changes in Equity as other revenue.

6. Investment in Government Business (continued)

Park City Commons

On February 17, 2016 the City and EdgeCorp Developments Ltd. entered into an agreement to form Park City Commons joint venture to develop and sell certain land owned by the participants in the community of Transcona. This joint venture was wound up in June 2022 and the City's equity was distributed, completing this agreement.

7. Contributed Surplus

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

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
ASSETS		
Current		
Due from General Revenue Fund (Note 2)	**$ 141**	$ 139
Investment (Note 3)	**1,148**	1,148
	$ 1,289	$ 1,287
RETAINED EARNINGS	**$ 1,289**	$ 1,287

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

STATEMENT OF NET EARNINGS AND RETAINED EARNINGS

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

		2022		2021
REVENUES				
Interest	**$**	**2**	$	-
Net earnings for the year		**2**		-
RETAINED EARNINGS, BEGINNING OF YEAR		**1,287**		1,287
RETAINED EARNINGS, END OF YEAR	**$**	**1,289**	$	1,287

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
EQUIPMENT AND MATERIAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

1. *Summary of Significant Accounting Policies*

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

a) Basis of accounting

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

2. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2022 effective interest rate was 4.20% (2021 - 0.20%).

3. *Investment*

	2022	2021
Fleet Management - Special Operating Agency	**$ 1,148**	$ 1,148

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

Photo: City of 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. Effective January 2021, the Municipal Accommodation Division was incorporated within the newly established Assets and Project Management 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)

	2022	2021	2020	2019	2018
Number of facilities	**118**	118	119	122	120
Total area square footage	**2,950,795**	2,950,795	3,112,422	3,230,895	3,140,995

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

STATEMENT OF FINANCIAL POSITION

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

		2022		2021
ASSETS				
Current				
Cash	**$**	**-**	$	22
Due from General Revenue Fund (Note 3)		**4,195**		3,055
Accounts receivable (Note 4)		**149**		42
Prepaid expenses		**1,038**		1,004
	$	**5,382**	**$**	4,123
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 5)	**$**	**4,559**	$	3,281
Deferred revenue		**823**		842
	$	**5,382**	$	4,123

Commitments (Note 6)

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

STATEMENT OF OPERATIONS

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

	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Contributions from City of Winnipeg departments (Note 8b)	**$ 72,970**	**$ 70,229**	$ 68,398
Other rental	**389**	**472**	335
Investment and other	**82**	**4**	11
Total Revenues	**73,441**	**70,705**	68,744
EXPENSES			
Municipal Accommodations	**54,863**	**59,830**	53,367
Transfer to General Revenue Fund	**13,537**	**6,101**	10,850
Transfer to General Capital Fund	**5,041**	**4,774**	4,527
Total Expenses (Note 9)	**73,441**	**70,705**	68,744
Surplus for the year	**$ -**	**$ -**	$ -

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
MUNICIPAL ACCOMMODATIONS FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

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

a) Basis of presentation

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

b) Basis of accounting

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

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

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

c) 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.

d) 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.

e) 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 Assets and Project Management department is responsible for providing accommodations for all civic purposes. In providing this service, the department undertakes the development of accommodation space, maintains building assets, renovates and disposes of buildings through demolition or sale.

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

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this Fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2022 effective interest rate was 4.20% (2021 - 0.20%).

4. Accounts Receivable

	2022	2021
Maintenance billings and other	**$ 149**	$ 42

5. Accounts Payable and Accrued Liabilities

	2022	2021
Accounts payable and accrued liabilities	**$ 3,455**	$ 1,482
Performance deposits	**632**	722
Accrued interest on long-term debt	**310**	312
Wages and employee benefits payable	**162**	813
Accrued debenture principal	**-**	(48)
	$ 4,559	$ 3,281

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:

2023	$ 9,068
2024	8,856
2025	8,422
2026	7,953
2027	7,591
Subsequent	37,365
	$ 79,255

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, 2022 at $1.50 million (2021 $1.1 million).

b) Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2022 is estimated at $0.90 million (2021 - $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, 2022 is estimated at $1.8 million (2021 - $1.8 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, 2022 is estimated at $0.4 million (2021 - $0.6 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 (2021 - $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, 2021 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 $975 thousand (2021 - $902 thousand)
- Transfer to the Insurance Reserve Fund for recovery of insurance claims is $27 thousand (2021 - $310 thousand);
- Transfer to the General Revenue Fund for general government charges is $631 thousand (2021- $628 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 (2021 - $94 thousand); and Transfer to the City of Winnipeg Parking Authority - Special Operating Agency for parking space rental is $9 thousand (2021 - $12 thousand).

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

	2022	2021
General Revenue Fund	**$ 66,036**	$ 64,098
Sewage Disposal System	**1,164**	1,189
Waterworks System	**987**	982
Fleet Management - Special Operating Agency	**546**	546
Municipal Accommodations Fund	**411**	493
Transit System	**357**	354
Winnipeg Parking Authority - Special Operating Agency	**324**	325
Solid Waste Disposal Fund	**199**	206
Animal Services - Special Operating Agency	**205**	205
	$ 70,229	$ 68,398

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

9. *Expenses by Object*

	2022 Budget	**2022 Actual**	2021 Actual
Services, materials and supplies	**$ 36,541**	**$ 38,554**	$ 33,490
Salaries and employee benefits	**21,085**	**20,907**	20,085
Transfer to General Revenue Fund	**11,317**	**6,101**	10,850
Transfer to General Capital Fund	**4,521**	**4,774**	4,527
Other grants and transfers	**1,532**	**1,507**	835
Debt and finance charges	**1,207**	**1,063**	1,532
Recoveries	**(2,762)**	**(2,201)**	(2,575)
	$ 73,441	**$ 70,705**	$ 68,744

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 Positior 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.

2022 Utilities

Detailed Financial Statements

Photo: City of Winnipeg

THE CITY OF WINNIPEG
TRANSIT SYSTEM

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

The COVID-19 pandemic continued to have a profound impact on the operations and financial results of Winnipeg Transit. In 2022 the COVID-19 pandemic cost Transit $35.4 million in lost fare revenue and added operating expenses, $9.0 million more than had been originally forecasted as part of the adopted operating budget. Operational measures implemented in 2020 to manage the impacts of the pandemic remained in place through 2022. Additional cost mitigation measures were also taken to address the operating losses during the year including service reductions, position management review and limited discretionary spending.

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

- releasing a new App which is mobile and desktop-friendly in addition to being available on the Apple and Google app stores. The App is specific to conventional transit service and includes Navigo trip planning, stop and route schedules, and on-the-go live trip information.

- partnering with Winnipeg WAV (Wheelchair Accessible Vehicle) with a shared commitment to support Transit Plus customers' ability to move around their community. When Transit Plus vehicle resources are unable to accommodate a trip request, this pilot program enables Transit Plus to offer Winnipeg WAV as an additional option to provide rides.

- receiving project approvals confirming funding commitments from the Province and Federal Governments for all six projects submitted under the Investing in Canada Infrastructure Program.

- forwarding the City's transition to a zero emission bus fleet with the award of contract for Transit's first 16 zero emission buses.

- increasing the Winnpass program discount to 50% of a full fare monthly pass which is the final phase of the 3 year phase-in period for the discount rate.

- launching the new Priority and Courtesy Seating Policy aimed at ensuring equitable access to transit for all customers. The policy outlines that priority seating is designated for passengers with a disability, and courtesy seating is for others who benefit from being seated near a door, including seniors and families traveling with young children. A three-month campaign to educate passengers about their role in accessible public transportation and the Council-approved policy for priority and courtesy seating areas on buses launched in July.

- completing the final phase of Public Engagement on the Eastern Corridor Study, which will allow for the final phase of the project to be completed and wrapped up in 2023.

- continuing with the On-Request Pilot Project, including adjusting service to add an additional On-Request vehicle during times of high demand, and expanding one of the zones, to improve service throughout the service area.

THE CITY OF WINNIPEG
TRANSIT SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2022	2021	2020	2019	2018
Regular cash fare	**$ 3.10**	$ 3.05	$ 3.00	$ 2.95	$ 2.95
Winnipeg Transit Plus					
Annual ridership (in thousands)	**273.6**	221.3	242.6	455.5	459.5
Total cost per passenger	**$ 49.97**	$ 47.86	$ 47.54	$ 27.81	$ 25.53
Revenue to cost ratio	**3%**	3%	3%	5%	7%
Regular transit					
Annual ridership (in millions)	**32.8**	21.5	24.8	48.8	48.4
Bus hours operated (in thousands)	**1,535**	1,552	1,499	1,579	1,554
Direct operating cost per passenger	**$ 5.46**	$ 7.60	$ 6.26	$ 3.36	$ 3.27
Direct operating cost per vehicle hour	**$ 116.85**	$ 105.07	$ 103.55	$ 103.77	$ 101.79
Revenue to cost ratio	**36%**	26%	32%	55%	56%

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
FINANCIAL ASSETS		
Cash	**$ 42,159**	$ 108
Accounts receivable (Note 3)	**12,858**	1,533
Due from General Revenue Fund (Note 4)	**5,276**	23,272
	60,293	24,913
LIABILITIES		
Accounts payable and accrued liabilities	**4,469**	6,265
Expropriation liability	**11,013**	11,051
Deferred revenue	**50,414**	8,839
Debt (Note 5)	**256,064**	262,938
	321,960	289,093
NET FINANCIAL LIABILITIES	**(261,667)**	(264,180)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**758,690**	789,007
Inventory (Note 7)	**8,571**	7,441
Prepaid expenses	**965**	925
	768,226	797,373
ACCUMULATED SURPLUS (Note 8)	**$ 506,559**	$ 533,193

Commitments (Note 17)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2022 Budget	**2022 Actual**	2021 Actual
REVENUES			
Appropriation from General Revenue Fund	**$ 91,400**	**$ 91,400**	$ 98,879
Sale of goods and services (Note 9)	**70,528**	**64,251**	42,260
Government transfers (Note 10)	**42,024**	**51,038**	42,004
Interest and other	**2,129**	**1,967**	3,755
Total revenues from operations	**206,081**	**208,656**	186,898
EXPENSES			
Operations (Note 11)	**90,300**	**89,162**	86,414
Plant and equipment (Note 12)	**66,076**	**71,758**	57,908
Client services	**14,700**	**14,781**	11,782
Other departmental (Note 13)	**11,547**	**13,329**	13,425
Finance and administration	**3,729**	**3,682**	3,226
Information systems	**2,110**	**1,935**	1,936
Planning, schedules and marketing	**1,461**	**1,450**	1,410
Human resources	**1,016**	**962**	909
Communications	**1,054**	**898**	825
Asset management	**451**	**470**	451
Total expenses from operations (Note 14)	**192,444**	**198,427**	178,286
Transfers to other funds (Note 15)	**13,187**	**13,848**	11,339
Transfer to Capital	**450**	**450**	-
Total expenses	**206,081**	**212,725**	189,625
Deficit for the year from operations	**-**	**(4,069)**	(2,727)
Net deficit from capital (Note 16)	**-**	**(22,565)**	(17,506)
NET DEFICIT FOR THE YEAR	**$ -**	**(26,634)**	(20,233)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**533,193**	553,426
ACCUMULATED SURPLUS, END OF YEAR		**$ 506,559**	$ 533,193

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net deficit for the year	**$ (26,634)**	$ (20,233)
Non-cash items related to operations		
Amortization	**35,711**	36,122
Loss on disposal of tangible capital assets	**-**	1,042
Working capital from operations	**9,077**	16,931
Net change in working capital other than cash	**27,284**	150
Other	**(38)**	(46)
	36,323	17,035
FINANCING		
Due from General Revenue Fund	**17,996**	44,134
Debenture debt issued	**2,200**	-
Proceeds from General Capital Fund debt	**325**	-
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg	**(819)**	(719)
Payments to The Sinking Fund for outstanding long-term debt	**(1,518)**	(1,517)
Repayment of General Capital Fund debt	**(3,287)**	(3,267)
Payments to loan	**(3,775)**	(34,507)
	11,122	4,124
INVESTING		
Purchase of tangible capital assets	**(5,394)**	(21,879)
	(5,394)	(21,879)
Increase (Decrease) in cash	**42,051**	(720)
CASH, BEGINNING OF YEAR	**108**	828
CASH, END OF YEAR	**$ 42,159**	$ 108

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
TRANSIT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

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

a) Basis of accounting

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

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

b) Inventory

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

c) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

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

d) Service Concession Arrangements

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

1. Significant Accounting Policies (continued)

d) Service Concession Arrangements (continued)

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

e) Government transfers

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

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

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

f) Estimates

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

2. Status of the Transit System

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

Funding of operations is through user fees, appropriations from The City of Winnipeg's General Revenue Fund, and a Province of Manitoba annual operating grant.

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

Management assessed the financial impact on the Fund as at December 31, 2022. Transit did realize significant fare revenue losses due to low ridership levels as a result of COVID-19. However, management believes it has sufficient liquidity to sustain operations.

3. *Accounts Receivable*

	2022	2021
Government of Canada	**$ 9,000**	$ -
Fare products, charter and other	**3,858**	1,533
	$ 12,858	$ 1,533

4. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due to/from" account when they are processed through the bank, and the amounts reported as cash represent bank deposits not yet charged to this account. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2022 effective interest rate was 4.20% (2021 - 0.20%).

5. *Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2022	Amount of Debt 2021
2010-2041	June 3	5.150	WB	183/2008	**$ 60,000**	$ 60,000
2011-2051	Nov 15	4.300	WC	150/09	**29,750**	29,750
2015-2045	June 1	3.828	WD-3	6/2015	**3,619**	3,619
2019-2051	Nov 15	2.667	WC-7	40/2016	**10,000**	10,000
2020-2051	Nov 15	2.663	WC-8	40/2016	**3,000**	3,000
2020-2051	Nov 15	2.663	WC-8	133/2017	**956**	956
					107,325	107,325
Funds on deposit with the Sinking Funds (Note 5b)					**(19,784)**	(17,447)
Net sinking fund debentures outstanding					**87,541**	89,878
Other long term debt outstanding						
TD Bank loan due October 23, 2035 with a fixed interest rate of 1.96%					**8,795**	9,393
Bank of Montreal loan due August 1, 2034 with a fixed interest rate of 2.92%					**7,326**	7,845
RBC Bank loan due May 13, 2032 with a fixed interest rate of 4.46%					**1,620**	-
RBC Bank loan due May 13, 2027 with a fixed interest rate of 4.07%					**447**	-
General Capital Fund debt issued by the City with varying maturities up to 2035 and a weighted average interest rate of 1.24% (2021 - 1.27%). Individual interest rates range from 0 to 7.25%					**19,050**	22,013
Service concession arrangement obligations (Notes 5c and 17)					**131,285**	133,809
					$ 256,064	$ 262,938

5. *Debt (continued)*

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

	2023	2024	2025	2026	2027	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 107,325
Long term loans	1,380	1,418	1,458	1,499	1,476	10,957
General Capital Fund debt	2,848	2,761	2,666	1,902	1,586	7,287
Service Concession Arrangement	2,638	2,756	2,879	3,008	3,143	116,861
	$ 6,866	$ 6,935	$ 7,003	$ 6,409	$ 6,205	$ 242,430

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

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

c) Service concession arrangement obligations are as follows:

	2022	2021
Plenary Roads Winnipeg Transitway LP	**$ 131,285**	$ 133,809

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 2023. The total project costs are estimated to be $418.4 million and are to be financed through a Provincial government transfer of $162.65 million, a $139.1 million service concession arrangement obligation to PRWT, a payment of $92.84 million from Infrastructure Canada, sinking fund debentures of $14.01 million, and other cash consideration of $9.8 million.

5. *Debt (continued)*

As at December 31, 2022, $404.88 million was capitalized for assets completed and in use (Note 6). Monthly capital and interest performance-based payments totalling $8.35 million annually, for the service concession arrangement obligation, commenced in October 2019, commensurate with commissioning of the project and are payable to termination of the contract with PRWT.

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the estimated total project costs of $418.4 million project is 1.6%. Specifically, the sinking fund debt and service concession arrangement obligation to PRWT bear a combined weighted average interest rate of 4.2%.

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

d) Included in interest and finance charges expense is $236 thousand (2021 - $280 thousand) paid to the General Capital Fund.

e) Cash paid for interest during the year was $5.3 million (2021 - $5.3 million).

6. *Tangible Capital Assets*

	Net Book Value **2022**	Net Book Value 2021
Vehicles	**$ 153,018**	$ 167,971
Buildings	**106,701**	107,712
Land improvements	**23,053**	23,464
Land	**48,883**	47,679
Roads, bridges and tunnels	**410,945**	423,982
Other	**12,136**	13,105
Assets under construction	**3,954**	5,094
	$ 758,690	$ 789,007

Included in the above net book values are $369.72 million (2021 - $379.42 million) of tangible capital assets that were acquired through a service concession arrangement.

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

7. *Inventory*

	2022	2021
Parts and uniforms	**$ 8,540**	$ 7,410
Tickets, passes and other	**31**	31
	$ 8,571	$ 7,441

8. *Accumulated Surplus*

	2022	2021
Appropriated	**$ 10,272**	$ 14,932
Unappropriated	**1,593**	3,136
Retained earnings	**11,865**	18,068
Invested in tangible capital assets	**494,694**	515,125
	$ 506,559	$ 533,193

9. *Sale of Goods and Services*

	2022 Budget	2022 Actual	2021 Actual
Passenger Fares	**$ 68,072**	**$ 61,381**	$ 39,884
Advertising rights	**2,035**	**2,384**	1,931
Charter and other	**421**	**486**	445
	$ 70,528	**$ 64,251**	$ 42,260

10. *Government Transfers*

The Provincial Government provided transfers of $40.1 million (2021 - $40.1 million) towards the operation of the Transit System, $1.9 million (2021 - $1.9 million) as a local government support transfer and $0.4 million (2021 - $3.6 million) as a capital transfer.

The Federal Government provided a transfer of $9.0 million (2021 - $nil) to assist in addressing 2022 transit operating shortfalls related to reduced transit ridership caused by the COVID-19 pandemic and $nil (2021 - $nil) as a capital transfer.

11. *Operations*

	2022 Budget	2022 Actual	2021 Actual
Bus operators	**$ 79,297**	**$ 79,701**	$ 76,893
Inspectors	**6,854**	**5,645**	5,889
Operations administration	**2,392**	**1,940**	1,821
Instruction	**1,757**	**1,876**	1,811
	$ 90,300	**$ 89,162**	$ 86,414

12. *Plant and Equipment*

	2022 Budget	2022 Actual	2021 Actual
Bus servicing	**$ 23,106**	**$ 30,773**	$ 21,515
Vehicle maintenance and overhaul	**30,577**	**29,168**	25,781
Facilities maintenance	**8,401**	**8,102**	7,148
Maintenance administration	**3,992**	**3,715**	3,464
	$ 66,076	**$ 71,758**	$ 57,908

13. *Other Departmental*

	2022 Budget	2022 Actual	2021 Actual
Interest and finance charges	**$ 5,986**	**$ 5,614**	$ 5,616
Taxes	**3,465**	**3,446**	3,302
Insurance and claims	**2,939**	**2,565**	2,562
General government charges and other	**1,538**	**1,319**	1,140
Employee benefits	**1,119**	**385**	805
Expenditure management	**(3,500)**	**-**	-
	$ 11,547	**$ 13,329**	$ 13,425

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, 2022 is estimated at $7.7 million (2021 - $7.7 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2022 at $5.6 million (2021 - $5.7 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, 2022 at $5.3 million (2021 - $5.8 million).

The City of Winnipeg operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, The City of Winnipeg pays actual costs incurred plus an administration fee. The City of Winnipeg recognizes a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability is estimated to be $11.0 million (2021 - $7.6 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, $9.2 million (2021 - $9.3 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, 2021 and has an actuarial surplus.

b) General government charges

Included in general government charges and other is $817 thousand (2021 - $813 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 $357 thousand (2021 - $354 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

13. *Other Departmental (continued)*

d) Property and business taxes

Realty and business taxes represent full taxes paid to The City of Winnipeg. Taxes are assessed on property as if it were privately owned. During 2022, realty and business taxes paid to the General Revenue Fund was $1.2 million (2021 - $1.1 million).

e) Insurance

During 2022 $914 thousand was transferred to the Insurance Reserve (2021 - $1.2 million).

f) 311 and business technology services

Included in expenses is $1.0 million (2021 - $1.0 million) that has been charged by the General Revenue Fund for services provided by various City departments.

14. *Expenses by Object*

	2022 Budget	**2022 Actual**	2021 Actual
Salaries and wages	**$ 107,295**	**$ 103,241**	$ 100,276
Materials and supplies	**36,010**	**44,461**	32,263
Employee benefits	**21,591**	**21,738**	21,160
Services	**16,934**	**17,009**	13,194
Interest on debt	**5,894**	**5,572**	5,585
Taxes - municipal and payroll	**3,465**	**3,446**	3,302
Insurance and transfer to Insurance Reserve	**3,243**	**2,839**	2,774
Other	**2,570**	**1,867**	1,807
Recoveries	**(1,058)**	**(1,746)**	(2,075)
Expenditure management	**(3,500)**	**-**	-
	$ 192,444	**$ 198,427**	$ 178,286

15. *Transfers to Other Funds*

	2022 Budget	**2022 Actual**	2021 Actual
Transfer to SW Transit Payment Reserve	**$ 13,187**	**$ 13,187**	$ 11,108
Transfer to Bus Replacement Reserve	**-**	**381**	-
Transfer to Commitment Reserve	**-**	**280**	231
	$ 13,187	**$ 13,848**	$ 11,339

16. *Net Deficit from Capital*

	2022 Budget	2022 Actual	2021 Actual
Revenues			
Transfer from SW Rapid Transitway Pmt Reserve	**$ -**	**$ 12,438**	$ 10,530
Transfer from General Revenue Fund - principal repayment	**6,233**	**6,233**	5,394
Transfer from Canada Community-Building Fund Reserve	**-**	**3,670**	7,084
Province of Manitoba capital transfers (Note 10)	**-**	**382**	3,553
Transfer from capital	**-**	**329**	2,876
	6,233	**23,052**	29,437
Expenses			
Amortization	**6,233**	**35,711**	36,122
Interest	**-**	**5,826**	5,934
Work in process costs expensed in year	**-**	**4,080**	3,845
Loss on disposal of tangible capital assets	**-**	**-**	1,042
	6,233	**45,617**	46,943
	$ -	**$ (22,565)**	$ (17,506)

17. *Commitments*

Service concession arrangements

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

18. *Related Party Transactions*

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

19. *Comparative Figures*

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

THE CITY OF WINNIPEG
TRANSIT SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	Vehicles	Buildings	Land Improvements
Cost			
Balance, beginning of year	$ 309,601	$ 128,938	$ 48,591
Add: Additions during the year	244	2,050	431
Less: Disposals during the year	(2,946)	-	-
Balance, end of year	306,899	130,988	49,022
Accumulated amortization			
Balance, beginning of year	(141,630)	(21,226)	(25,127)
Add: Amortization	(15,197)	(3,061)	(842)
Less: Accumulated amortization on disposal	2,946	-	-
Balance, end of year	(153,881)	(24,287)	(25,969)
Net Book Value of Tangible Capital Assets	$ 153,018	$ 106,701	$ 23,053

Schedule 1

Land	Roads, Bridges, and Tunnels	Other	Assets Under Construction	**2022**	2021
$ 47,679	$ 482,756	$ 48,962	$ 5,094	**$ 1,071,621**	$ 1,060,258
1,204	245	2,360	(1,140)	**5,394**	21,879
-	-	-	-	**(2,946)**	(10,516)
48,883	483,001	51,322	3,954	**1,074,069**	1,071,621
-	(58,774)	(35,857)	-	**(282,614)**	(255,966)
-	(13,282)	(3,329)	-	**(35,711)**	(36,122)
-	-	-	-	**2,946**	9,474
-	(72,056)	(39,186)	-	**(315,379)**	(282,614)
$ 48,883	$ 410,945	$ 12,136	$ 3,954	**$ 758,690**	$ 789,007


Photo: City of Winnipeg

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

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

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

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

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

The Waterworks System utility dividend was $15.6 million in 2022 (2021 - $14.6 million).

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2022	2021	2020	2019	2018
Water rate in dollars (per cu. metre)	**$ 1.95**	$ 1.90	$ 1.86	$ 1.82	$ 1.82
Annual water pumped (million litres)	**70,448**	72,703	70,529	71,883	71,330
Water pumped in litres per capita per day	**250**	258	252	257	255
Average daily water pumped (million litres per day)	**193**	199	193	197	195
Maximum day water pumping rates (million litres per day)	**228**	276	254	253	262
Maximum hour water pumping rates (million litres per day)	**334**	440	383	374	365
Kilometres of aqueduct	**174.5**	174.5	174.5	174.5	174.5
Kilometres of feeder mains	**151.5**	151.5	151.5	151.5	151.6
Kilometres of water mains	**2,716.6**	2,698.0	2,691.6	2,689.5	2,679.4
Number of hydrants	**23,295**	23,152	23,107	22,928	22,785
Number of billed services	**217,611**	216,021	214,356	212,403	210,490

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
ASSETS		
Current		
Cash	**$ 2**	$ 2
Due from General Revenue Fund (Note 4)	**32,213**	30,103
Accounts receivable (Note 3)	**30,295**	28,689
Inventories	**1,902**	1,646
	64,412	60,440
Tangible capital assets (Note 5)	**1,008,227**	993,707
Deferred charges (Note 6)	**1,295**	1,387
	$ 1,073,934	$ 1,055,534
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 6,461**	$ 8,561
Current portion of long-term debt (Note 8)	**3,097**	3,089
	9,558	11,650
Long-term debt (Note 8)	**99,041**	104,595
	108,599	116,245
ACCUMULATED SURPLUS (Note 9)	**965,335**	939,289
	$ 1,073,934	$ 1,055,534

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)

	2022 Budget	2022 Actual	2021 Actual
REVENUES (Schedule 1)			
Sale of goods and services (Note 10)	**$ 140,013**	**$ 139,935**	$ 141,078
Interest	**2,577**	**3,508**	2,384
Government transfers and permits	**2,155**	**2,221**	2,206
Other	**326**	**622**	754
Total revenues	**145,071**	**146,286**	146,422
EXPENSES (Schedules 2 and 3)			
Water distribution	**50,142**	**53,455**	47,871
Debt and finance	**13,997**	**8,446**	8,457
Taxes, employee benefits and other (Note 11)	**7,787**	**7,911**	7,181
Engineering services	**4,362**	**3,793**	3,832
Finance and administration	**3,991**	**3,497**	3,396
Information systems and technology	**2,811**	**2,915**	2,505
Environmental standards	**1,717**	**1,645**	1,633
Customer services	**1,675**	**1,521**	1,418
Human resources	**1,099**	**1,021**	1,055
Total expenses from operations	**87,581**	**84,204**	77,348
Surplus for the year from operations	**57,490**	**62,082**	69,074
Transfers to other funds (Note 12)	**40,185**	**40,427**	38,079
Net surplus from operations after transfers to other funds	**17,305**	**21,655**	30,995
Net surplus/(deficit) from capital (Schedule 4)	**5,226**	**4,391**	(7,779)
NET SURPLUS FOR THE YEAR	**$ 22,531**	**26,046**	23,216
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**939,289**	916,073
ACCUMULATED SURPLUS, END OF YEAR		**$ 965,335**	$ 939,289

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 26,046**	$ 23,216
Non-cash items related to operations		
Amortization	**26,681**	25,907
Working capital from operations	**52,727**	49,123
Change in net working capital other than cash	**(3,954)**	865
	48,773	49,988
FINANCING		
Amortization of debenture discount	**92**	93
Debenture debt retired	**(261)**	(253)
Due from General Revenue Fund	**(2,110)**	(17,669)
Interest on funds on deposit with The Sinking Fund of the City of Winnipeg	**(2,457)**	(2,229)
Payments to The Sinking Fund for outstanding long-term debt	**(2,836)**	(2,836)
	(7,572)	(22,894)
INVESTING		
Purchase of tangible capital assets	**(41,201)**	(27,094)
Increase (decrease) in cash	**-**	-
CASH, BEGINNING OF YEAR	**2**	2
CASH, END OF YEAR	**$ 2**	$ 2

Subsequent event (Note 14)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Significant Accounting Policies

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

Basis of accounting

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

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

a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

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

b) Contributions of tangible capital assets

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

c) Government transfers

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

1. *Significant Accounting Policies (continued)*

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

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

d) Debenture discounts and issue expenses

Issue expenses are charged to operations in the year of the related debenture issue and discounts on debentures issued are amortized over future periods to which they relate.

e) Shoal Lake Agreement

On June 30, 1989, agreement #7846 was formalized between The City of Winnipeg ("the City"), the Province of Manitoba ("the Province") and the Shoal Lake Indian Band Number 40 ("the Band"). The City and Province each paid $3 million to the Royal Trust Corporation of Canada. On January 1, 1996, the Canadian Imperial Bank of Commerce Trust was appointed as the new trustee. The principal sum of the trust created under the agreement is to be disbursed to the Band upon the expiry of the full term of 60 years, or upon termination of the agreement prior to the full term. The principal sum is to be calculated as the principal multiplied by the expired term divided by the full term with the balance returned equally to the City and the Province. The interest income is disbursed annually to the Band.

f) Water Main Renewal Reserve

On February 18, 1981, City Council adopted a motion that a reserve to fund the renewal of water mains be established and that there be an annual transfer of 100% of the water frontage levy revenue to the Water Main Renewal Reserve Fund. On January 30, 2002, City Council approved by-law No. 7958/2002 to include that frontage levies also fund the repair and replacement of streets and sidewalks in residential areas.

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

The Director of Water and Waste is the Fund Manager.

g) Water Meter Renewal Reserve

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

The Director of Water and Waste is the Fund Manager.

2. Status of the Waterworks System

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

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. Accounts Receivable

	2022	2021
Water billings and other	**$ 30,695**	$ 29,089
Allowance for doubtful accounts	**(400)**	(400)
	$ 30,295	$ 28,689

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, 2022 effective interest rate was 4.20% (2021 - 0.20%).

5. Tangible Capital Assets

	Net Book Value	
	2022	2021
Land	**$ 1,791**	$ 1,791
Buildings	**3,891**	4,046
Machinery and equipment	**1,262**	1,477
Computer	**13,455**	10,155
Underground networks	**693,459**	674,230
Road and bridges	**8,492**	8,913
Water pumping stations and reservoirs	**284,766**	288,566
Assets under construction	**1,111**	4,529
	$ 1,008,227	$ 993,707

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

During 2022 and 2021 there were no write-downs of tangible capital assets, and interim financing charges capitalized during 2022 were $150 thousand (2021 - $124 thousand). In addition, underground networks contributed to the City and recorded in the Waterworks System Fund totaled $16.4 million in 2022 (2021 - $1.9 million) and were capitalized at their fair value at the time of receipt. Contributions have returned to pre-pandemic levels.

6. *Deferred Charges*

	2022	2021
Deferred debenture discount	**$ 1,295**	$ 1,387

7. *Accounts Payable and Accrued Liabilities*

	2022	2021
Accrued debenture interest	**$ 3,807**	$ 3,807
Performance deposits (miscellaneous capital holdbacks)	**1,034**	649
Deferred revenue and other	**779**	758
Other accrued liabilities	**473**	2,255
Trade accounts payable	**368**	1,092
	$ 6,461	$ 8,561

8. *Long Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2022**	Amount of Debt 2021
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)					**(58,600)**	(53,307)
Net sinking fund debentures outstanding					**101,400**	106,693

Other long-term debt outstanding

	2022	2021
Canada Mortgage and Housing Corporation ("CMHC") debt, maturity in 2025, interest rate of 3.35%	**738**	991
	102,138	107,684
Current portion of long-term debt	**(3,097)**	(3,089)
	$ 99,041	$ 104,595

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

	2023	2024	2025	2026	2027	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 160,000
CMHC	261	270	207	-	-	-
	$ 261	$ 270	$ 207	$ -	$ -	$ 160,000

8. *Long Term Debt (continued)*

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

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

c) Cash paid for interest during the year was $8.5 million (2021 - $8.5 million).

9. *Accumulated Surplus*

	2022	2021
Invested in tangible capital assets	**$ 906,089**	$ 886,023
Retained earnings	**59,246**	53,266
	$ 965,335	$ 939,289

10. *Revenue*

Effective January 1, 2022 the water rate was $1.95 per cubic metre (2021 - $1.90).

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 2022, tax paid to the General Revenue Fund was $3.2 million (2021 - $3.2 million).

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2022 is $3.9 million (2021 - $3.8 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, 2022 is estimated at $1.2 million (2021 - $1.6 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, 2022 at $2.0 million (2021 - $1.8 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, 2022 at $3.4 million (2021 - $3.3 million).

Waterworks System employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pensions costs to various departments. During the year $3.8 million (2021 - $3.7 million) of pension costs were allocated to the Waterworks System. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2021 and has disclosed an actuarial surplus.

General government charges

Included in expenses is $1.1 million (2021 - $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 $987 thousand (2021 - $982 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

Insurance and damage claims

Included in expenses is $69 thousand credit (2021 - $84 thousand credit) from the City of Winnipeg Insurance Reserve.

12. Transfers to Other Funds

The Waterworks System transfers to other funds are as follows:

	2022	2021
Transfer to Water Main Renewal Reserve	**$ 19,500**	$ 19,500
Utility dividend transfer to General Revenue	**15,620**	14,637
Transfer to Water Meter Renewal Reserve	**5,307**	3,942
	$ 40,427	$ 38,079

Beginning 2011, City Council approved The Utility Dividend Policy that directs the Waterworks System to make annual dividend payments to the City of 8% of adopted budget gross sales. Council increased the utility dividend to 12% of budgeted water sales in 2015. In 2019, Council amended the rate from 12% to 11% of budgeted water sales.

13. Related Party Transactions

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

14. Comparative Figures

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

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 1

REVENUES

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

	2022 Budget	2022 Actual	2021 Actual
Sale of goods and services			
Water sales	$ 139,799	$ 139,680	$ 140,789
Fire hydrant and other rentals	146	195	207
Sale of goods and services	68	60	82
	140,013	139,935	141,078
Interest			
Sinking Fund earnings	2,457	2,457	2,229
Interest	-	901	31
Capital construction interest	120	150	124
	2,577	3,508	2,384
Government transfers, permits and other			
Permits and fees	1,370	1,492	1,456
Provincial support transfer	785	729	750
	2,155	2,221	2,206
Other	326	622	754
Total revenues	$ 145,071	$ 146,286	$ 146,422

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Water treatment and distribution			
Water treatment plant	$ 21,426	$ 22,973	$ 20,600
Water main maintenance	20,360	22,149	19,278
General administration	2,621	2,744	2,710
Railway maintenance and operations	2,592	2,552	2,366
Emergency services	1,759	1,745	1,627
Stores - 552 Plinguet	522	536	537
Intake operation	610	516	519
Mechanical/civil/electrical maintenance allocation	167	167	162
Meter shop	85	73	72
	50,142	53,455	47,871
Corporate Division			
Debt and finance			
Long-term debt			
Interest	8,358	8,353	8,364
Finance charges	93	93	93
Principal	5,546	-	-
	13,997	8,446	8,457
Taxes, employee benefits and other			
Property taxes	3,743	3,614	3,604
General government charges	1,092	1,092	1,087
Rent	987	987	982
Provincial payroll tax	969	907	819
Insurance and damage claims	664	746	653
Employee benefits	907	572	803
Operating transfers	204	204	-
Other services	221	203	56
Transfer from insurance reserve	-	(69)	(84)
Recoveries	(1,000)	(345)	(739)
	7,787	7,911	7,181

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Engineering services division			
Water planning	**1,367**	**1,312**	1,358
Design and construction	**687**	**709**	683
Drafting and graphics	**711**	**637**	607
Customer technical services	**460**	**381**	353
Asset management	**524**	**313**	302
Services development	**227**	**240**	209
Administration	**276**	**212**	320
Land drainage and flood planning	**110**	**(2)**	-
Winnipeg sewer treatment program	**-**	**(4)**	-
Wastewater planning and projects	**-**	**(5)**	-
	4,362	**3,793**	3,832
Finance and administration division			
Customer billing	**3,104**	**2,569**	2,383
Accounting services	**428**	**403**	422
Capital planning	**172**	**241**	241
Office of the Director	**166**	**150**	165
Rates and business analysis	**12**	**93**	94
Knowledge management	**98**	**74**	91
Landfill billing	**11**	**(33)**	-
	3,991	**3,497**	3,396
Information systems and technology division			
Major systems	**1,248**	**1,159**	951
Support services	**796**	**1,151**	1,089
Planning and design	**421**	**490**	465
Data and analytics	**346**	**115**	-
	2,811	**2,915**	2,505
Environmental standards division			
Analytical services	**1,158**	**1,101**	1,098
Compliance	**407**	**390**	372
Administration	**152**	**154**	163
	1,717	**1,645**	1,633
Customer services division			
Customer relations	**1,176**	**1,103**	1,007
Administration	**309**	**272**	269
Communications	**190**	**146**	142
	1,675	**1,521**	1,418

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Human resources division			
Human resources	**529**	**527**	501
Work place health and safety	**195**	**183**	195
Timekeeping and payroll	**189**	**185**	184
Human resources training	**186**	**126**	175
	1,099	**1,021**	1,055
Total expenses from operations	**87,581**	**84,204**	77,348
Transfers to other funds (Note 12)			
Transfer to Water Main Renewal Reserve	**19,500**	**19,500**	19,500
Dividend transfer to General Revenue	**15,378**	**15,620**	14,637
Transfer to Water Meter Renewal Reserve	**5,307**	**5,307**	3,942
Total transfers to other funds	**40,185**	**40,427**	38,079
Total expenses	**$ 127,766**	**$ 124,631**	$ 115,427

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2022 Budget	**2022 Actual**	2021 Actual
Goods and services	**$ 39,881**	**$ 43,247**	$ 37,689
Transfers	**42,468**	**42,640**	40,068
Salaries	**43,665**	**40,452**	38,730
Interest on long-term debt	**8,451**	**8,446**	8,457
Employee benefits	**8,480**	**7,738**	7,627
Other expenses	**5,291**	**5,045**	4,818
Grants	**112**	**112**	112
Finance charges	**72**	**54**	74
Principal	**5,546**	**-**	-
Recoveries	**(26,200)**	**(23,103)**	(22,148)
Total expenses	**$ 127,766**	**$ 124,631**	$ 115,427

THE CITY OF WINNIPEG
WATERWORKS SYSTEM

Schedule 4

NET SURPLUS / (DEFICIT) FROM CAPITAL

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

	2022 Actual	2021 Actual
Revenues		
Transfers		
Water Main Renewal Reserve	**$ 13,904**	$ 15,809
General Capital Fund	**871**	-
Sewage Disposal System	**161**	387
	14,936	16,196
Developer contributions-in-kind	**16,368**	1,947
Total revenue from capital	**31,304**	18,143
Expenses		
Amortization	**26,681**	25,907
Other expenses	**232**	15
Total expenses from capital	**26,913**	25,922
Net surplus/(deficit) from capital	**$ 4,391**	$ (7,779)

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	$ 7,000	$ 11,131	$ 52,852
Add: Additions during the year	-	-	3	5,030
Less: Disposals during the year	-	-	-	-
Balance, end of year	1,791	7,000	11,134	57,882
Accumulated amortization				
Balance, beginning of year	-	2,954	9,654	42,697
Add: Amortization	-	155	218	1,730
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	3,109	9,872	44,427
Net Book Value of Tangible Capital Assets	$ 1,791	$ 3,891	$ 1,262	$ 13,455

Infrastructure				Totals	
Underground Networks	Roads and Bridges	Water Pumping Stations and Reservoirs	Assets Under Construction	**2022**	2021
$ 997,298	$ 11,025	$ 435,791	$ 4,529	**$ 1,521,417**	$ 1,497,859
35,036	16	4,534	(3,418)	**41,201**	27,094
(3,121)	-	-		**(3,121)**	(3,536)
1,029,213	11,041	440,325	1,111	**1,559,497**	1,521,417
323,068	2,112	147,225	-	**527,710**	505,339
15,807	437	8,334	-	**26,681**	25,907
(3,121)	-	-	-	**(3,121)**	(3,536)
335,754	2,549	155,559	-	**551,270**	527,710
$ 693,459	$ 8,492	$ 284,766	$ 1,111	**$ 1,008,227**	$ 993,707


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, solid waste and recycling 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 and lift stations, the interception system, three sewage treatment plants, biosolids disposal and an industrial and hazardous waste control program along with debt charges, employee benefits, taxes and a contribution to the Land Drainage Fund, utility dividend and transfers to the Environmental Projects Reserve, Sewer System Rehabilitation Reserve and Water Meter Renewal Reserve.

An Environmental Projects Reserve Fund was authorized by City Council on December 17, 1993. It was established to fund environmental projects to protect river quality. River quality is under the jurisdiction of the Province of Manitoba. In 2003, the Clean Environment Commission (CEC) conducted public hearings to review and receive comments on the City's sewage collection and treatment improvement program, and made several recommendations to upgrade and improve the sewage collection and treatment systems. In response Manitoba Sustainable Development(currently known as Environment and Climate) issued Environment Act Licences to the City for the North End Sewage Treatment Plant, West End Sewage Treatment Plant and South End Sewage Treatment Plant (NEWPCC, WEWPCC, SEWPCC). The licences stipulate effluent parameters that require upgrades to the sewage treatment plants. The licences require effluent disinfection, nutrient removal, and solids management to be in compliance with the Environment Act. The WEWPCC upgrade is complete, SEWPCC is in progress. The remaining NEWPCC upgrade program is forecasted to cost $1.8 billion depending on market factors. The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund based upon the amount of water consumption billed. The reserve funds ongoing environmental programs and studies including a portion of the sewage collection and treatment system improvements as directed by the Province of Manitoba.

In 2013, a licence was issued under the Environment Act, which governs combined sewer overflows. The Combined Sewer Overflow (CSO) Master Plan was approved by the province November 13, 2019. The approved CSO Master Plan is a way forward to reduce combined sewer overflows. It balances environmental, economic, and social values and provides a responsible and reasonable approach to reducing combined sewer overflows. The CSO Master Plan is estimated to cost between $1.1 and $2.3 billion, depending on market factors and the length of the program.

The final SEWPCC upgrade construction contract was awarded in October 2017. The project is currently in the construction phase. The NEWPCC Upgrade consists of three projects: Power Supply and Headworks Facilities, Biosolids Facilities, and Nutrient Removal Facilities. In 2021, the NEWPCC Headworks Design Build was awarded, as well as a project for Interim Phosphorous Removal. Written confirmation was received of the Biosolids Facilities inclusion in the Investing in Canada Infrastructure Program (ICIP) in December 2022. A Request for Qualifications for the Design Build contract will be issued in 2023. On January 26, 2023, Council approved funds to undertake enhanced preliminary design for the Nutrient Removal Facilities.

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 $22.6 million in 2022 (2021 - $21.0 million).

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

FIVE-YEAR REVIEW

December 31
(unaudited)

	2022	2021	2020	2019	2018
Rate in dollars (per cubic meter)	**$ 2.91**	$ 2.86	$ 2.81	$ 2.80	$ 2.80
Annual sewage received (million litres)*	**121,477**	82,275	86,395	102,482	82,070
Daily sewage received (million litres)*	**333.0**	225.0	236.0	281.0	225.0
Kilometres of interceptor sewers	**137.5**	135.4	135.4	135.4	134.3
Kilometres of combined sewers**	**1,008.3**	1,006.7	1,019.2	1,019.8	1,020.5
Kilometres of wastewater sewers	**1,550.5**	1,535.7	1,519.4	1,517.6	1,503.2
Number of lift stations	**75**	75	75	75	75
Number of billed sewer services	**217,513**	215,919	214,252	212,300	210,386

Note:
* Sewage received is dependent on both levels of precipitation and water conservation efforts.
** Increase in 2022 due to reclassification of wastewater sewers to combined sewers.

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
ASSETS		
Current		
Cash	**$ 129,509**	$ 126,816
Due from General Revenue Fund (Note 3)	**-**	143,067
Accounts receivable (Note 4)	**60,408**	58,733
Prepaid expenses	**585**	86
Inventory	**604**	513
	191,106	329,215
Long-term receivable	**3,347**	3,347
Tangible capital assets (Note 5)	**1,530,627**	1,388,102
	$ 1,725,080	$ 1,720,664
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 39,170**	$ 30,461
Due to General Revenue Fund (Note 3)	**17,232**	-
Current portion of long-term debt (Note 7)	**3,029**	3,029
	59,431	33,490
Deferred revenue	**152,171**	148,615
Other liabilities	**3,260**	2,077
Long-term debt (Note 7)	**150,170**	153,456
	365,032	337,638
ACCUMULATED SURPLUS (Note 9)	**1,360,048**	1,383,026
	$ 1,725,080	$ 1,720,664

Commitment (Note 8)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2022 Budget	2022 Actual	2021 Actual
REVENUES (Schedule 1)			
Sewer services (Note 10)	**$ 199,089**	**$ 199,385**	$ 202,770
Government transfers, permits and other	**11,244**	**14,553**	13,847
Interest	**910**	**2,618**	549
Total revenues	**211,243**	**216,556**	217,166
EXPENSES (Schedules 2 and 3)			
Collection, interception and treatment	**55,140**	**57,582**	53,369
Taxes, employee benefits and other (Note 11)	**17,147**	**16,912**	16,054
Engineering services	**6,920**	**7,750**	6,786
Debt and finance	**9,757**	**4,510**	4,513
Information systems and technology	**3,960**	**3,583**	3,083
Finance and administration	**4,376**	**3,553**	3,399
Environmental standards	**3,232**	**2,775**	2,832
Customer services	**1,278**	**1,177**	1,072
Human resources	**1,036**	**940**	965
Office of Sustainability	**407**	**376**	258
Total expenses from operations	**103,253**	**99,158**	92,331
Surplus for the year from operations	**107,990**	**117,398**	124,835
Transfers to other funds (Note 12)	**157,988**	**149,353**	80,563
Net (deficit)/surplus from operations after transfer to other funds	**(49,998)**	**(31,955)**	44,272
Net surplus from capital (Schedule 4)	**-**	**8,977**	49,508
Net (deficit)/surplus for the year	**$ (49,998)**	**(22,978)**	93,780
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**1,383,026**	1,289,246
ACCUMULATED SURPLUS, END OF YEAR		**$ 1,360,048**	$ 1,383,026

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net (deficit)/surplus for the year	**$ (22,978)**	$ 93,780
Non-cash items related to operations		
Amortization	**30,280**	26,426
Working capital from operations	**7,302**	120,206
Change in net working capital other than cash	**11,183**	125,143
	18,485	245,349
FINANCING		
Due from General Revenue Fund	**160,299**	(39,329)
Payments to The Sinking Fund for outstanding long-term debt	**(3,029)**	(3,029)
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg	**(257)**	(149)
	157,013	(42,507)
INVESTING		
Purchase of tangible capital assets	**(172,805)**	(76,027)
CASH, BEGINNING OF YEAR	**126,816**	1
CASH, END OF YEAR	**$ 129,509**	$ 126,816

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(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 exceptions:

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

b) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 to 50 years
Machinery and equipment	10 to 40 years
Information systems	5 to 10 years
Water and sewage plants and networks:	
Underground networks	50 to 100 years
Sewage treatment plants and lift stations	50 to 75 years

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

c) 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.

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 or the tangible capital assets are acquired.

1. *Significant Accounting Policies (continued)*

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 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.

f) 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.

g) 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 2022 sewer rate includes a provision of 35 cents (2021 - 35 cents) per cubic meter of billed water consumption to be transferred from the Sewage Disposal System Fund to this Reserve.

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

1. Significant Accounting Policies (continued)

h) Water Meter Renewal Reserve

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

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

2. Status of the Sewage Disposal System

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

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. Due to 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, 2022 effective interest rate was 4.20% (2021 - 0.20%).

4. Accounts Receivable

	2022	2021
Trade Accounts	**$ 54,008**	$ 52,333
Government of Canada	**5,300**	5,300
Province of Manitoba	**1,100**	1,100
	$ 60,408	$ 58,733

5. Tangible Capital Assets

	Net Book Value 2022	2021
Land	**2,375**	2,375
Land improvement	**264**	344
Buildings	**284**	296
Equipment	**44**	57
Information technology	**3,328**	986
Underground networks	**$ 787,460**	$ 767,247
Sewage treatment plants and lift stations	**484,990**	291,370
Assets under construction	**251,882**	325,427
	$ 1,530,627	$ 1,388,102

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

During 2022 there was no write-down of tangible capital assets. Interim financing charges capitalized during 2022 were $114 thousand (2021 - $260 thousand). In addition, underground networks contributed to the City and recorded in the Sewage Disposal System Fund totaled $21.2 million in 2022 (2021 - $5.5 million) and were capitalized at their fair value at the time of receipt.

6. Accounts Payable and Accrued Liabilities

	2022	2021
Trade accounts payable	**$ 33,439**	$ 25,528
Other accrued liabilities	**4,484**	3,742
Performance deposits	**715**	659
Accrued debenture interest	**532**	532
	$ 39,170	$ 30,461

7. Long-term Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt 2022	2021
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**	80,000
2020-2051	Nov. 15	2.663	WD8	183/04, 150/19 5/2015	**59,034**	59,034
					163,034	163,034
Equity in Sinking Fund (Note 7b)					**(9,835)**	(6,549)
Net Sinking fund debentures outstanding					**153,199**	156,485

7. Long-term Debt (continued)

Current portion of long-term debt		**(3,029)**		(3,029)
Net Long-Term Debt	**$**	**150,170**	$	153,456

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

	2023	2024	2025	2026	2027	Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 163,034

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

b) For sinking fund securities issued, The City of Winnipeg Charter requires the City to make annual payments to the sinking fund. Sinking fund arrangements are managed in a separate fund by the City. The City of Winnipeg Sewage Disposal System is currently paying between 2.66% to 3.30% on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Cash paid for interest during the year was $5.0 million (2021 - $5.0 million).

8. Commitment

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

The City’s sewage treatment system treats and handles sewage and resulting residuals at its existing three major sewage treatment facilities, the South End, West End and North End Sewage Treatment Plants (the “Facilities”). Veolia’s role will be to provide services to the City. Representatives of Veolia will work collaboratively with representatives of the City to provide advice and recommendations to the City with respect to the City's (i) management and operation of the Facilities for the handling and treatment of sewage, (ii) assessment, planning and delivery of upgrades and capital modifications to the Facilities, and (iii) assessment, planning and delivery of operational improvements to the Facilities during the term of this agreement. The Program will not include the City’s supply of water or its waterworks system or work relating to the collection system or land drainage system.

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

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

8. Commitment (continued)

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

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

The agreement only guarantees payment to Veolia in respect to the Direct Costs incurred in providing services (item number 1 above).

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

Veolia's withdrawals of amounts from the EARA are subject to certain limits and security posting requirements. If at the end of the 30-year term the EARA is negative, Veolia must repay the City this amount.

The agreement established a Performance Guarantee Security ("PGS"), which is a letter of credit and performance bond that together provide security to the City. At December 31, 2022, prepaid expenses include $585 thousand on account of the City's payment of Direct Costs related to the PGS (2021 - $85 thousand). In addition to the PGS, Veolia is providing a Parental Guarantee by its parent company.

The direct costs are recorded at the time they become payable to Veolia. The fee amounts are recorded at the time fee payments become due under the terms of the contract. If, in future periods, any of these fee amounts so recorded would become receivable by the City as a result of the application of the Painshare or KPI deduction mechanisms, then the City's entitlement to these amounts would be recorded as a reduction of expenses or a reduction of the related capital asset at the time the events which caused the rebate occurred. The Gainshare, Painshare, KPI earnings, and KPI deductions are recorded at such time that they are determined. To the extent that there are Gainshare and/or KPI Earnings amounts that are subsequently repaid to the City, then these amounts would be recorded as a reduction of expenses or a reduction of the related capital asset at the time the events which caused the rebate occurred.

9. Accumulated Surplus

	2022	2021
Appropriated	**$ 67,508**	$ 161,600
Unappropriated	**(84,888)**	(10,190)
Retained earnings	**(17,380)**	151,410
Invested in tangible capital assets	**1,377,428**	1,231,616
	$ 1,360,048	$ 1,383,026

10. Sewer Services Revenue

The sewer rate for 2022 was $2.91 per cubic meter (2021 - $2.86). The Environmental Projects Reserve contribution for 2022 was 35 cents per cubic meter (2021 - 35 cents).

11. Taxes, Employee Benefits and Other

Property taxes

Property taxes represent full taxes paid to outside municipalities and to The City of Winnipeg General Revenue Fund. Taxes are assessed on property as if it were privately owned. During 2022, realty taxes paid and transferred to the General Revenue Fund were $12.6 million (2021 - $11.6 million).

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2022 is $1.8 million (2021 - $1.7 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2022 is estimated at $0.9 million (2021 - $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, 2022 is estimated at $1.0 million (2021 - $1.2 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2022 at $1.8 million (2021 - $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 $1.9 million (2021 - $1.9 million) of pension costs were allocated to the Sewage Disposal System. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2020 and has disclosed an actuarial surplus.

General government charges

The Sewage Disposal System is charged with the estimated share of the City's general government expenses. In 2022, this amounted to $0.9 million (2021 - $0.9 million) and was transferred to the General Revenue Fund.

Rent

Included in expenses is $1.2 million (2021 - $1.2 million) that has been charged by the Municipal Accommodations Fund for the rental of office space.

11. Taxes, Employee Benefits and Other (continued)

Insurance and damage claims

Included in expenses is $5 thousand (2021 - $18 thousand) from the City of Winnipeg Insurance Reserve.

12. Transfers to Other Funds

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

	2022	2021
Transfer to Environmental Projects Reserve	**$ 100,192**	$ 21,427
Utility dividend transfer to General Revenue Fund	**22,551**	21,044
Transfer to Sewer System Rehabilitation Reserve	**17,000**	20,000
Transfer to Water Meter Renewal Reserve	**5,307**	3,942
Transfer to Land Drainage System - Operating	**4,303**	5,332
Transfer to Land Drainage System - Capital	**-**	8,818
	$ 149,353	$ 80,563

13. Related Party Transactions

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

14. Comparative Figures

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

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 1

REVENUES

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

	2022 Budget	2022 Actual	2021 Actual
Sewer services	**$ 199,089**	**$ 199,385**	$ 202,770
Government transfers, permits and other			
Industrial waste surcharges	**4,500**	**7,198**	5,807
Hauled waste	**5,250**	**4,146**	3,963
Other	**748**	**1,738**	1,595
Permits and fees	**400**	**1,067**	1,957
Provincial transfers	**346**	**404**	525
	11,244	**14,553**	13,847
Interest			
Interest	**500**	**2,247**	139
Sinking Fund earnings	**260**	**257**	150
Capitalized	**150**	**114**	260
	910	**2,618**	**549**
Total revenues	**$ 211,243**	**$ 216,556**	$ 217,166

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Collection, interception and treatment			
North end sewage treatment plant	**$ 15,355**	**$ 16,746**	$ 15,996
Local sewer	**6,675**	**7,720**	7,089
South end sewage treatment plant	**8,293**	**7,244**	6,349
Sludge disposal	**6,428**	**6,691**	6,003
Interception system	**3,868**	**4,458**	4,544
Administration	**3,652**	**3,458**	3,164
Mechanical maintenance	**3,116**	**3,195**	3,070
Electrical maintenance/instrumentation	**2,753**	**2,715**	2,671
West end sewage treatment plant	**2,527**	**2,689**	2,186
Civil maintenance	**1,308**	**1,511**	1,324
Process control	**1,165**	**1,155**	973
	55,140	**57,582**	53,369
Taxes, employee benefits and other			
Property taxes	**12,411**	**12,562**	11,568
Rent	**1,195**	**1,164**	1,189
General government charges	**945**	**945**	941
Miscellaneous	**1,361**	**827**	1,705
Insurance and claims	**730**	**730**	667
Employee benefits	**564**	**467**	480
Provincial payroll tax	**441**	**467**	414
Recoveries	**(500)**	**(250)**	(910)
	17,147	**16,912**	16,054
Engineering services			
Sewer connections	**1,100**	**2,446**	1,761
Wastewater planning	**2,410**	**1,260**	1,267
Winnipeg Sewage Treatment Program	**-**	**1,257**	1,009
Design and construction	**723**	**715**	683
Drafting and graphic	**723**	**642**	607
Asset management	**514**	**541**	527
Customer technical services	**468**	**385**	353
Engineering services development	**289**	**241**	209
Administrative services	**418**	**213**	320
Land drainage and flood planning	**275**	**50**	50
	6,920	**7,750**	6,786

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Debt and finance			
Long-term debt interest	**5,617**	**4,498**	4,498
Finance charges	**4,140**	**12**	15
	9,757	**4,510**	4,513
Information systems and technology			
Support services	**2,029**	**1,585**	1,494
Major systems	**1,271**	**1,162**	638
Planning and design	**660**	**676**	951
Data and Analytics	**-**	**160**	-
	3,960	**3,583**	3,083
Finance and administration			
Customer accounts	**3,148**	**2,580**	2,384
Accounting services and administration	**625**	**525**	555
Capital planning	**272**	**229**	227
Rates / business analysis	**223**	**148**	147
Knowledge management	**108**	**71**	86
	4,376	**3,553**	3,399
Environmental standards			
Analysis	**1,741**	**1,674**	1,633
Industrial waste	**1,171**	**805**	912
Administration	**182**	**165**	163
Compliance	**138**	**131**	124
	3,232	**2,775**	2,832
Customer services			
Customer relations	**1,199**	**1,110**	1,008
Administration	**35**	**34**	33
Communications	**44**	**33**	31
	1,278	**1,177**	1,072
Human resources			
Human resources	**503**	**486**	458
Timekeeping and payroll	**175**	**170**	169
Workplace health and safety	**188**	**168**	179
Human resources training	**170**	**116**	159
	1,036	**940**	965
Office of Sustainability	**407**	**376**	258
Total expenses from operations	**103,253**	**99,158**	92,331

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Transfers to other funds (Note 12)			
Transfer to Environmental Projects Reserve	**100,192**	**$ 100,192**	21,427
Utility dividend transfer to General Revenue Fund	**21,899**	**22,551**	21,044
Transfer to Sewer System Rehabilitation Reserve	**17,000**	**17,000**	20,000
Transfer to Water Meter Renewal Reserve	**5,307**	**5,307**	3,942
Transfer to Land Drainage System - Operating	**4,790**	**4,303**	5,332
Transfer to Land Drainage System - Capital	**8,800**	**-**	8,818
	157,988	**149,353**	80,563
Total expenses	**$ 261,241**	**$ 248,511**	$ 172,894

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2022 Budget	**2022 Actual**	2021 Actual
Transfers to other funds	**$ 157,988**	**$ 149,353**	$ 80,563
Goods and services	**56,357**	**57,185**	53,300
Salaries	**20,885**	**21,192**	20,100
Other expenses	**14,388**	**14,451**	13,328
Interest on long-term debt	**5,627**	**4,510**	4,498
Employee benefits	**4,019**	**3,881**	3,770
Finance charges	**4,130**	**-**	15
Recoveries	**(2,153)**	**(2,061)**	(2,680)
Total expenses	**$ 261,241**	**$ 248,511**	$ 172,894

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2022 Actual	2021 Actual
Revenues		
Transfers		
Environmental Projects Reserve	**$ 20,273**	$ 70,672
Sewer System Rehabilitation Reserve	**15,254**	23,827
General Capital Fund	**490**	46
	36,017	94,545
Developer contributions-in-kind	**21,160**	5,466
Other Capital Funding (Developer Revenue)	**-**	108
Total revenues from capital	**57,177**	100,119
Expenses		
Amortization	**30,280**	26,426
Transfer to Land Drainage System	**16,210**	22,911
Capital maintenance	**1,549**	887
Transfer to Waterworks System	**161**	387
Total expenses from capital	**48,200**	50,611
Net surplus from capital	**$ 8,977**	$ 49,508

THE CITY OF WINNIPEG
SEWAGE DISPOSAL SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	General				
	Land	Land Improvements	Buildings	Equipment	Information Technology
Cost					
Balance, beginning of year	$ 2,375	$ 806	$ 974	$ 526	$ 1,769
Add: Additions during the year	-	-	-	-	2,627
Less: Disposals during the year	-	-	-	-	-
Balance, end of year	2,375	806	974	526	4,396
Accumulated amortization					
Balance, beginning of year	-	462	678	469	783
Add: Amortization	-	80	12	13	285
Less: Accumulated amortization on disposals	-	-	-	-	-
Balance, end of year	-	542	690	482	1,068
Net Book Value of Tangible Capital Assets	$ 2,375	$ 264	284	$ 44	$ 3,328

Schedule 5

Infrastructure			Totals	
Underground Networks	Sewage Treatment Plants and Lift Stations	Assets Under Construction	**2022**	2021
$ 1,211,398	$ 521,480	$ 325,427	**$ 2,064,755**	$ 1,989,004
37,813	205,910	150,644	**396,994**	76,027
-	(3,868)	(224,189)	**(228,057)**	(276)
1,249,211	723,522	251,882	**2,233,692**	2,064,755
444,151	230,110	-	**676,653**	650,503
17,600	12,290	-	**30,280**	26,426
-	(3,868)	-	**(3,868)**	(276)
461,751	238,532	-	**703,065**	676,653
$ 787,460	$ 484,990	$ 251,882	**$ 1,530,627**	$ 1,388,102

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 $85.00 per tonne (2021 - $83.00).

Waste minimization programs include multi-material residential recycling for single-family and multi-family residences, depot recycling, "Let's Chip-In" (seasonal-use tree recycling), curbside yard waste collection, back yard composting and public information/education programs. In 2020, a Residential Food Waste Pilot project was rolled out to approximately 4,000 homes. The pilot includes the distribution of green carts, kitchen containers and bags as well as weekly collection of food waste.

The revenues from the recycling programs are comprised of support payments received from the Multi Material Stewardship Manitoba and the sale of recyclables. In 2022, the City realized $22.0 million in revenue (2021 - $23.4 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 2022 this fee is $0.1844 per day (2021 - $0.1808). 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)

	2022	2021	2020	2019	2018
Solid Waste (tonnes)					
Single family residential	**124,119**	131,097	138,420	121,982	119,837
Multi-family and small commercial	**51,845**	53,833	56,150	52,068	52,204
Large commercial / industrial	**95,256**	98,225	87,441	90,276	86,601
Other	**43,411**	29,643	60,509	52,252	71,438
Charitable organization	**2,233**	2,747	2,426	2,522	2,484
Total landfill tonnage	**316,864**	315,545	344,946	319,100	332,564
Residential small loads Brady 4R Depot Number of loads	**79,948**	116,836	119,517	93,090	82,722
Residential small loads Other 4R Depots (1) Number of loads	**120,168**	136,060	131,646	96,328	72,063
Compostable yard waste Total tonnage	**33,192**	30,165	37,252	31,525	33,041
Recyclables (tonnes)					
Blue cart	**42,804**	44,736	45,694	45,367	47,054
Depots/apartments	**5,854**	5,559	5,317	5,489	5,499
Total recyclables	**48,658**	50,295	51,011	50,856	52,553
Leachate removed Total kilolitres	**51,402**	57,493	79,276	49,687	39,541

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

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
ASSETS		
Current		
Cash	**$ 123**	$ 440
Due from General Revenue Fund (Note 3)	**11,989**	8,801
Accounts receivable (Note 4)	**10,897**	11,933
	23,009	21,174
Tangible capital assets (Note 5)	**45,044**	47,079
Other Assets (Note 6)	**1,918**	-
	$ 69,971	$ 68,253
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 4,418**	$ 4,450
Current portion of long-term debt (Note 9)	**935**	914
	5,353	5,364
Deferred Revenue (Note 8)	**1,918**	-
Long-term debt (Note 9)	**21,113**	22,095
	28,384	27,459
ACCUMULATED SURPLUS (Note 10)	**41,587**	40,794
	$ 69,971	$ 68,253

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)

	2022 Budget	2022 Actual	2021 Actual
REVENUES (Schedule 1)			
Sales of services and regulatory fees	**$ 46,561**	**$ 51,605**	$ 53,804
Government transfers and other	**4,689**	**4,835**	4,203
Interest	**233**	**553**	242
Total revenues	**51,483**	**56,993**	58,249
EXPENSES (Schedules 2 and 3)			
Solid waste operations	**49,597**	**44,406**	42,855
Debt and finance	**1,754**	**754**	793
Employee benefits, taxes and other (Note 11)	**661**	**536**	508
Total expenses from operations	**52,012**	**45,696**	44,156
Surplus (deficit) for the year from operations	**(529)**	**11,297**	14,093
Transfers to other funds (Note 12)	**305**	**7,689**	6,816
Surplus (deficit) from operations after transfers to other funds	**(834)**	**3,608**	7,277
Net (deficit) from capital (Schedule 4)	**(774)**	**(2,815)**	(2,868)
Net surplus (deficit) for the year	**$ (1,608)**	**793**	4,409
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**40,794**	36,385
ACCUMULATED SURPLUS, END OF YEAR		**$ 41,587**	$ 40,794

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 793**	$ 4,409
Non-cash items related to operations		
Amortization	**2,926**	3,344
Working capital from operations	**3,719**	7,753
Change in net working capital other than cash	**1,004**	(940)
	4,723	6,813
FINANCING		
Due from General Revenue Fund	**(3,188)**	(2,163)
Repayment of loan	**(678)**	(2,049)
Payments to The Sinking Fund for outstanding debt	**(237)**	(237)
Interest on funds on deposit with The Sinking Fund of The City of Winnipeg ("The Sinking Fund")	**(46)**	(35)
	(4,149)	(4,484)
INVESTING		
Purchase of tangible capital assets	**(891)**	(2,082)
(Decrease) Increase in cash	**(317)**	247
Cash position, beginning of year	**440**	193
Cash position, end of year	**$ 123**	$ 440

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

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

Basis of accounting

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

The operations are accounted for on the accrual basis except for vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims which are recorded on a cash basis.

a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 100 years
Building and improvements	10 to 50 years
Machinery and equipment	10 to 20 years
Information technology	5 to 10 years

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

b) Landfill Rehabilitation Reserve

City Council on December 15th, 1993, in accordance with Sections 338 (1) and (2) of the former City of Winnipeg Act, established the Reserve to provide funding, over time, for the future rehabilitation of the Brady Landfill Site.

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

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

1. Significant Accounting Policies (continued)

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund. The transfer is based on $1.00 per tonne of the tipping fee charged at the Brady Landfill Site.

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

c) Waste Diversion Reserve

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

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

d) Government transfers

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

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

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

2. Status of the Solid Waste Disposal Fund

On March 23, 1992, City Council adopted a motion establishing the Solid Waste Disposal Fund ("Utility") as a separate fund within The City of Winnipeg's ("City") financial records. Upon establishment of this Utility, the capital assets, work in progress and related debt were transferred to this Utility from the General Capital Fund. The Utility is self-supporting and is primarily funded by landfill tipping fees, third party grants and the waste diversion user fee. The purpose of the Fund is to improve the cost accountability of the solid waste management system and to establish a financial structure to accommodate long-term planning and financing of solid waste management programs.

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. Due from General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from/to" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2022 effective interest rate was 4.20% (2021 - 0.20%).

4. Accounts Receivable

		2022		2021
Landfill tipping, recycling and waste diversion	**$**	**11,137**	$	12,173
Allowance for doubtful accounts		**(240)**		(240)
	$	**10,897**	$	11,933

5. Tangible Capital Assets

	Net Book Value			
		2022		2021
Land	**$**	**803**	$	803
Land improvements		**28,589**		29,267
Building and improvements		**13,682**		14,407
Machinery and equipment		**1,525**		2,120
Information technology		**262**		321
		44,861		46,918
Assets under construction		**183**		161
	$	**45,044**	$	47,079

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

During the year, there were no write-downs of tangible capital assets (2021 - $nil).
Interim financing charges capitalized during 2022 were $14 thousand (2021 - $31 thousand).

6. Other Assets

		2022		2021
Multi Material Stewardship Manitoba News Media Canada In Kind Advertising Credits	**$**	**1,918**	$	-
	$	**1,918**	$	-

7. Accounts Payable and Accrued Liabilities

		2022		2021
Trade accounts payable	**$**	**2,658**	$	2,476
Waste Reduction and Recycling Support Levy		**1,635**		1,677
Other accrued liabilities		**84**		256
Accrued debenture interest payable		**41**		41
	$	**4,418**	$	4,450

8. Deferred Revenue

		2022		2021
Multi Material Stewardship Manitoba News Media Canada In Kind Advertising Credits	**$**	**1,918**	$	-
	$	**1,918**	$	-

9. *Long-Term Debt*

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt **2022**	Amount of Debt 2021
2016-2045	June 1	3.303	WD4	5/2015	**$ 8,637**	$ 8,637
2019-2051	November 15	3.499	WC6	136/2016	**2,450**	2,450
2019-2051	November 15	2.667	WC7	133/2018	**1,999**	1,999
Equity in sinking fund (Note 9b)					**(1,338)**	(1,055)
Net Sinking Fund Debentures outstanding					**11,748**	12,031
TD Commercial Bank loan with a maturity date of April 24, 2035 and an interest rate of 3.09%					**$ 10,300**	$ 10,978
Total Debt Outstanding					**22,048**	23,009
Current portion of debentures					**(237)**	(237)
Current portion of loan					**(698)**	(677)
Current Portion of Debt					**(935)**	(914)
Long-term Debt					**$ 21,113**	$ 22,095

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

	2023	2024	2025	2026	2027	2028 and Thereafter
Sinking fund debentures	$ -	$ -	$ -	$ -	$ -	$ 13,086
Other debt	698	719	742	766	790	6,585
	$ 698	$ 719	$ 742	$ 766	$ 790	$ 19,671

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

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

c) Cash paid for interest during the year was $0.8 million (2021 - $0.8 million).

10. *Accumulated Surplus*

		2022		2021
Appropriated	$	**3,056**	$	3,768
Unappropriated		**15,535**		12,954
Retained earnings		**18,591**		16,722
Invested in tangible capital assets		**22,996**		24,072
	$	**41,587**	$	40,794

11. *Employee Benefits, Taxes and Other*

Property taxes

Property taxes represent full taxes paid to The City of Winnipeg General Revenue Fund. In 2022, the amount incurred was $44 thousand (2021 - $43 thousand).

Employee benefits

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2022 is $372 thousand (2021 - $358 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, 2022 is estimated at $417 thousand (2021 - $487 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, 2022 at $215 thousand (2021 - $280 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, 2022 at $251 thousand (2021 - $199 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 2022, $427 thousand (2021 - $424 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, 2021 and has disclosed 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 2022 this amounted to $141 thousand (2021 - $140 thousand) and was transferred to the General Revenue Fund.

Rent

Included in various expense categories is an amount of $199 thousand (2021 - $206 thousand) that has been charged by the Municipal Accommodations Fund for the rental of office space.

12. Transfers to Other Funds

		2022		2021
Transfer to Waste Diversion Reserve	**$**	**6,700**	$	6,500
Transfer to General Revenue Fund - Tipping Fees		**672**		-
Transfer to Landfill Rehabilitation Reserve		**317**		316
Total Transfers to Other Funds	**$**	**7,689**	$	6,816

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 Solid Waste Disposal's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 1

REVENUES

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

	2022 Budget	2022 Actual	2021 Actual
Sales of services and regulatory fees			
Recycling	**$ 18,741**	**$ 21,997**	$ 23,382
Landfill tipping fees	**13,127**	**14,172**	15,193
Waste diversion user fee	**13,568**	**14,122**	13,784
Small load fees	**1,125**	**1,314**	1,445
	46,561	**51,605**	53,804
Government transfers and other			
Waste reduction support	**4,245**	**4,065**	3,693
Provincial support	**444**	**770**	510
	4,689	**4,835**	4,203
Interest			
Late payment charges and returned payments	**97**	**144**	164
Sinking fund earnings	**46**	**46**	35
Interest capitalized	**90**	**14**	31
Interest	**-**	**349**	12
	233	**553**	242
Total revenues	**$ 51,483**	**$ 56,993**	$ 58,249

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Solid waste operations			
Recycling	**$ 24,069**	**$ 22,776**	$ 22,783
Brady Road Resource Management Facility	**10,516**	**9,747**	8,194
Waste minimization	**11,614**	**9,112**	8,668
Landfill and environmental	**2,342**	**1,507**	1,744
Support services	**818**	**708**	732
Administration	**238**	**556**	734
	49,597	**44,406**	42,855
Debt and finance			
Interest on long-term debt	**776**	**754**	793
Debenture Issue Expense	**18**	**-**	-
Principal	**960**	**-**	-
	1,754	**754**	793
Employee benefits, taxes and other			
Employee benefits	**308**	**190**	172
General government charges	**141**	**141**	140
Provincial payroll tax	**123**	**124**	117
Property taxes	**63**	**55**	54
Insurance and damage claims	**24**	**24**	22
Other	**2**	**2**	3
	661	**536**	508
Total Expenses from Operations	**52,012**	**45,696**	44,156
Transfers to other funds (Note 12)			
Transfer to Waste Diversion Reserve	**-**	**6,700**	6,500
Transfer to General Revenue Fund - Tipping Fees	**-**	**672**	-
Transfer to Landfill Rehabilitation Reserve	**305**	**317**	316
	305	**7,689**	6,816
Total expenses	**$ 52,317**	**$ 53,385**	$ 50,972

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 3

EXPENSES BY OBJECT

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

	2022 Budget	**2022 Actual**	2021 Actual
Goods and services	**$ 42,778**	**$ 38,312**	$ 36,575
Transfers	**305**	**7,689**	6,816
Salaries	**5,612**	**4,689**	4,629
Employee benefits	**1,242**	**983**	984
Interest on long-term debt	**1,753**	**754**	792
Finance charges	**170**	**140**	171
Recoveries	**(295)**	**(40)**	(23)
Other expenses	**752**	**858**	1,028
Total expenses	**$ 52,317**	**$ 53,385**	$ 50,972

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

Schedule 4

(DEFICIT) FROM CAPITAL

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

	2022 Actual	2021 Actual
Revenues		
Transfer from Landfill Rehabilitation Reserve Fund	**1,049**	484
Transfer from Waste Diversion Reserve Fund	**426**	364
Other Revenue	**75**	64
Provincial and Federal Support	**$ 1**	$ 882
Total revenues from capital	**1,551**	1,794
Expenses		
Amortization	**2,926**	3,344
Capital maintenance	**961**	695
Professional and Consulting	**118**	-
Capital studies and other equipment	**361**	623
Total expenses from capital	**4,366**	4,662
Net (deficit) from capital	**$ (2,815)**	$ (2,868)

THE CITY OF WINNIPEG
SOLID WASTE DISPOSAL

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	General			
	Land	Land Improvements	Buildings	Machinery and Equipment
Cost				
Balance, beginning of year	$ 803	$ 40,850	$ 18,311	$ 13,702
Add: Additions during the year	-	869	-	-
Less: Disposals during the year	-	-	-	-
Balance, end of year	803	41,719	18,311	13,702
Accumulated amortization				
Balance, beginning of year	-	11,583	3,904	11,582
Add: Amortization	-	1,547	725	595
Less: Accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	13,130	4,629	12,177
Net Book Value of Tangible Capital Assets	$ 803	$ 28,589	$ 13,682	$ 1,525

Schedule 5

Information Technology	Assets Under Construction	Totals 2022	Totals 2021
$ 678	**$ 161**	**$ 74,505**	$ 72,423
-	**22**	**891**	2,082
-	**-**	**-**	-
678	**183**	**75,396**	74,505
357	**-**	**27,426**	24,082
59	**-**	**2,926**	3,344
-	**-**	**-**	-
416	**-**	**30,352**	27,426
$ 262	**$ 183**	**$ 45,044**	$ 47,079

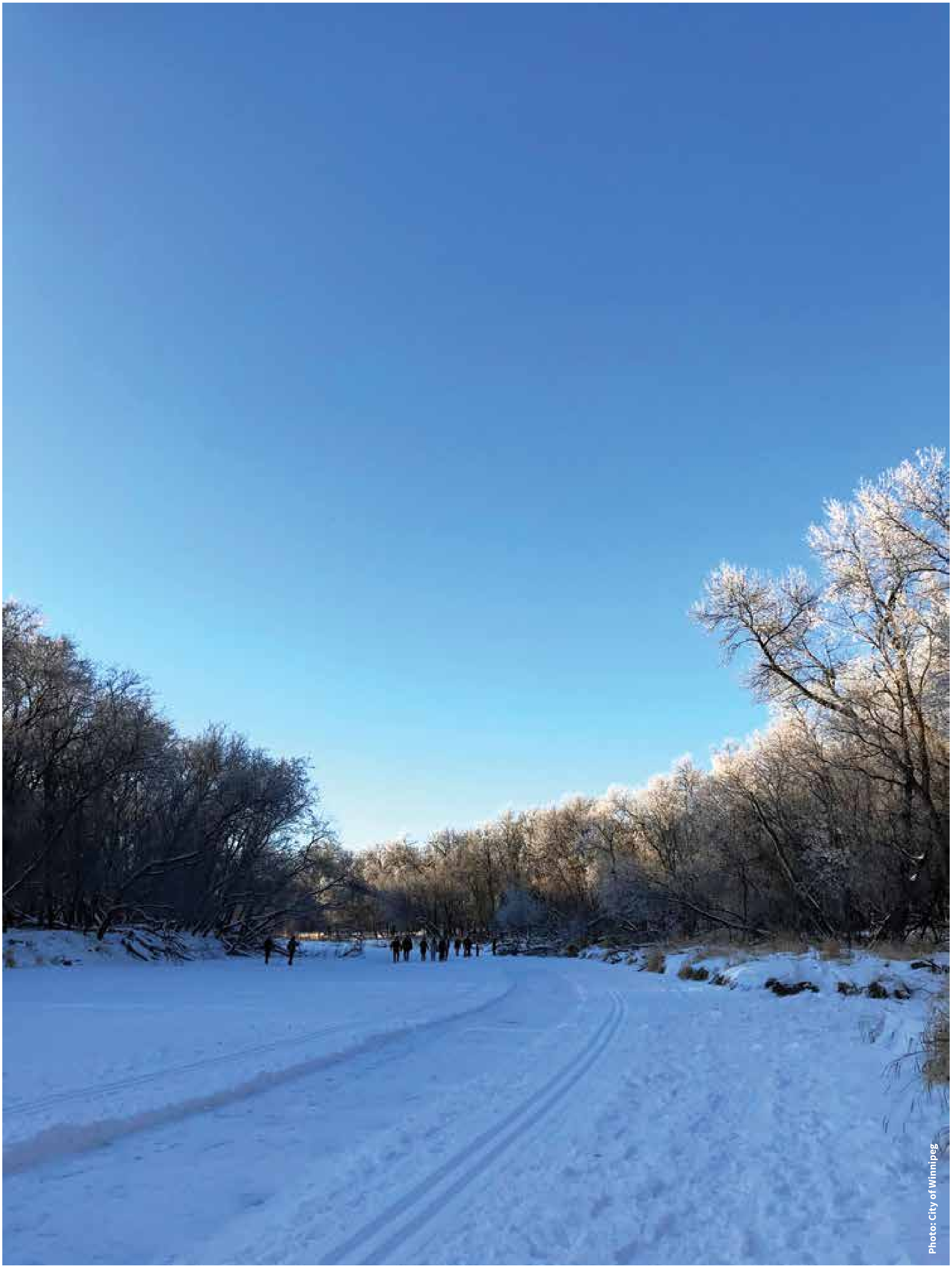


Photo: City of Winnipeg

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:	**2022**	2021	2020	2019	2018
Number of stormwater retention basins	**113**	109	105	101	102
Number of permanent flood pumping stations	**31**	31	31	31	31
Number of stormwater retention basin pumping stations	**5**	5	5	5	5
Kilometers of land drainage sewer mains	**1,290**	1,276	1,263	1,260	1,243
Kilometers of storm relief mains	**177**	177	184	183	184
Peak river elevations (>8.5 feet) - spring	**18.89**	7.38	18.95	18.33	15.67
Peak river elevations (>8.5 feet) - summer	**9.24**	7.06	14.48	12.53	7.61
Meters of city owned riverbank protected [1] annually	**-**	1,400	-	-	150
Number of waterway permits issued	**126**	127	145	123	136

Note:

1 Allocated to slump repair along Lyndale at Crawford and to various riverbank monitoring assignments

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
ASSETS		
Current		
Due from General Revenue Fund (Note 3)	**$ 17,899**	$ 21,900
Accounts receivable	**-**	160
	17,899	22,060
Long-term receivable (Note 3b)	**41**	282
Tangible capital assets (Note 4)	**960,424**	924,152
	$ 978,364	$ 946,494
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 5,186**	$ 5,535
Current portion of long-term debt (Note 6)	**280**	273
	5,466	5,808
Deferred Revenue	**13,125**	16,669
Long-term debt (Note 6)	**1,201**	1,480
	19,792	23,957
ACCUMULATED SURPLUS (Note 7)	**958,572**	922,537
	$ 978,364	$ 946,494

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)

	2022 Budget	2022 Actual	2021 Actual
REVENUES (Schedule 1)			
Transfer from Sewage Disposal (Note 8)	**$ 4,790**	$ **4,303**	$ 5,332
Interest	**-**	**301**	16
Government transfers, permits and other	**300**	**-**	382
Total revenues	**5,090**	**4,604**	5,730
EXPENSES (Schedules 2 and 3)			
Local land drainage maintenance	**2,057**	**1,613**	3,087
Flood pumping stations	**988**	**1,233**	731
Support services allocation	**1,206**	**1,225**	1,214
Storm water retention	**469**	**557**	595
Flood costs	**-**	**173**	-
Lot grades	**51**	**51**	46
Debt and finance	**319**	**47**	57
Total expenses from operations	**5,090**	**4,899**	5,730
Surplus for the year from operations	**-**	(294.75)	-
Net surplus from capital (Schedule 4)	**-**	**36,035**	15,981
Net surplus for the year	**$ -**	**35,740**	15,981
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**922,537**	906,556
ACCUMULATED SURPLUS, END OF YEAR		**$ 958,277**	$ 922,537

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net surplus for the year	**$ 36,035**	$ 15,981
Non-cash items related to operations		
Amortization	**20,482**	19,885
Working capital from operations	**56,517**	35,866
Change in net working capital other than cash	**(3,733)**	4,691
	52,784	40,557
FINANCING		
Due from General Revenue Fund	**4,001**	(3,210)
Due from General Capital Fund	**241**	1,567
Payment to loan	**(272)**	(266)
	3,970	(1,909)
INVESTING		
Purchase of tangible capital assets	**(56,754)**	(38,648)
	(56,754)	(38,648)
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, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. *Significant Accounting Policies*

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

Basis of accounting

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

a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 to 50 years
Machinery and equipment	10 to 25 years
Information systems	5 to 10 years
Water and sewage plants and networks:	
Underground networks	75 to 100 years
Sewage treatment plants and lift stations	50 to 75 years

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

b) Contributions of tangible capital assets

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

c) Debenture discounts and issue expenses

Issue expenses are charged to operations in the year of the related debenture issue and discounts on debentures issued are amortized over future periods to which they relate.

2. *Status of the Land Drainage System*

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

2. *Status of the Land Drainage System (continued)*

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

3. *Due from other City of Winnipeg Funds*

a) General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2022 effective interest rate was 4.20% (2021 - 0.20%)

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	
	2022	2021
Land	**$ 881**	$ 881
Land improvement	**162**	206
Information technology	**885**	1,146
Underground networks	**941,204**	905,073
Sewage treatment plants and lift stations	**17,231**	16,802
Assets under construction	**61**	44
	$ 960,424	$ 924,152

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 $32.1 million (2021 - $6.8 million) and were capitalized at their fair value at the time of receipt.

5. Accounts Payable and Accrued Liabilities

	2022	2021
Performance deposits	**4,808**	4,408
Trade accounts payable	**378**	1,127
	$ 5,186	$ 5,535

6. Long-term Debt

	2022	2021
Other debt outstanding		
TD Commercial Bank loan with a maturity date of December 22, 2027 and an interest rate of 2.87%	**$ 1,481**	$ 1,753
Total Debt Outstanding	**1,481**	1,753
Current portion of long-term debt	**(280)**	(273)
Current Portion of Debt	**(280)**	(273)
Net Long-Term Debt	**$ 1,201**	$ 1,480

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

	2023	2024	2025	2026	2027	Thereafter
Other debt	$ 280	$ 288	$ 299	$ 306	$ 308	$ -

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

b) Cash paid for interest during the year was $0.05 million (2021 - $0.05 million).

7. Accumulated Surplus

	2022	2021
Invested in tangible capital assets	**$ 959,022**	$ 922,716
Retained earnings	**(450)**	(179)
	$ 958,572	$ 922,537

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, 2022.

Insurance and damage claims

Included in expenses is $12.8 thousand (2021 - $11.7 thousand) recovered from the City of Winnipeg Insurance Reserve.

10. Related Party Transactions

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

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 1

REVENUES

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

	2022 Budget	2022 Actual	2021 Actual
Transfer from Sewage Disposal System	**$ 4,790**	**$ 4,303**	$ 5,332
Interest	**-**	**301**	16
Government transfers, permits and other			
Building lot grade permits	**300**	**295**	382
Total revenues	**$ 5,090**	**$ 4,899**	$ 5,730

THE CITY OF WINNIPEG

LAND DRAINAGE SYSTEM

Schedule 2

EXPENSES

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

	2022 Budget	2022 Actual	2021 Actual
Collection, interception and treatment			
Local land drainage maintenance	**$ 2,057**	**$ 1,613**	$ 3,087
Flood pumping stations	**988**	**1,233**	731
Support services allocation	**1,206**	**1,225**	1,214
Storm water retention	**469**	**557**	595
Flood costs	**-**	**173**	-
Lot grades	**51**	**51**	46
	4,771	**4,852**	5,673
Debt and finance			
Long-term debt interest	**319**	**47**	57
	319	**47**	57
Total expenses from operations	**$ 5,090**	**$ 4,899**	$ 5,730

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 3

EXPENSES BY OBJECT

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

	2022 Budget	2022 Actual	2021 Actual
Goods and services	**$ 4,769**	**$ 4,863**	$ 5,682
Interest on long-term debt	**319**	**47**	57
Salaries	**2**	**2**	3
Other expenses	**-**	**(13)**	(12)
Total expenses	**$ 5,090**	**$ 4,899**	$ 5,730

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

Schedule 4

NET SURPLUS FROM CAPITAL

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

	2022 Actual	2021 Actual
Revenues		
Transfer from Sewage Disposal System	**$ 16,210**	$ 31,729
Transfer from General Capital Fund	**4,934**	-
Transfer utility capital - allocated	**3,477**	5,789
Transfer utility capital - unallocated	**-**	(8,818)
	24,621	28,700
Developer contributions-in-kind	**32,139**	6,824
Provincial capital grants	**-**	344
	32,139	7,168
Total revenues from capital	**56,760**	35,868
Expenses		
Amortization	**20,482**	19,885
Contracts Construction & Maintenance (WIP Expense)	**243**	2
Total expenses from capital	**20,725**	19,887
Net surplus from capital	**$ 36,035**	$ 15,981

THE CITY OF WINNIPEG
LAND DRAINAGE SYSTEM

SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

	General		
	Land	**Land Improvements**	**Information Technology**
Cost			
Balance, beginning of year	**$ 881**	**$ 440**	**$ 5,217**
Add: Additions (completions) during the year	**-**	**-**	**-**
Less: Disposals during the year	**-**	**-**	**-**
Balance, end of year	**881**	**440**	**5,217**
Accumulated amortization			
Balance, beginning of year	**-**	**234**	**4,071**
Add: Amortization	**-**	**44**	**261**
Less: Accumulated amortization on disposals	**-**	**-**	**-**
Balance, end of year	**-**	**278**	**4,332**
Net Book Value of Tangible Capital Assets	**$ 881**	**$ 162**	**$ 885**

Schedule 5

	Infrastructure			Totals	
	Underground Networks	Lift Stations	Assets Under Construction	2022	2021
	$ 1,438,226	$ 26,600	$ 44	$ 1,471,408	$ 1,432,760
	55,830	907	17	56,754	38,648
	-	-	-	-	-
	1,494,056	27,507	61	1,528,162	1,471,408
	533,153	9,798	-	547,256	527,371
	19,699	478	-	20,482	19,885
	-	-	-	-	-
	552,852	10,276	-	567,738	547,256
	$ 941,204	$ 17,231	$ 61	$ 960,424	$ 924,152

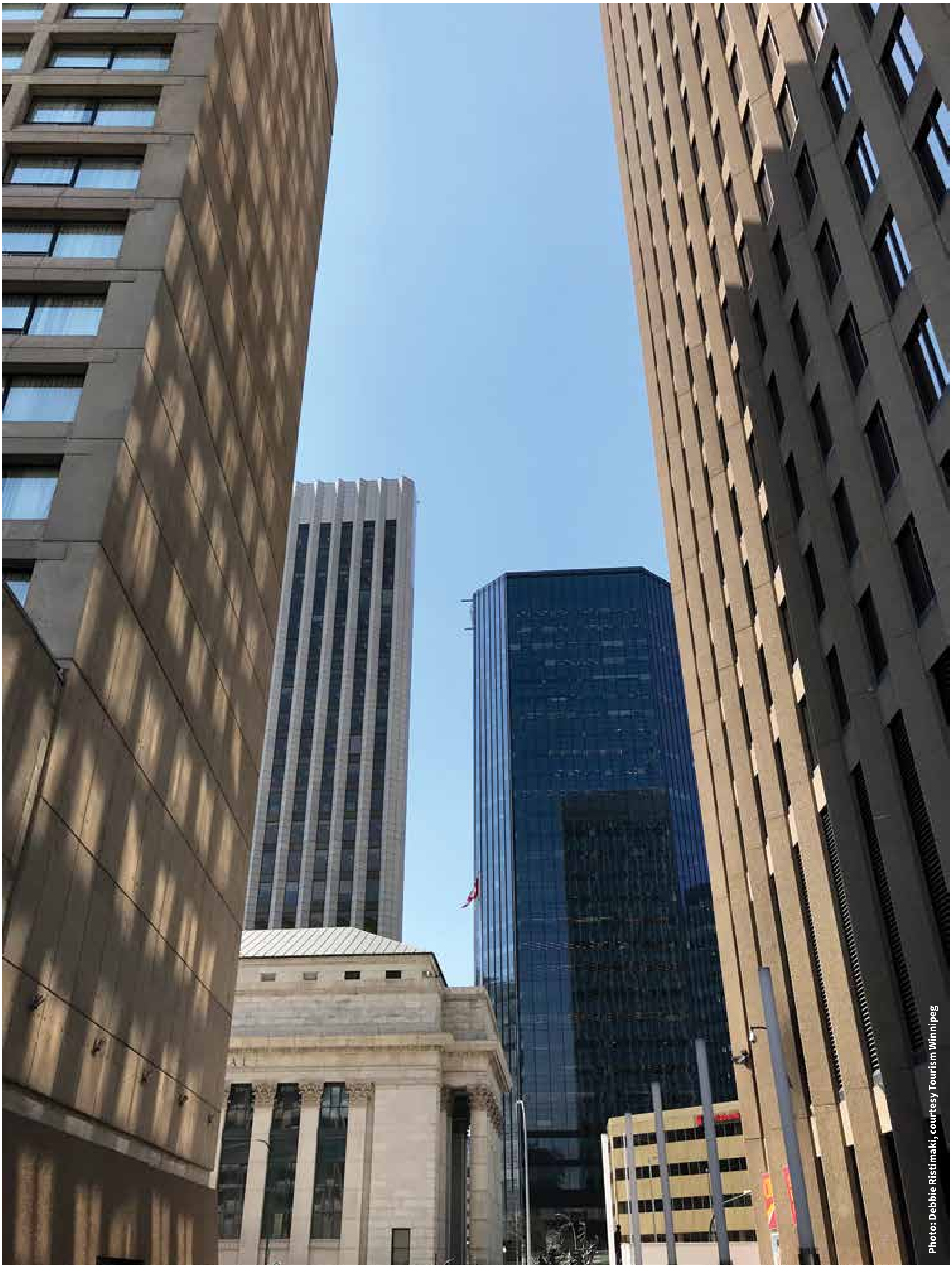


Photo: Debbie Ristimaki, courtesy Tourism Winnipeg

2022 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

	2022	2021
FINANCIAL ASSETS		
Cash	**$ 40,032**	$ 50,449
Due from the City of Winnipeg - General Revenue Fund (Note 3)	**3,069,576**	3,592,507
	3,109,608	3,642,956
LIABILITIES		
Accounts payable and accrued liabilities	**178,689**	247,776
Deferred revenue	**1,630,709**	1,669,539
Vacation and overtime payable	**106,984**	90,456
Retirement allowances and compensated absences (Note 4a)	**171,000**	169,000
	2,087,382	2,176,771
NET FINANCIAL ASSETS	**1,022,226**	1,466,185
NON-FINANCIAL ASSETS		
Prepaid expense	**3**	-
ACCUMULATED SURPLUS (Note 6)	**$ 1,022,229**	$ 1,466,185

Commitments (Note 7)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the years ended December 31

	Budget 2022	Actual 2022	Actual 2021
REVENUES			
Regulation fees	**$ 2,434,308**	**$ 2,519,330**	$ 2,515,614
Transfer (Note 8)	**771,219**	**371,219**	1,271,219
Sales of goods and services	**67,300**	**76,947**	52,384
Government transfers	**27,259**	**28,432**	27,309
Other revenue	**116,000**	**273,313**	181,345
Total Revenues	**3,416,086**	**3,269,241**	4,047,871
EXPENSES			
Salaries and employee benefits	**2,056,501**	**1,844,977**	1,781,081
Grants, transfers and other	**1,005,228**	**959,243**	837,544
Services (Note 9)	**256,875**	**283,562**	234,950
Administrative expenses (Note 9)	**227,090**	**227,090**	226,726
Rent (Note 9)	**205,167**	**205,167**	205,167
Materials, parts and supplies	**136,328**	**156,872**	148,794
Debt and finance charges	**38,602**	**41,175**	50,812
Assets and purchases	**9,229**	**(4,889)**	12,114
Amortization	**-**	**-**	4,795
Total Expenses	**3,935,020**	**3,713,197**	3,501,983
Annual (Deficit)/Surplus	**$ (518,934)**	**(443,956)**	545,888
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**1,466,185**	920,297
ACCUMULATED SURPLUS, END OF YEAR (Note 6)		**$ 1,022,229**	$ 1,466,185

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:

	2022	2021
OPERATING		
Annual (Deficit)/Surplus	**$ (443,956)**	$ 545,888
Non-cash charges to operations		
Amortization	**-**	4,795
Retirement allowances and compensated absences	**2,000**	14,000
	(441,956)	564,683
Net change in non-cash working capital balances related to operations	**(91,392)**	104,149
Cash (used in) provided by operating activities	**(533,348)**	668,832
FINANCING		
Change in due from The City of Winnipeg - General Revenue Fund	**522,931**	(635,565)
(Decrease)/Increase in cash	**(10,417)**	33,267
CASH, BEGINNING OF YEAR	**50,449**	17,182
CASH, END OF YEAR	**$ 40,032**	$ 50,449

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 2022	Actual 2022	Actual 2021
Annual (Deficit)/Surplus	$ (518,934)	$ (443,956)	$ 545,888
Amortization of tangible capital assets	-	-	4,795
INCREASE (DECREASE) IN NET FINANCIAL *ASSETS*	**(518,934)**	**(443,956)**	550,683
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**1,466,185**	**1,466,185**	915,502
NET FINANCIAL ASSETS, END OF YEAR	**$ 947,251**	**$ 1,022,229**	$ 1,466,185

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, 2022

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%

2. *Significant Accounting Policies (continued)*

Employee benefit plan

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

Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions in areas such 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 from actual results.

Budget

The budget included on the Statement of Operations and Accumulated Surplus and Changes in Net Financial Liabilities is the City Council approved Operating Budget.

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, 2022 effective interest rate was 4.2% (2021 - 0.2%).

4. *Employee Benefits*

a) Retirement allowances and compensated absences

	2022	2021
Retirement allowances - accrued benefit liability	**$ 90,000**	$ 96,000
Compensated absences	**81,000**	73,000
	$ 171,000	$ 169,000

Qualifying City of Winnipeg employees are entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). These costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions and experienced gains and losses are amortized on a straight-line basis over 19 years (2021 - 19 years). This represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance liability as at December 31 of each year. An actuarial valuation of the obligation was calculated as of July 31, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2022 using updated assumptions.

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

4. *Employee Benefits (continued)*

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

	2022		2021	
	Retirement allowances	**Compensated absences**	Retirement allowances	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 41,000**	**$ 66,000**	$ 41,000	$ 61,000
Current service cost	**5,000**	**12,000**	6,000	13,000
Interest cost	**1,000**	**2,000**	1,000	1,000
Benefit payments	**(9,000)**	**(6,000)**	-	(6,000)
Net actuarial (gain)	**(2,000)**	**(13,000)**	(7,000)	(3,000)
Balance, end of year	**36,000**	**61,000**	41,000	66,000
Unamortized net actuarial gain	**54,000**	**20,000**	55,000	7,000
Accrued benefit liability	**$ 90,000**	**$ 81,000**	$ 96,000	$ 73,000
Benefit expenses:				
Current service cost	**$ 5,000**	**$ 12,000**	$ 6,000	$ 13,000
Interest cost	**1,000**	**2,000**	1,000	1,000
Amortization of net actuarial (gain) loss	**(3,000)**	**-**	(2,000)	1,000
	$ 3,000	**$ 14,000**	$ 5,000	$ 15,000
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 96,000**	**$ 73,000**	$ 91,000	$ 64,000
Benefit expense	**3,000**	**14,000**	5,000	15,000
Benefit payments	**(9,000)**	**(6,000)**	-	(6,000)
Balance, end of year	**$ 90,000**	**$ 81,000**	$ 96,000	$ 73,000

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

	2022	2021
Valuation interest rate	**4.50%**	2.40%
General increases in pay	**2.50%**	2.50%

b) Pensions

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year $142,217 (2021 - $142,529) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2021 and has disclosed an actuarial surplus.

5. *Tangible Capital Assets*

As of December 31, 2022, tangible capital assets of the Agency are fully amortized and has $nil net book value. For additional information, see Schedule of Tangible Capital Assets (Schedule 1).

6. *Accumulated Surplus*

	Actual 2022	Actual 2021
Operating	**$ 1,022,226**	$ 1,466,185

7. *Commitments*

The Agency and the Winnipeg Humane Society entered into a contract effective January 1, 2022 to December 31, 2024. Subject to the Winnipeg Humane Society complying with the terms of the agreement, the Agency agreed to pay the Winnipeg Humane Society the sum of $822,273 per year.

8. *Transfer from The City of Winnipeg*

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

2018	$ 1,295,396
2019	771,219
2020	771,219
2021	1,271,219
2022	371,219

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 (2021 - $205,167) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $146,860 (2021 - $146,860). Also included are lease costs of $65,581 (2021 - $57,005) to The City of Winnipeg Fleet Management - Special Operating Agency and $80,230 (2021 - $79,866) 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.

Photo: Dan Harper, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

On March 20, 1997, City Council adopted a document entitled "Reshaping our Civic Government". The document identified the development of Special Operating Agencies ("SOA") as one of the five strategic initiatives needed to create a more affordable and fundamentally better civic government.

On September 24, 1997, City Council adopted the strategic direction with regard to SOAs identified in the report entitled "Special Operating Agencies Initiative". Pursuant to the foregoing process, the Community Services Department prepared a feasibility study which recommended the establishment of a SOA with the mandate to manage and be accountable for maximizing the return on City-owned golf course assets.

On February 23, 2000, City Council directed that a Business Plan and Operating Charter for a Golf Services SOA be prepared and further that the municipal golf course operation be realigned under the purview of the Planning, Property and Development Department.

The SOA manages the golf courses operated by the City and administers the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to the City on golf operations and ensure the long term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2022	2021
FINANCIAL ASSETS		
Accounts receivable	**$ 113**	$ 160
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 4)	**1,152**	1,442
Accounts payable and accrued liabilities	**201**	205
Deferred revenue	**167**	196
Debt (Note 5)	**2,613**	2,662
Accrued employee benefits (Note 6a)	**201**	183
	4,334	4,688
NET FINANCIAL LIABILITIES	**(4,221)**	(4,528)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**22,703**	22,672
Inventories	**41**	31
Prepaid expenses	**10**	-
	22,754	22,703
ACCUMULATED SURPLUS (Note 8)	**$ 18,533**	$ 18,175

Commitments (Note 10)

See accompanying notes and schedule to the financial statements.

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget 2022 (Note 3)	Actual 2022	Actual 2021
REVENUES			
Green fees	**$ 2,865**	**$ 2,086**	$ 2,817
Equipment rentals	**449**	**546**	711
Net revenue from leasing operations	**270**	**286**	307
Merchandise sales	**61**	**89**	108
Concessions	**44**	**56**	61
Transfer from Sewage Disposal System Fund	**-**	**3**	103
Transfer from The City of Winnipeg - General Revenue Fund (Note 9)	**-**	**-**	730
Other	**48**	**51**	53
Total Revenues	**3,737**	**3,117**	4,890
EXPENSES			
Salaries and employee benefits (Note 6)	**1,584**	**1,290**	1,420
Services (Note 9)	**567**	**806**	850
Amortization	**241**	**256**	245
Supplies	**231**	**253**	426
Interest (Notes 4 and 5)	**54**	**23**	6
Other	**128**	**131**	140
Total Expenses	**2,805**	**2,759**	3,087
Annual Surplus	**$ 932**	**358**	1,803
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**18,175**	16,372
ACCUMULATED SURPLUS, END OF YEAR		**$ 18,533**	$ 18,175

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 358**	$ 1,803
Non-cash charges to operations		
Amortization	**256**	245
Retirement allowance and compensated absences	**13**	13
	627	2,061
Net change in non-cash working capital balances related to operations	**(1)**	152
Cash provided by operating activities	**626**	2,213
CAPITAL		
Acquisition of tangible capital assets	**(287)**	(267)
Cash used in capital activities	**(287)**	(267)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(290)**	(1,901)
Repayment of debt - The City of Winnipeg	**(49)**	(45)
Cash used in financing activities	**(339)**	(1,946)
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 2022 (Note 3)	**Actual 2022**	Actual 2021
ANNUAL SURPLUS	**$ 932**	**$ 358**	$ 1,803
Amortization of tangible capital assets	**241**	**256**	245
Acquisition of tangible capital assets	**(40)**	**(287)**	(267)
Change in inventories and prepaid expenses	**(1)**	**(20)**	1
DECREASE IN NET FINANCIAL LIABILITIES	**1,132**	**307**	1,782
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(5,559)**	**(4,528)**	(6,310)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (4,427)**	**$ (4,221)**	$ (4,528)

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, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. Status of Golf Services - Special Operating Agency

On February 23, 2000, City Council directed that a Business Plan and Operating Charter for Golf Services - Special Operating Agency (the "Agency") be prepared and further that the municipal golf course operations be realigned under the purview of the Planning, Property and Development Department.

The Agency manages the golf courses operated by The City of Winnipeg and administers the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to The City of Winnipeg on golf operations and ensure the long-term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

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

Management assessed the financial impact on the Agency, and as at December 31, 2022, the Agency did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

2. Significant Accounting Policies

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

a) Basis of accounting

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

b) Deferred revenue

Sales of prepaid passes that have not been redeemed are deferred and recognized as revenue in the year in which the rounds are played.

2. *Significant Accounting Policies (continued)*

c) Employee benefit plan

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

d) Non-financial assets

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

i) Tangible capital assets

Land and buildings are stated at assessed values as of January 1, 2002, which were determined by The City of Winnipeg Assessment and Taxation Department. All golf course improvements incurred up to January 1, 2002 are assumed to be fully amortized. Equipment on hand as at January 1, 2002 is recorded at its estimated net realizable value on that date. Subsequent acquisitions are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Building	25 years
Equipment	5 to 10 years
Golf course improvements	20 years

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value. The amount of inventory expensed during the year was $71 thousand (2021 - $93 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. *Budget*

The budget included on the statement of operations and accumulated surplus and changes in net financial liabilities is the City Council-approved Operating Budget.

4. *Due to The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank. Interest is credited or charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the of Canada rate. The December 31, 2022 effective interest rate was 4.2% (2021 - 0.20%).

Interest paid to The City of Winnipeg - General Revenue Fund was $23 thousand (2021 - $6 thousand).

5. *Debt*

	2022	2021
The City of Winnipeg - General Revenue Fund		
Start-up loan, non-interest bearing	**$ 2,613**	$ 2,662

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

2023	$ 51
2024	55
2025	58
2026	61
2027	65
Thereafter	2,323
	$ 2,613

6. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2022	2021
Compensated absences	**$ 86**	$ 77
Vacation	**58**	53
Retirement allowance - accrued liability	**57**	53
	$ 201	$ 183

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 13.1 years (2021 - 13.1 years), which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

6. Accrued Employee Benefits (continued)

The Agency measures its accrued retirement allowance liability as at December 31 of each year. An actuarial valuation of the liability was calculated as of July 31, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2022 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:

	2022		2021	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 44**	**$ 93**	$ 44	$ 94
Current service cost	**5**	**13**	5	14
Interest cost	**1**	**2**	1	2
Benefit payments	**(1)**	**(11)**	(3)	(12)
Net actuarial (gain)	**(14)**	**(14)**	(3)	(5)
Balance, end of year	**35**	**83**	44	93
Unamortized net actuarial gain (loss)	**(22)**	**(3)**	9	(16)
Accrued benefit liability	**$ 13**	**$ 80**	$ 53	$ 77
Benefit expense consists of the following:				
Current service cost	**$ 4**	**$ 13**	$ 5	$ 14
Interest cost	**1**	**2**	1	2
Amortization of net actuarial loss	**-**	**5**	-	6
	$ 5	**$ 20**	$ 6	$ 22
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 53**	**$ 77**	$ 50	$ 67
Benefits expense	**5**	**20**	6	22
Benefits payments	**(1)**	**(11)**	(3)	(12)
Balance, end of year	**$ 57**	**$ 86**	$ 53	$ 77

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

	2022	2021
Valuation interest rate	**4.50%**	2.40%
General increases in pay	**2.50%**	2.50%

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

6. *Accrued Employee Benefits (continued)*

b) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $90 thousand (2021 - $98 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, 2021 and it has an actuarial surplus.

7. *Tangible Capital Assets*

	Net Book Value 2022	Net Book Value 2021
Land	**$ 20,376**	$ 20,376
Building	**1,147**	1,274
Equipment	**231**	202
Golf Course Improvements	**949**	820
	$ 22,703	$ 22,672

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

8. *Accumulated Surplus*

	Budget 2022	Actual 2022	Actual 2021
Contributed surplus	**$ 20,575**	**$ 20,575**	$ 20,575
Invested in tangible capital assets	**1,777**	**2,128**	2,097
Allocated equity	**355**	**81**	210
Operating	**(4,749)**	**(4,251)**	(4,707)
	$ 17,958	**$ 18,533**	$ 18,175

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 $41 thousand (2021 - $71 thousand) has been charged by City of Winnipeg Departments for miscellaneous services.

b) An amount of $91 thousand (2021 - $319 thousand) has been charged by The City of Winnipeg - Municipal Accommodations Fund for services provided at the various golf courses;

9. Related Party Transactions (continued)

c) An amount of $99 thousand (2021 - $181 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
2023	$ 24
2024	24
2025	24
2026	24
2027	24
2028 and thereafter	303
	$ 423

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 2022**	Total 2021
Cost						
Balance, beginning of year	**$ 20,376**	**3,219**	**1,403**	**1,747**	**$ 26,745**	$ 26,478
Add:						
Additions (reclasses) during the year	**-**	**2**	**63**	**222**	**287**	267
Less:						
Disposals during the year	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**20,376**	**3,221**	**1,466**	**1,969**	**27,032**	26,745
Accumulated amortization						
Balance, beginning of year	**-**	**1,945**	**1,201**	**927**	**4,073**	3,828
Add:						
Amortization	**-**	**129**	**34**	**93**	**256**	245
Balance, end of year	**-**	**2,074**	**1,235**	**1,020**	**4,329**	4,073
Net Book Value of Tangible Capital Assets	**$ 20,376**	**$ 1,147**	**$ 231**	**$ 949**	**$ 22,703**	$ 22,672

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2022	2021
FINANCIAL ASSETS		
Cash	**$ 127**	$ 1
Accounts receivable	**255**	923
	382	924
LIABILITIES		
Due to The City of Winnipeg - General Revenue Fund (Note 3)	**215**	8,679
Accounts payable and accrued liabilities	**3,034**	3,119
Debt (Note 4)	**45,278**	42,293
Accrued employee benefits (Note 5a)	**1,937**	2,100
	50,464	56,191
NET FINANCIAL LIABILITIES	**(50,082)**	(55,267)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**70,400**	76,152
Inventories	**1,838**	1,686
Prepaid expenses	**601**	572
	72,839	78,410
ACCUMULATED SURPLUS (Note 7)	**$ 22,757**	$ 23,143

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 2022	**Actual 2022**	Actual 2021
REVENUES			
Fleet leases	**$ 25,806**	**$ 25,293**	$ 24,631
Fuel sales	**8,936**	**11,937**	8,177
Services and parts revenue (Schedule 1)	**9,839**	**9,233**	8,230
Rental income	**3,911**	**6,652**	5,087
Gain on sale of tangible capital assets	**800**	**703**	710
Total Revenues (Note 8a)	**49,292**	**53,818**	46,835
EXPENSES			
Amortization	**14,774**	**15,247**	15,281
Supplies	**12,121**	**14,965**	10,626
Services	**10,113**	**12,873**	9,889
Salaries and employee benefits (Note 5)	**9,893**	**8,717**	9,151
Interest (Notes 3 and 4)	**1,171**	**1,257**	1,107
Other expenses	**1,125**	**1,053**	1,015
Total Expenses (Note 8b,c, and e)	**49,197**	**54,112**	47,069
Annual (Deficit) Surplus Before Other	**95**	**(294)**	(234)
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 8d)	**92**	**92**	92
Annual (Deficit) Surplus	**$ 3**	**(386)**	(326)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**23,143**	23,143
ACCUMULATED SURPLUS, END OF YEAR		**$ 22,757**	$ 23,143

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Deficit	**$ (386)**	$ (326)
Non-cash charges to operations		
Amortization	**15,247**	15,281
Gain on sale of tangible capital assets	**(703)**	(710)
	14,158	14,245
Net change in non-cash working capital balances related to operations	**239**	(702)
Cash provided by operating activities	**14,397**	13,543
CAPITAL		
Acquisition of tangible capital assets	**(9,625)**	(18,107)
Proceeds on disposal of tangible capital assets	**833**	993
Cash used in capital activities	**(8,792)**	(17,114)
FINANCING		
Change in due to The City of Winnipeg - General Revenue Fund	**(8,464)**	8,339
Proceeds from term loans	**14,000**	5,900
Repayment of term loans	**(11,015)**	(10,668)
Cash (used) provided by financing activities	**(5,479)**	3,571
Increase in cash	**126**	-
CASH, BEGINNING OF YEAR	**1**	1
CASH, END OF YEAR	**$ 127**	$ 1

See accompanying notes and schedules to the financial statements.

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

	Budget 2022	**Actual 2022**	Actual 2021
ANNUAL (DEFICIT) SURPLUS	**$ 3**	**$ (386)**	$ (326)
Amortization of tangible capital assets	**14,774**	**15,247**	15,281
Proceeds on disposal of tangible capital assets	**800**	**833**	993
Change in inventories and prepaid expenses	**(44)**	**(181)**	(45)
Gain on sale of tangible capital assets	**(800)**	**(703)**	(710)
Acquisition of tangible capital assets	**(16,821)**	**(9,625)**	(18,107)
DECREASE (INCREASE) IN NET FINANCIAL LIABILITIES	**(2,088)**	**5,185**	(2,914)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(55,119)**	**(55,267)**	(52,353)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (57,207)**	**$ (50,082)**	$ (55,267)

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, 2022
(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 public organizations, in support of their service delivery.

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

Management assessed the financial impact on the Agency and as at December 31, 2022, the Agency did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

2. Significant Accounting Policies

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

a) Basis of accounting

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

b) Non-financial assets

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

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.

2. *Significant Accounting Policies (continued)*

Tangible capital assets are amortized on the basis of their cost less approximate residual value over their estimated useful lives using the following rates and methods:

Buildings	4% to 8%	Straight-line
Fleet assets		
Acquired at start-up	30%	Declining balance
Purchased	1 to 15 years	Straight-line
Equipment	3% to 30%	Straight-line

Amortization begins once an asset is placed into service.

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

c) Revenue recognition

The Agency enters into operating lease agreements to supply and maintain vehicles and equipment to lessees for specified lease periods. The Agency recognizes the monthly lease payments from the lessees as income each month. Services and parts revenue, including insurance and fuel sales, are recognized upon the completion of the work or transfer of the goods or service. Revenue from short-term rentals of vehicles or equipment is recognized as income evenly over the rental period.

d) Government transfers

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or are not the result of a direct financial return.

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

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 in areas such 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.

g) Budget

The budget included on the statement of operations and accumulated surplus and changes in net financial liabilities is the City Council-approved Operating Budget.

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, 2022 effective interest rate was 4.20% (2021 - 0.20%). As well, the Agency has negotiated an operating line of credit up to $20 million from The City of Winnipeg.

Funds were advanced during the year as short-term bridge financing between the time when cash is needed and term financing is arranged for capital acquisitions.

Interest paid to The City of Winnipeg - General Revenue Fund was $23 thousand (2021 - $5 thousand). Interest received from The City of Winnipeg - General Revenue Fund is $47 thousand (2021 - $nil).

4. Debt

Lender	**Maturity Date**	**Interest Rate**	**2022**	2021
The Toronto-Dominion Bank (Note 4b)	**2023 - 2037**	1.48% - 4.75%	**$ 23,044**	$ 19,066
Bank of Montreal (Note 4b)	**2023 - 2034**	2.38% - 2.92%	**10,700**	13,357
Royal Bank of Canada (Note 4b)	**2023 - 2031**	1.36% - 4.43%	**11,356**	9,692
			45,100	42,115
The City of Winnipeg - non-interest bearing, no repayment schedule			**178**	178
			$ 45,278	$ 42,293

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

2023	$ 10,314
2024	8,272
2025	6,731
2026	5,302
2027	3,303
Thereafter	11,356
	$ 45,278

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, 2022, $45,100 thousand (2021 - $42,115 thousand) was outstanding under these facilities. The effective interest rate at December 31, 2022 was 2.94% (2021 - 2.48%).

c) Cash paid for interest during the year is $1,244 thousand (2021 - $1,115 thousand).

5. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2022	2021
Retirement allowance - accrued liability	**$ 799**	$ 932
Vacation	**658**	721
Compensated absences	**480**	447
	$ 1,937	$ 2,100

Under the retirement allowance program, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 11.3 years (2021 - 11.3 years), which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation report of the obligation was calculated as of July 31, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2022 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:

	2022		2021	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 672**	**$ 519**	$ 734	$ 532
Current service cost	**48**	**59**	50	61
Interest cost	**16**	**13**	13	10
Benefit payments	**(172)**	**(60)**	(72)	(60)
Net actuarial (gain)/ loss	**5**	**(70)**	(53)	(24)
Balance, end of year	**569**	**461**	672	519
Unamortized net actuarial gain/(loss)	**230**	**19**	260	(72)
Accrued benefit liability	**$ 799**	**$ 480**	$ 932	$ 447
Benefit expense consists of the following:				
Current service cost	**$ 48**	**$ 59**	$ 50	$ 61
Interest cost	**16**	**13**	13	10
Amortization of net actuarial (gain)/loss	**(25)**	**70**	(19)	24
	$ 39	**$ 142**	$ 44	$ 95
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 932**	**$ 447**	$ 960	$ 412
Benefits expense	**39**	**93**	44	95
Benefits payments	**(172)**	**(60)**	(72)	(60)
Balance, end of year	**$ 799**	**$ 480**	$ 932	$ 447

5. *Accrued Employee Benefits (continued)*

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

	2022	2021
Valuation interest rate	**4.50%**	2.40%
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, $691 thousand (2021 - $740 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, 2021 and it has an actuarial surplus.

6. *Tangible Capital Assets*

	Net Book Value			
		2022		2021
Land	**$**	**390**	$	390
Buildings		**2,615**		2,592
Fleet assets		**64,300**		69,756
Equipment		**3,095**		3,414
	$	**70,400**	$	76,152

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

The net book value of fleet assets and property not yet in service is $2,106 thousand (2021 - $2,579 thousand) which is included above.

7. *Accumulated Surplus*

		Budget 2022		**Actual 2022**		Actual 2021
Contributed surplus	**$**	**11,425**	**$**	**11,425**	$	11,425
Invested in tangible capital assets		**26,512**		**25,085**		25,358
Operating		**(14,390)**		**(13,753)**		(13,640)
	$	**23,547**	**$**	**22,757**	$	23,143

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 $51,425 thousand and (2021 - $44,936 thousand) to The City of Winnipeg.

b) An amount of $246 thousand (2021 - $274 thousand) has been transferred to the General Revenue Fund for miscellaneous services.

c) An amount of $695 thousand (2021 - $715 thousand) has been transferred to the Municipal Accommodations Fund for the rental of office and garage space, building and leasehold improvements, and miscellaneous services.

d) An amount of $92 thousand (2021 - $92 thousand) has been transferred to the General Revenue Fund as a return on investment.

e) An amount of $32 thousand (2021 - $11 thousand) has been transferred to the Parking Services Agency for the surface parking lot service.

9. Contractual Rights

The Agency enters into capital lease agreement with City departments and other SOAs which are rights to economic resources that result in capital lease revenue in the future.

Future capital lease revenue from contractual rights for the next five years and thereafter are as follows:

2023	$	14,385
2024		12,266
2025		9,752
2026		6,934
2027		5,446
Thereafter		17,282
	$	66,065

THE CITY OF WINNIPEG
WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2022	2021
FINANCIAL ASSETS		
Cash	**$ 63**	$ -
Due from The City of Winnipeg - General Revenue Fund (Note 3)	**3,857**	2,481
Accounts receivable	**4,312**	3,342
	8,232	5,823
LIABILITIES		
Accounts payable and accrued liabilities	**465**	856
Deferred revenue	**1,243**	1,246
Debt (Note 4)	**3,918**	3,918
Accrued employee benefits (Note 5)	**691**	649
	6,317	6,669
NET FINANCIAL ASSETS/(LIABILITIES)	**1,915**	(846)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**4,365**	4,652
Inventories	**231**	159
Prepaid expenses	**-**	3
	4,596	4,814
ACCUMULATED SURPLUS (Note 7)	**$ 6,511**	$ 3,968

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 2022	Actual 2022	Actual 2021
REVENUES			
Enforcement	$ 7,388	$ 10,581	$ 5,826
Meters	6,658	5,426	4,062
Vehicles for hire permits and fees	1,091	1,627	1,279
Parking fees (Note 8c)			
Surface parking lots	1,727	1,348	1,125
Millennium Library parkade	1,155	1,364	1,008
Special events	278	482	180
Interest received (Note 3)	-	116	8
Sundry	98	195	214
Total Revenues	18,395	21,139	13,702
EXPENSES			
Salaries and employee benefits (Note 5)	5,191	4,195	4,098
Services (Notes 8b, d, f and i)			
Enforcement - contracts	2,417	2,738	2,260
Meters	1,455	1,140	1,195
Utilities	328	339	303
Vehicles for Hire	313	292	290
Parkade management	343	239	256
Special events	100	113	34
Other services	1,457	950	632
Provision for bad debts	1,234	2,289	1,448
Materials, parts and supplies	1,736	887	652
Amortization	821	717	728
Debt and finance charges	207	271	185
Recoveries	(3)	(23)	(25)
Other (Notes 8a, e, g, h and j)	1,300	1,220	1,330
Total Expenses	16,899	15,367	13,386
Annual Surplus before Other	1,496	5,772	316
OTHER			
Transfer to The City of Winnipeg - General Revenue Fund (Note 8m and l)	1,229	3,229	6,085
Annual Surplus/(Deficit)	267	2,543	(5,769)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,968	3,968	9,737
ACCUMULATED SURPLUS, END OF YEAR	$ 4,235	$ 6,511	$ 3,968

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)

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	**$ 2,543**	$ (5,769)
Non-cash items related to operations		
Amortization	**717**	728
	3,260	(5,041)
Net change in non-cash working capital balances related to operations	**(1,391)**	(172)
Cash provided by (used in) operating activities	**1,869**	(5,213)
FINANCING		
Change in due from/to The City of Winnipeg - General Revenue Fund	**(1,376)**	5,398
Cash (used in)/provided by financing activities	**(1,376)**	5,398
CAPITAL		
Purchase of tangible capital assets	**(430)**	(296)
Cash used in capital activities	**(430)**	(296)
DECREASE IN CASH	**63**	(111)
CASH, BEGINNING OF YEAR	**-**	111
CASH, END OF YEAR	**$ 63**	$ -

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 /(LIABILITIES)

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

	Budget 2022	Actual 2022	Actual 2021
ANNUAL SURPLUS/(DEFICIT)	$ 267	$ 2,543	$ (5,769)
Amortization of tangible capital assets	821	717	728
Change in inventories and prepaid expenses	-	(69)	44
Acquisition of tangible capital assets	(264)	(430)	(296)
DECREAE /(INCREASE) IN NET FINANCIAL LIABILITIES	824	2,761	(5,293)
NET FINANCIAL (LIABILITIES)/ASSETS, BEGINNING OF YEAR	(846)	(846)	4,447
NET FINANCIAL ASSETS/(LIABILITIES), END OF YEAR	$ (22)	$ 1,915	$ (846)

See accompanying notes and schedule to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. *Description of Business*

On March 20, 1997, City Council adopted the Reshaping Our Civic Government document identifying the development of Special Operating Agencies ("SOA") as one of five strategic initiatives needed to create a more affordable City government.

On February 24, 1999, City Council adopted the 1999 Alternative Service Delivery Review Agenda which identified the municipal parking services operations as an Alternative Services Delivery ("ASD") candidate. A feasibility study was subsequently prepared and presented to the ASD Committee.

On December 11, 2002, City Council adopted the recommendation of the ASD Committee that an Operating Charter and Business Plan for a SOA with a mandate to manage and be accountable for city-owned parking resources, be prepared for consideration by City Council.

The Winnipeg Parking Authority - Special Operating Agency (the "Agency") was created effective October 27, 2004 and commenced operations on January 1, 2005.

The Agency manages the parking facilities and related assets owned and previously operated by The City of Winnipeg (the "City"). The intent of the Agency is to provide excellent customer service, maximize the annual return of parking operations, and ensure its long-term sustainability.

The Agency provides screening and collection services for City by-law penalty notices issued under the Municipal By-Law Enforcement Act ("MBEA"), effective November 20, 2017.

The Vehicles for Hire ("VFH") division of the Agency came into effect February 28, 2018, under the Vehicles for Hire By-law No. 129/2017. VFH provides licensing, oversight, and enforcement of the vehicles for hire industry in the City.

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

Management assessed the financial impact on the Agency and as at December 31, 2022, the Agency did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

2. *Significant Accounting Policies*

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

a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which it is earned provided it is measurable and collection is reasonably certain. Expenses are recorded in the period in which they are incurred as a result of receipt of goods or services and the creation of a legal obligation to pay.

2. *Significant Accounting Policies (continued)*

b) Deferred revenue

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

c) Non-financial assets

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

i) Tangible capital assets

Land and equipment were transferred January 1, 2005 from the City at a fair market value as determined by independent consultants.

Property, equipment and leasehold improvements are amortized on a straight-line basis over the estimated useful life of the asset. The amortization rates are as follows:

Leasehold improvements	15 Years
Parking surfaces	5%
Parkades	4%
Vehicles	20%
Meters and pay stations	10%
Equipment	10-20%
Computer equipment	33%
Office furniture and equipment	20%
Parkade betterments	5%

ii) Leases

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

iii) Inventories

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

d) Employee benefit plan

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

2. *Significant Accounting Policies (continued)*

e) Use of estimates

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

f) Budget

The budget included on the statement of operations and accumulated surplus and changes in net financial liabilities is the City Council-approved Operating Budget.

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, 2022 effective interest rate was 4.20% (2021 - 0.20%).

Interest received from The City of Winnipeg - General Revenue Fund on the line of credit was $116 thousand for the year (2021 - $8 thousand).

4. *Debt*

	2022	2021
The City of Winnipeg - General Revenue Fund		
Start-up loan with no specific terms of repayment	**$ 3,918**	$ 3,918

Interest paid to The City of Winnipeg General Revenue Fund on the start-up loan was $nil (2021 - $nil).

5. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2022	2021
Vacation	**$ 393**	$ 378
Retirement allowance - accrued benefit liability	**172**	162
Compensated absences	**126**	109
	$ 691	$ 649

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). The costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 16 years (2021 - 16 years), which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

5. Accrued Employee Benefits (continued)

The Agency measures its accrued retirement allowance liability as at December 31 of each year. An actuarial valuation of the liability was calculated as of July 31, 2021. The results of this valuation were extrapolated to the financial reporting date of December 31, 2022 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:

	2022		2021	
	Retirement Allowance	**Compensated Absences**	Retirement Allowance	Compensated Absences
Accrued benefit obligation:				
Balance, beginning of year	**$ 176**	**$ 178**	$ 180	$ 181
Current service cost	**16**	**22**	18	22
Interest cost	**4**	**5**	3	3
Benefit payments	**(12)**	**(18)**	(8)	(19)
Net actuarial (gain)/loss	**(39)**	**(31)**	(17)	(9)
Balance, end of year	**145**	**156**	176	178
Unamortized net actuarial (loss)/gain	**27**	**(30)**	(14)	(69)
Accrued benefit liability	**$ 172**	**$ 126**	$ 162	$ 109
Benefit expense:				
Current service cost	**$ 16**	**$ 22**	$ 18	$ 22
Interest cost	**4**	**5**	3	3
Amortization of net actuarial loss/(gain)	**2**	**8**	2	9
	$ 22	**$ 35**	$ 23	$ 34
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 162**	**$ 109**	$ 147	$ 94
Benefit expense	**22**	**35**	23	34
Benefit payments	**(12)**	**(18)**	(8)	(19)
	$ 172	**$ 126**	$ 162	$ 109

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

	2022	2021
Valuation discount rate	**4.50%**	**2.40%**
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, $339 thousand (2021 - $337 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, 2021 and it has an actuarial surplus.

6. Tangible Capital Assets

	Net Book Value 2022	Net Book Value 2021
Land	**$ 73**	$ 73
Parkades	**3,552**	3,563
Authority assets		
Leasehold improvements	**164**	190
Parking surfaces	**119**	132
	283	322
Equipment		
Meters and pay stations	**30**	77
Equipment	**184**	325
Computer equipment	**22**	65
Office furniture and equipment	**4**	6
Vehicles	**217**	221
	457	694
	$ 4,365	$ 4,652

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

7. Accumulated Surplus

	Budget 2022	**Actual 2022**	Actual 2021
Restricted funds for future investment	**$ 184**	**$ 184**	$ 184
Invested in tangible capital assets	**102**	**374**	659
Contributed surplus	**73**	**73**	73
Operating	**3,876**	**5,880**	3,052
	$ 4,235	**$ 6,511**	$ 3,968

8. Related Party Transactions

The Agency is wholly-owned by the City. Transactions between the Agency and the City are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) An amount of $406 thousand (2021 - $358 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 $432 thousand (2021 - $317 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 $739 thousand (2021 - $802 thousand) to the City.

8. *Related Party Transactions (continued)*

d) In Services, an amount of $324 thousand (2021 - $324 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for the rental of office space.

e) An amount of $106 thousand (2021 - $104 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 $94 thousand (2021 - $67 thousand) has been charged by The City of Winnipeg Municipal Accommodations Fund for services provided at the various locations.

g) An amount of $186 thousand (2021 - $185 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of 311 services.

h) An amount of $413 thousand (2021 - $465 thousand) has been transferred to the various City of Winnipeg departments for non-parking penalties issued under the Municipal By-Law Enforcement Act and collected on their behalf.

i) In Services, an amount of $48 thousand (2021 - $48 thousand) has been charged by The City of Winnipeg Transit System Department for coin counting and deposit services.

j) An amount of $42 thousand (2021 - $42 thousand) has been charged by The City of Winnipeg General Revenue Fund for the cost of assets transferred to the Agency.

k) An amount of $64 thousand (2021 - $64 thousand) for general government charges has been included and paid to The City of Winnipeg General Revenue Fund which represents the estimated share of the City's general expenses applicable to the Agency.

l) An amount of $18 thousand (2021 - $nil) has been transferred to The City of Winnipeg General Revenue Fund to support Microsoft365 subscription.

m) An amount of $3,211 thousand (2021 - $6,085 thousand) has been transferred to The City of Winnipeg General Revenue Fund as a return on investment.

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 2022	Total 2021
Cost						
Balance, beginning of year	**$ 73**	**$ 6,443**	**$ 1,161**	**$ 14,066**	**$ 21,743**	$ 21,447
Add:						
Additions during the year	**-**	**302**	**4**	**124**	**430**	296
Less:						
Disposal of tangible capital assets	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**73**	**6,745**	**1,165**	**14,190**	**22,173**	21,743
Accumulated amortization						
Balance, beginning of year	**-**	**2,880**	**839**	**13,372**	**17,091**	16,363
Add:						
Amortization	**-**	**313**	**43**	**361**	**717**	728
Less:						
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	-
Balance, end of year	**-**	**3,193**	**882**	**13,733**	**17,808**	17,091
Net Book Value of Tangible Capital Assets	**$ 73**	**$ 3,552**	**$ 283**	**$ 457**	**$ 4,365**	$ 4,652

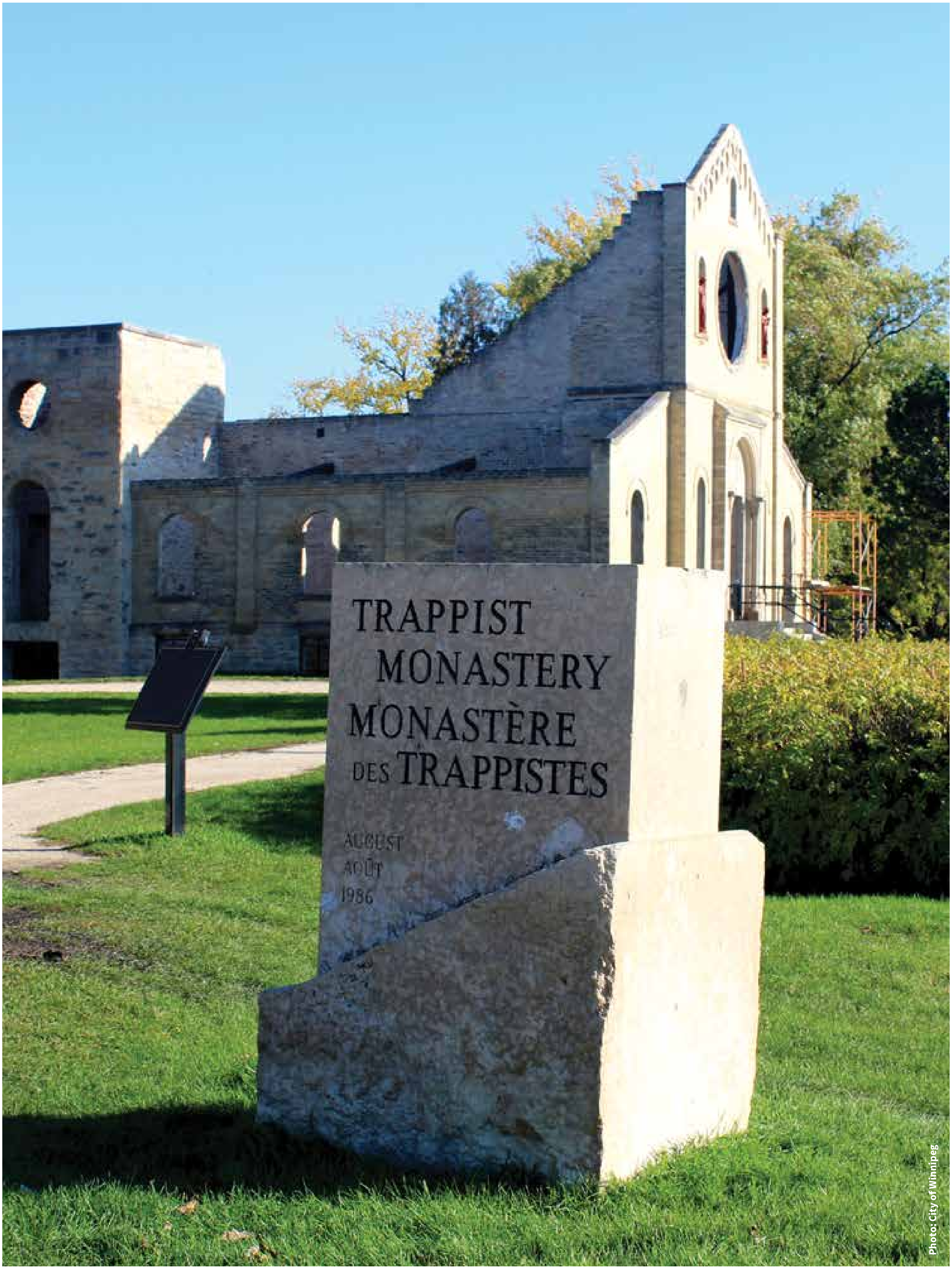
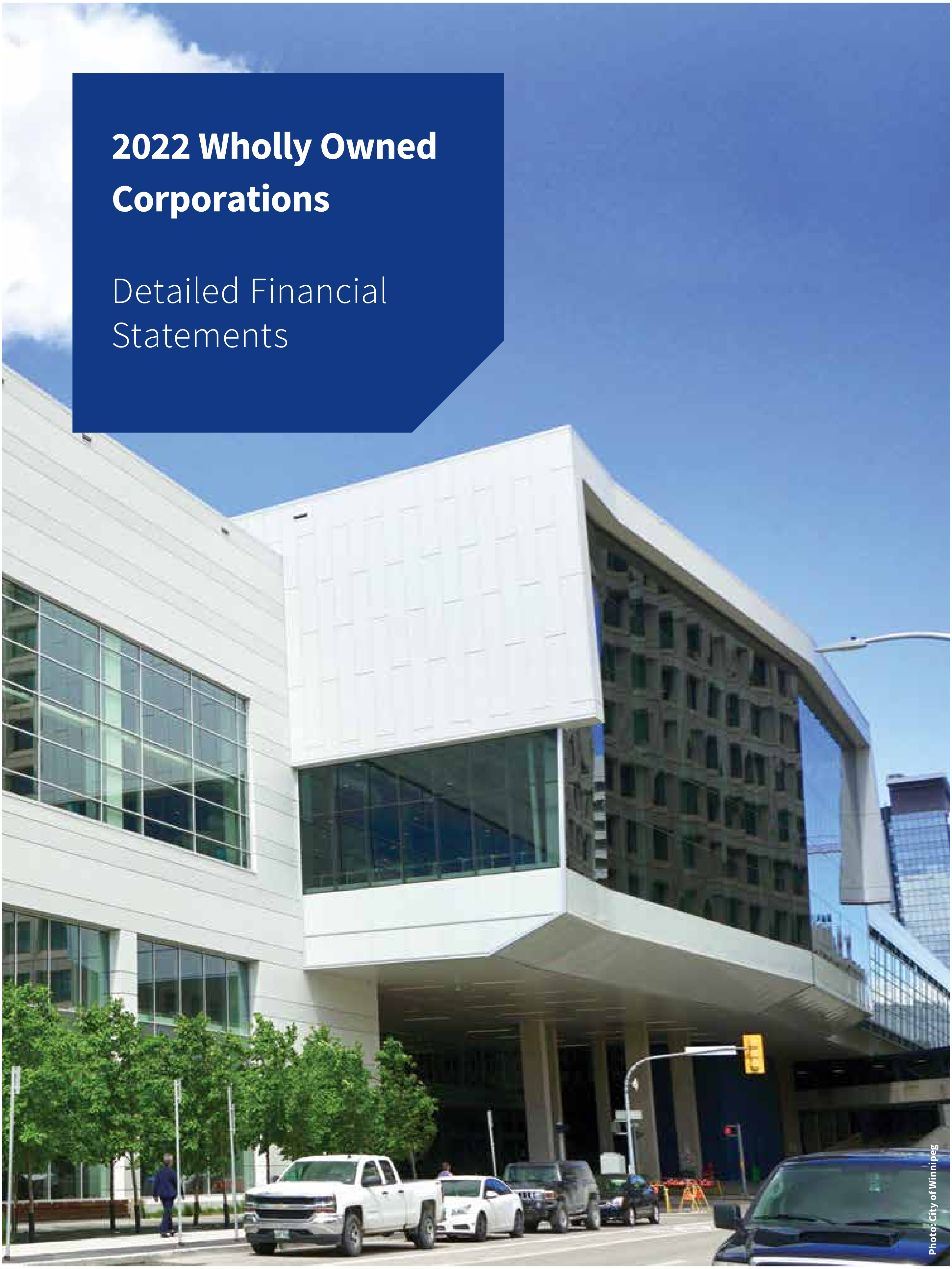


Photo: City of Winnipeg

2022 Wholly Owned Corporations

Detailed Financial Statements



THE CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,069,869**	$ 991,588
Accounts receivable (Note 3)	**2,300,940**	2,660,358
Inventory	**239,810**	76,058
Prepaid expenses	**88,372**	64,773
Prepaid assets	**187,505**	-
	3,886,496	3,792,777
Tangible capital assets (Note 4)	**144,783,085**	152,513,188
	$ 148,669,581	$ 156,305,965
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 2,623,450**	$ 1,848,133
Interest payable	**454,526**	465,647
Customer deposits and unearned revenue	**1,386,918**	1,851,395
Demand loan - expansion (Note 5)	**8,000,000**	10,620,000
Current portion of long-term debt - expansion (Note 11)	**381,857**	367,029
Due to City of Winnipeg (Note 6)	**11,718,683**	10,557,717
	24,565,434	25,709,921
Deferred funding - wall cladding replacement and stabilization (Note 7)	**-**	307,410
Deferred funding - roof replacement (Note 8)	**1,706,554**	1,832,189
Deferred funding - expansion (Note 9)	**115,201,166**	120,156,055
Deferred funding - hybrid equipment (Note 10)	**160,000**	149,651
Long-term debt - expansion (Note 11)	**14,618,999**	15,000,856
	156,252,153	163,156,082
Commitments (Note 20)		
FUND BALANCES		
Operating fund	**750,000**	681,129
Internally restricted fund	**2,712,633**	1,440,474
Invested in capital assets (Note 14)	**(11,045,205)**	(8,971,720)
	(7,582,572)	(6,850,117)
	$ 148,669,581	$ 156,305,965

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended December 31

	Operating Fund	Internally Restricted Fund	Invested in Capital Assets Fund	**2022 Total**	2021 Total
Fund balances, beginning of year	$ 681,129	$ 1,440,474	$ (8,971,720)	**$ (6,850,117)**	$ (6,295,147)
Excess (deficiency) of revenue over expenses	1,601,093	-	(2,333,548)	**(732,455)**	(554,970)
Capital assets purchased from operations	(130,372)	-	130,372	-	-
Transfer to internally restricted fund	(168,720)	168,720	-	-	-
Capital assets purchased from restricted fund	-	(129,691)	129,691	-	-
Change in fund balance	1,302,001	39,029	(2,073,485)	**(732,455)**	(554,970)
Allocations to restricted fund	(1,233,130)	1,233,130	-	-	-
Fund balances, end of year	$ 750,000	$ 2,712,633	$ (11,045,205)	**$ (7,582,572)**	$ (6,850,117)

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

	2022	2021
Operating revenue	**$ 17,441,926**	$ 10,982,475
Operating costs	**6,639,096**	2,997,270
Net operating revenue	**10,802,830**	7,985,205
General Operating Grant (Note 15)		
City of Winnipeg	**1,500,000**	1,500,000
Province of Manitoba	**763,000**	763,000
	2,263,000	2,263,000
	13,065,830	10,248,205
Expenses		
Accounting and financial services and human resources	**1,096,664**	777,636
Administration	**2,130,350**	1,785,814
Building maintenance (Note 17)	**5,730,179**	4,127,614
Client services	**1,309,073**	977,980
Sales and promotion	**884,123**	636,072
Security	**874,327**	735,274
	12,024,716	9,040,390
Revenue before other item	**1,041,114**	1,207,815
Other Item		
Government COVID-19 support	**559,979**	1,508,550
Operating fund excess of revenue over expenses	**1,601,093**	2,716,365
Capital fund		
City of Winnipeg debt servicing grant (Note 15)	**1,000,000**	-
Province of Manitoba TIF payments (Note 15)	**9,274**	-
Recognition of deferred funding related to capital assets (Note 4)	**5,427,934**	5,410,483
Amortization of tangible capital assets	**(7,853,009)**	(7,884,318)
Interest on demand loan and long-term debt	**(917,747)**	(797,500)
Capital fund deficiency of revenue over expenses	**(2,333,548)**	(3,271,335)
Deficiency of revenue over expenses	**$ (732,455)**	$ (554,970)

See accompanying notes to the financial statements

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

	2022	2021
Cash flows provided by (used in):		
Cash Flows from Operating Activities		
Deficiency of revenue over expenses	**$ (732,455)**	$ (554,970)
Adjustments for non-cash items		
Amortization of tangible capital assets	**7,853,009**	7,884,318
Amortization of deferred funding	**(5,427,934)**	(5,410,483)
	1,692,620	1,918,865
Changes in non-cash working capital balances		
Accounts receivable	**359,418**	(1,964,964)
Inventory	**(163,752)**	1,324
Prepaid expenses	**(23,599)**	18,748
Prepaid assets	**(187,505)**	-
Accounts payable and accrued liabilities	**775,317**	725,884
Interest payable	**(11,121)**	(10,689)
Customer deposits and unearned revenue	**(464,477)**	391,190
Net cash provided by operating activities	**1,976,901**	1,080,358
Cash Flows from Capital Activities		
Acquisition of tangible capital assets	**(122,906)**	(409,504)
Deferred funding - hybrid equipment	**50,349**	149,651
Net cash used in capital activities	**(72,557)**	(259,853)
Cash Flows from Financing Activities		
Advances from City of Winnipeg	**1,160,966**	1,188,404
Demand loan - expansion repayment	**(2,620,000)**	(1,850,000)
Long-term debt repayment	**(367,029)**	(352,777)
Net cash used in financing activities	**(1,826,063)**	(1,014,373)
Increase (decrease) in cash and cash equivalents	**78,281**	(193,868)
Cash and cash equivalents, beginning of year	**991,588**	1,185,456
Cash and cash equivalents, end of year	**$ 1,069,869**	$ 991,588

See accompanying notes to the financial statements

THE CONVENTION CENTRE CORPORATION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. *Nature of Operations and Summary of Significant Accounting Policies*

Nature of Operations

The Convention Centre Corporation ("Corporation") was incorporated by special act under the laws of Manitoba to operate and promote the RBC Convention Centre (formerly named the Winnipeg Convention Centre). The Corporation is a not-for-profit organization and is therefore not subject to income taxes under section 149(1)(I). Due to the City of Winnipeg's control over the Corporation, these financial statements are consolidated with the City of Winnipeg financial statements.

Management's Responsibility for the Financial Statements

The financial statements of the Corporation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

Basis of Accounting

The Corporation's financial statements are prepared in accordance with Canadian public sector accounting standards. The Corporation has elected to apply the accounting standard recommendations applicable solely to government not-for-profit organizations in Sections PS 4200 to PS 4270 of the CPA Public Sector Accounting Handbook.

Fund Method of Accounting

Operating Fund

Under the fund method of accounting, the excess of operating revenue over expenses is allocated to the Operating Fund. Any additions to the Operating Fund may be transferred to the Restricted Fund for future expenditures or major repairs and replacements by Board of Directors resolution. It is the policy of the Corporation to retain a defined sufficient amount in the Operating Fund to fund future operations, and if necessary, to transfer funds from the Restricted Fund to meet the defined objective.

Internally Restricted Fund

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

Invested in Capital Assets Fund

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Inventory

Food and beverage inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Tangible Capital Assets

Tangible Capital assets are recorded at cost less accumulated amortization. Amortization is calculated at the following rates and basis:

Art holdings	Not amortized
Expansion - building	30 years straight-line basis
Expansion - equipment	10 years straight-line basis
Expansion - IT equipment	10 years straight-line basis
Major repair and replacement	5 to 10 years straight-line basis
Roof replacement	25 years straight-line basis
Wall cladding replacement and stabilization	20 years straight-line basis

When the Corporation recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the capital asset over its residual value is recognized as an expense in the statement of operations.

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Operating revenue, which consists mainly of room rentals and food and beverage sales from events held at the RBC Convention Centre, are recognized as revenue when the events are held.

Employee Future Benefits

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

Financial Instruments

The Corporation applies the recommendations of Sections PS 4200, Financial Statement Presentation, and PS 3450, Financial Instruments, of the CPA Public Sector Accounting Handbook.

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

Financial Instruments (continued)

Initial Measurement

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

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable, due to City of Winnipeg demand loan - expansion and long-term debt - expansion.

Subsequent Measurement

At each reporting date, the Corporation measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets). The Corporation determines whether there is any objective evidence of impairment of the financial assets. Any financial asset impairment is recognized in the statement of operations.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful life of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Economic Dependence

The Corporation is dependent on the City of Winnipeg and the Province of Manitoba for funding and financing which is essential to its continuing its operation.

3. Related Party Transaction

The Corporation received grants and contributions from the City of Winnipeg (Notes 7, 8, 9, and 10), and has a payable to the City of Winnipeg (Note 6).

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

4. *Tangible Capital Assets*

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 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	37,557,917	**129,474,493**	135,042,240
Equipment	5,538,426	3,738,749	**1,799,677**	2,353,520
IT equipment	3,148,652	2,105,100	**1,043,552**	1,358,417
Major capital expenditures	2,000,000	2,000,000	**-**	-
Major repair and replacement	21,068,073	17,472,744	**3,595,329**	4,455,932
Revitalization program				
City of Winnipeg	3,000,000	3,000,000	**-**	-
Prov.of Manitoba	2,000,000	2,000,000	**-**	-
Roof replacement	3,140,880	1,434,326	**1,706,554**	1,832,189
Wall cladding replacement	6,599,175	6,599,175	**-**	307,410
	$ 220,691,096	$ 75,908,011	**$ 144,783,085**	$ 152,513,188

Amortization Expenses

	2022	2021
Expansion		
Building	**$ 5,567,747**	$ 5,567,747
Equipment	**553,843**	553,843
IT equipment	**314,865**	314,865
Major repair and replacement	**983,509**	992,270
Roof replacement	**125,635**	125,635
Wall cladding replacement	**307,410**	329,958
	$ 7,853,009	$ 7,884,318

Recognition of Deferred Contributions Related to Capital Assets

	2022	2021
Expansion (Note 9)	**$ 4,954,889**	$ 4,954,889
Roof replacement (Note 8)	**125,635**	125,635
Wall cladding replacement (Note 7)	**307,410**	329,959
Hybrid project equipment (Note 10)	**40,000**	-
	$ 5,427,934	$ 5,410,483

5. Demand Loan - Expansion

On January 11, 2013, the Corporation entered into a credit agreement of $33,000,000 in order to fund its portion of the future expansion costs. Effective March 31, 2016, the Corporation revised this credit to $16,000,000. The remaining $17,000,000 was converted to a term loan. This financing can be taken as a risk based pricing loan or fixed rate term loan. These funds can be accessed by the Corporation at any time, with the interest rate to be determined at the time funds are withdrawn. This expansion financing is secured by a promissory note signed by the Corporation for $16,000,000, a general security agreement, and a guarantee from the City of Winnipeg. In 2020, the Corporation extended the maturity of the demand loan credit facility bearing interest at the RBC prime rate minus 1% (5.45% as at December 31, 2022), maturing December 31, 2023. The balance drawn against this credit agreement at year-end is $8,000,000 ($10,620,000 in 2021).

6. Due to the City of Winnipeg

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

7. 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 assets is amortized.

	2022	2021
Balance, beginning of year	**$ 307,410**	$ 637,369
Amount amortized to revenue	**(307,410)**	(329,959)
Balance, end of year	**$ -**	$ 307,410

8. 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:

	2022	2021
Balance, beginning of year	**$ 1,832,189**	$ 1,957,824
Amount amortized to revenue	**(125,635)**	(125,635)
Balance, end of year	**$ 1,706,554**	$ 1,832,189

9. Deferred Funding - Expansion

In order to finance the cost of the expansion, the Corporation entered into agreements with the City of Winnipeg for funding of $51,000,000, the Province of Manitoba for funding of $51,000,000, and the Government of Canada for funding of $46,646,667 (total of $148,646,667).

The funding received was deferred until the completion of the project and is amortized on the same basis as the related assets. Deferred funding - expansion at December 31 is as follows:

	2022	2021
Balance, beginning of year	**$ 120,156,055**	$ 125,110,944
Amount amortized to revenue	**(4,954,889)**	(4,954,889)
Balance, end of year	**$ 115,201,166**	$ 120,156,055

10. Deferred Funding - Hybrid Equipment

During the 2021 year, the Corporation entered into a grant agreement with Prairies Economic Development Canada in the amount of $200,000 for the purpose of upgrading the digital infrastructure. During the 2022 year, the Corporation received $50,349, ($149,651 in 2021) in relation to this grant for the purchase of hybrid equipment.

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

	2022	2021
Balance, beginning of year	$ **149,651**	$ -
Additions during the year	**50,349**	149,651
Amount amortized to revenue	**(40,000)**	-
Balance, end of year	$ **160,000**	$ 149,651

11. Long-term Debt - Expansion

	2022	2021
RBC Life Insurance Company -Term loan repayable by consecutive, annual blended payments of principal and interest of $987,892 bearing interest at 4.04%, with a maturity date of March 31, 2046. This loan is secured by the City of Winnipeg with a guarantee of $17,000,000.	**$ 15,000,856**	$ 15,367,885
Less current portion	**(381,857)**	(367,029)
	$ 14,618,999	$ 15,000,856

11. Long-term Debt - Expansion (continued)

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

2023	381,857
2024	397,284
2025	413,335
2026	430,033
2027	447,407
Thereafter	12,930,940
	$ 15,000,856

12. 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, 2022 and December 31, 2021 is $nil.

Effective July 17, 2020, as a result of COVID-19, the Corporation obtained an additional credit facility of $7,500,000 for operating cash flow purposes. On June 13, 2022, the Corporation has amended its credit facility from $7,500,000 to $5,000,000. The credit facility matures on December 31, 2023 and is secured by a guarantee from the City of Winnipeg. As at December 31, 2022, the credit facility was unutilized.

13. Inter-fund Loan

The balance in the inter-fund loan from the Operating Fund to Invested in Capital Assets Fund at December 31, 2022 is $3,774,010 ($2,028,354 in 2021). This loan is non-interest bearing.

14. Invested in Capital Assets

	2022	2021
Capital assets and other asset	**$ 144,970,590**	$ 152,513,188
Amounts financed by:		
Deferred funding - expansion	**(115,201,166)**	(120,156,055)
Deferred funding - roof replacement	**(1,706,554)**	(1,832,189)
Deferred funding - wall cladding	**-**	(307,410)
Deferred funding - hybrid equipment	**(160,000)**	(149,651)
Demand loan - expansion	**(8,000,000)**	(10,620,000)
Due to City of Winnipeg	**(11,718,683)**	(10,557,717)
Inter-fund loan from operating fund (Note 13)	**(3,774,010)**	(2,028,354)
Interest payable	**(454,526)**	(465,647)
Long-term debt - expansion	**(15,000,856)**	(15,367,885)
	$ (11,045,205)	$ (8,971,720)

14. Invested in Capital Assets (continued)

		2022		2021
Changes in Net Assets Invested in Capital Assets				
Deficiency of revenue over expenses	**$**	**(2,333,548)**	$	(3,271,335)
Increase in prepaid assets		**187,505**		-
Purchase of capital assets - non-expansion		**122,906**		409,504
Due to City of Winnipeg - net		**(1,160,966)**		(1,188,404)
Province of Manitoba		**(9,274)**		-
Deferred contributions received		**(50,349)**		(149,651)
Demand loan - expansion		**2,620,000**		1,850,000
Capital funding - City of Winnipeg		**(1,000,000)**		-
Long-term debt - expansion		**1,295,897**		1,160,966
Interfund loan from operating fund		**(1,745,657)**		(1,822,562)
	$	**(2,073,486)**	$	(3,011,482)

15. General Operating Grants

The Corporation operates with the assistance of grants from the City of Winnipeg and the Province of Manitoba. These grants are allocated to the following:

General operating

		2022		2021
City of Winnipeg	**$**	**1,500,000**	$	1,500,000
Province of Manitoba (Note 16)		**763,000**		763,000
	$	**2,263,000**	$	2,263,000

Capital Fund (debt repayment)

		2022		2021
City of Winnipeg (Note 5)	**$**	**1,000,000**	$	-
Province of Manitoba		**9,274**		-
	$	**1,009,274**	$	-

16. Funding from the Province of Manitoba - Industry Partnership

During the year ended December 31, 2022, the Corporation received funding under the Province of Manitoba Industry Partnerships Program, with total revenue recognized during the year ended December 31, 2022 of $763,000.

16. Funding from the Province of Manitoba - Industry Partnership (continued)

During the year, the Corporation entered into a formal funding agreement with the Province for funding to be received for the Province's 2022/2023 fiscal year with total revenue recognized of $763,000. The agreement includes the payment of three installments. The first installment was received on July 6, 2022 and the second install met was received on September 30, 2022. During the year the Corporation recognized $763,000 of the Province's 2022/23 funding, representing the Period April 1, 2022 to December 31, 2022. The final payment of $152,600 has been set up as accounts receivable and payment is to be received once the Province's reporting requirements are considered to be met.

The use of funds provided by the 2022/23 Industry Partnership Program funding are as follows:

	Recognized in 2022	To be recognized in 2023	Total
Utilities			
Gas	**$ 285,477**	$ -	$ 285,477
Electricity	**477,523**	-	477,523
	$ 763,000	$ -	$ 763,000

17. Utilities Expense

The following utility expenses are included in building maintenance:

	2022	2021
Gas	**$ 787,096**	$ 499,713
Electricity	**1,039,858**	949,479
Water	**154,556**	133,382
	$ 1,981,510	$ 1,582,574

18. Financial Instruments Risk Disclosures

The Corporation is exposed to various financial risks resulting from its operating, investing and financing activities. The Corporation's management manages financial risks. During the year, there were no changes to the financial instrument risk management policies, procedures and practices. The means used by the Corporation to manage each of the financial risks are described in the following paragraphs.

Credit risk

The Corporation is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Corporation has determined that the financial assets with more credit risk exposure are accounts receivable since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Corporation. The trade and other receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Corporation's exposure to doubtful accounts is not significant. The credit risk regarding cash and cash equivalents is considered to be negligible because they are held by reputable financial institutions with an investment grade external credit rating.

18. Financial Instruments Risk Disclosures (continued)

The carrying amount on the statement of financial position of the Corporation's financial assets exposed to credit risk represents the maximum amount exposed to credit risk. The Corporation's management considers that all the above-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, 2022.

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 so that the Corporation has financing sources for a sufficient authorized amount. The Corporation establishes budget and cash estimates so that it has the necessary funds to fulfill its obligations.

As at December 31, 2022, the Corporation's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Due within One Year	Due past One Year
Accounts payable and accrued liabilities	$ 2,623,450	$ -
Demand loan - expansion	8,000,000	-
Interest payable	454,526	-
Long-term debt - expansion (Note 11)	381,857	14,618,999
Due to City of Winnipeg	11,718,683	-
	$ 23,178,516	$ 14,618,999

19. Comparison to Budgeted Results - Operating Fund

	Actual	Budget (Unaudited)	Variance
Operating revenue	**$ 17,441,926**	$ 14,356,776	$ 3,085,150
Operating cost	**6,639,096**	6,392,947	246,149
Net operating revenue	**10,802,830**	7,963,829	2,839,001
General operating grants	**2,263,000**	2,263,000	-
	13,065,830	10,226,829	2,839,001
Expenditures	**(12,024,716)**	(11,799,281)	(225,435)
Other item - Government COVID-19 Support	**559,979**	100,000	459,979
Operating fund excess (deficiency) of revenue over expenses	**1,601,093**	(1,472,452)	3,073,545
Capital asset additions not included in expenditures above	**(130,372)**	-	(130,372)
Transfer to restricted fund	**(168,720)**	-	(168,720)
Excess (deficiency) of revenue over expenses after capital purchases	**$ 1,302,001**	$ (1,472,452)	$ 2,774,453

20. Commitments

The Corporation has entered into various contracts and other commitments that expire at different periods between 2025 and 2027. Future minimum payments in aggregate for each of the next five years are as follows:

2023	$ 1,535,661
2024	1,625,814
2025	1,665,580
2026	1,691,734
2027	1,292,156

21. 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 2022 were $557,312 ($345,609 in 2021).

CENTREVENTURE DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenditures	**$ (341,594)**	$ 144,411
Adjustments for:		
Amortization of capital assets	**278,935**	278,602
Amortization of deferred contributions	**(236,342)**	(236,342)
	(299,001)	186,671
Changes in non-cash working capital balances:		
Accounts receivable	**525,803**	(48,984)
Prepaid expenses	**46,164**	(48,629)
Accounts payable and accrued liabilities	**74,582**	24,696
Decrease in deferred contributions related to expenses of future periods	**(950,887)**	(81,246)
	(603,339)	32,508
CAPITAL ACTIVITIES:		
Purchase of capital assets	**(3,763)**	(2,032)
Additions to property held for sale	**(412,767)**	(415,403)
	(416,530)	(417,435)
INVESTING ACTIVITIES:		
Principal repaid on mortgages receivable	**2,683,915**	187,771
Principal repaid on loans receivable	**24,963**	10,500
Principal repaid on SHED project receivable	**286,369**	2,883,032
	2,995,247	3,081,303
FINANCING ACTIVITIES:		
Repayment of long-term debt	**(491,909)**	(3,079,504)
Increase (decrease) in cash	**1,483,469**	(383,128)
Cash, beginning year	**6,097,404**	6,480,532
Cash, end of year	**$ 7,580,873**	$ 6,097,404

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2022, with comparative information for 2021

	2022	2021
ASSETS		
Current Assets		
Cash	**$ 7,580,873**	$ 6,097,404
Accounts receivable (Note 3)	**1,275,195**	1,519,797
Prepaid expenses	**4,688**	50,852
Property held for resale (Note 4)	**828,170**	415,403
Current portion of mortgages receivable (Note 5)	**343,319**	2,815,341
Current portion of loans receivable (Note 6)	**682,851**	707,814
Current portion of SHED project receivable (Note 7)	**300,591**	289,083
	11,015,687	11,895,694
Mortgages receivable (Note 5)	**523,555**	735,448
SHED project receivable (Note 7)	**648,781**	946,658
Capital assets (Note 8)	**3,270,527**	3,545,699
	$ 15,458,550	$ 17,123,499
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 290,100**	$ 215,518
Current portion of long-term debt (Note 10)	**512,484**	491,909
	802,584	707,427
Long-term debt (Note 10)	**2,528,933**	3,041,417
Forgivable loans (Note 11)	**1,303,210**	1,655,757
Deferred contributions (Note 12):		
Expenses of future periods	**2,960,263**	3,629,949
Capital assets	**1,568,867**	1,452,662
	4,529,130	5,082,611
NET ASSETS		
Invested in capital assets (Note 14)	**398,450**	437,280
Unrestricted	**5,896,243**	6,199,007
	6,294,693	6,636,287
Commitments (Note 13)		
	$ 15,458,550	$ 17,123,499

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2022, with comparative information for 2021

	2022 Total	2021 Total
Revenue		
Rental properties (Note 15)	$ **419,475**	$ 392,841
Interest	**34,483**	78,524
SHED project (Note 15)	**108,847**	593,890
Designated grants (Note 12)	**950,887**	307,579
Commissions	**-**	7,500
Other (Note 15)	**511,995**	864,338
	2,025,687	2,244,672
Expenditures		
General operations	**745,764**	682,839
Rental properties	**458,686**	359,339
SHED project expenditures	**108,847**	593,890
Grants	**950,887**	279,743
Projects	**60,504**	142,190
	2,324,688	2,058,001
Excess (deficiency) of revenue over expenditures before the undernoted	**$ (299,001)**	**$** 186,671
Amortization	**(278,935)**	(278,602)
Amortization of deferred contributions (Note 12)	**236,342**	236,342
Excess (deficiency) of revenue over expenditures	**$ (341,594)**	**$** 144,411

See accompanying notes to consolidated financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2022, with comparative information for 2021

	Invested in Capital Assets	Unrestricted	Total
Balance, December 31, 2020	$ 477,508	$ 6,014,368	$ 6,491,876
Excess (deficiency) of revenue over expenditures	(42,260)	186,671	144,411
Transfer for purchase of capital assets (Note 14)	2,032	(2,032)	-
Balance, December 31, 2021	**$ 437,280**	$ **6,199,007**	$ **6,636,287**
Deficiency of revenue over expenditures	**(42,593)**	**(299,001)**	**(341,594)**
Transfer for purchase of capital assets (Note 14)	**3,763**	**(3,763)**	**-**
Balance, December 31, 2022	**$ 398,450**	**$ 5,896,243**	**$ 6,294,693**

See accompanying notes to consolidated financial statements.

1. *General*

CentreVenture Development Corporation (the "Corporation") is a non-profit organization incorporated without share capital under the laws of the Province of Manitoba (the "Province") on July 9, 1999. The goal of the Corporation is to promote and foster economic, residential and cultural growth and development in the downtown district of The City of Winnipeg (the "City"). The Corporation is exempt from income tax by virtue of p. 149(1)(e) of the *Income Tax Act.*

2. *Significant accounting policies*

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

a) Basis of consolidation:

These consolidated financial statements include the accounts of the Corporation, and its wholly-owned subsidiaries STR Properties Inc. and 10091576 Manitoba Ltd.

Intra-company and inter-company transactions and balances have been eliminated upon consolidation.

b) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

c) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Interest income and rental revenue is recognized on an accrual basis consistent with the terms of the related mortgage and loan agreements and when collection is reasonably assured. Reasonable assurance is based upon the Corporation’s past experience with its claims and collections associated with clients and similar transactions.

Sale proceeds on properties and the related costs of properties are recognized when the risks and rewards of ownership are transferred to the purchaser and collection is reasonably assured. Reasonable assurance is based upon the Corporation's past experience with its claims and collections associated with clients and similar transactions. A transaction fee is levied by the Corporation on these sales.

2. *Significant accounting policies (continued)*

d) Special projects - restricted funding arrangements:

In addition to regular operating revenues, the Corporation receives grants from time to time for specific programs or initiatives to be administered by the Corporation. The following special funding arrangements were ongoing during the year:

Province of Manitoba - *North Main Economic Development Program Grant:*

The purpose of this grant is to attract business investment to the North Main area of downtown Winnipeg.

City of Winnipeg - *Downtown Housing Strategy:*

The purpose of this grant is to encourage unique and innovative approaches that support downtown housing developments and result in quality, affordable housing by providing financial assistance to proponents.

City of Winnipeg - *Gail Parvin Hammerquist:*

The purpose of this grant is to fund innovative measures to attract new investment, occupants and uses for heritage buildings, as well as to conserve the heritage character, architectural elements and detailing of designated buildings.

City of Winnipeg/Province of Manitoba - *Downtown Residential Development Program (DRDG):*

The purpose of this program is to promote and support significant improvement projects to revitalize communities and neighbourhoods, encourage economic development, enhance social and cultural development, and preserve heritage properties. The Corporation provides administration and other services to the City for this program.

City of Winnipeg/Province of Manitoba-East Waterfront Neighbourhood Development Program (EWND):

The purpose of this program is to undertake initiatives, such as marketing, safety programs, beautification, amenity attraction etc. to enhance the Exchange Waterfront neighbourhood where clusters of residential development are occurring. The public investment is being made to attract private sector investment and protect existing investments that has been made by individuals and business owners who want to live and work in a vibrant complete community.

City of Winnipeg/Province of Manitoba - *Sports, Hospitality, and Entertainment District (SHED) Project:*

The purpose of this program is to make the SHED a key destination downtown, by providing funds to the Corporation to stimulate private and public investment in the District, with the goal of revitalizing Winnipeg’s downtown.

City of Winnipeg - *Homelessness Partnering Strategy:*

The purpose of this grant is to fund renovations at the Bell Hotel whose goal is to provide affordable housing to individuals who have experienced extended periods of homelessness.

2. *Significant accounting policies (continued)*

e) Mortgages and loans receivable:

Mortgages and loans are carried at the unpaid principal plus accrued interest, less allowances for doubtful loans. Amounts considered uncollectible are written-off in the year in which the uncollectible amount is determined. Recoveries on mortgages and loans previously written-off are taken into income in the year the amount is received.

f) Allowance for doubtful loans:

The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the Corporation’s portfolio. The allowance is evaluated on an ongoing basis and increased as deemed necessary, which is charged against income and is reduced by write-offs.

g) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis in accordance with the following estimated useful life of the asset:

Asset	**Term**
Buildings	25 years
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	3 to 15 years

Property held for development is recorded at cost and is not amortized until the asset is available for productive use.

h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. *Accounts receivable*

	2022	2021
Trade and other receivables (Note 15)	**$ 3,045**	$ 528,848
Grants receivable - the City	**1,272,150**	990,949
	$ 1,275,195	$ 1,519,797

4. *Property held for resale*

Under an agreement between the Corporation and the City, the Corporation has the option to acquire an interest in certain surplus City-owned properties and buildings within the downtown area for the consideration of one dollar. Any properties obtained under these options are recorded at the consideration price. As at December 31, 2022, the Corporation has available the option to acquire five City-owned properties. These properties include the Waterfront Drive property with an optioned area of 10,885 square feet (sf), Market Lands property with an optioned area of 53,500sf, Triangle Corner property with an optioned area of 4,665sf, Paulin Street with an optioned area of 13,700sf and Lot 33, Plan 32416 on MacDonald Avenue.

Property held for resale also includes properties acquired at fair market value from third parties for the purpose of development and/or resale. Material costs associated with the acquisition, development and resale of these properties are capitalized at cost.

During fiscal 2021, the Corporation acquired a heritage building at 284 William Avenue. During fiscal 2022, the Corporation incurred development costs of $412,767 (2021 - $396,403). The Corporation's intention is to complete the redevelopment in fiscal 2023 and resell the property.

5. *Mortgages receivable*

	2022	2021
Mortgages receivable	**$ 886,874**	$ 3,570,789
Allowance for doubtful loans	**(20,000)**	(20,000)
	866,874	3,550,789
Current portion of mortgages receivable	**343,319**	2,815,341
	$ 523,555	$ 735,448

Mortgages receivable at December 31, 2022 are on two properties (2021 - five properties) in downtown Winnipeg with maturity from fiscal 2023 to 2026 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 $755,449 (2021 - $958,275) for which the City funds principal and interest payments and has provided a guarantee on the related term loan payable that the Corporation had obtained to providing financing for the mortgage (Note 10). Interest rates charged for the mortgages receivable range from prime plus 1% to 4.47% (2021 - non-interest bearing to 4.47%) and are both fixed and variable in reference to the prime interest rate of lending at the time of loan disbursement.

Mortgage principal receipts are expected as follows:

2023	343,319
2024	221,365
2025	231,260
2026	90,930
	$ 886,874

6. *Loans receivable*

Loans receivable at December 31, 2022 are repayable during fiscal 2023. Loans receivable are secured by an assignment of tax credits or other forms of security. The loans receivable outstanding at December 31, 2022 are non-interest bearing (2021 - non-interest bearing) and are payable in monthly instalments.

7. *SHED project receivable*

The SHED project is funded by the City and Province 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 had obtained proceeds from term loans aggregating $8,290,000 (2021 - $8,290,000) 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 was recognized for an equivalent amount. The SHED Project receivable at December 31, 2022 of $949,372 (2021 - $1,235,741) includes $949,372 (2021 - $1,018,361) receivable from the City and nil (2021 - $217,380) receivable from the Province.

SHED project principal receipts are expected as follows:

2023	300,591
2024	312,331
2025	324,991
2026	11,459
	$ 949,372

8. *Capital assets*

			2022	2021
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Buildings	**$ 6,140,734**	**$ 2,915,172**	**$ 3,225,562**	$ 3,463,675
Computer equipment	**147,463**	**144,277**	**3,186**	1,782
Furniture and fixtures	**70,015**	**70,015**	**-**	-
Leasehold improvements	**632,045**	**590,266**	**41,779**	80,242
	$ 6,990,257	**$ 3,719,730**	**$ 3,270,527**	$ 3,545,699

9. *Bank indebtedness*

The Corporation has an approved operating line of credit with the Royal Bank of Canada to a maximum amount of $10,400,000 (2021 - $10,400,000). The line of credit bears interest at Royal Bank prime rate minus 1.0% [5.45% as at December 31, 2022 (2021 - 1.45%)]per annum and is secured by an unconditional and irrevocable guarantee signed by the City in the amount of $10,400,000 and a general security agreement on all personal property of the Corporation. The Corporation had not utilized the line of credit at December 31, 2022 (2021 - nil).

10. *Long-term debt*

		2022		2021
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 $2,600,000	**$**	**664,517**	$	867,343
Term loan, interest at 3.91%, due October 2029, blended annual payments of $393,254, secured by a guarantee signed by the City in the amount of $4,400,000		**2,376,900**		2,665,983
		3,041,417		3,533,326
Current portion of long-term debt		**512,484**		491,909
	$	**2,528,933**	$	3,041,417

Principal repayments for the next five years are as follows:

2023		512,484
2024		533,695
2025		556,251
2026		337,929
2027		351,382
Thereafter		749,676
	$	3,041,417

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 3.91% 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 the loans. During the year ended December 31, 2021, the Corporation had repaid the principal balance owing on a 3.98% term loan, also incurred to finance phase I of the SHED project, through proceeds received from the Providence on the SHED receivable. During the year ended December 31, 2022, the Corporation made principal payment of $289,083 on the 3.91% term loan through proceeds received from the Province and the City on the SHED receivable (Note 7).

11. *Forgivable loans*

The details of forgivable loans are as follows:

		2022		2021
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	**$**	**670,555**	$	830,555
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		**632,655**		825,202
	$	**1,303,210**	$	1,655,757

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

2023		352,547
2024		352,547
2025		352,547
2026		245,569
	$	1,303,210

At December 31, 2022, the Corporation has met all requirements during the year relating to the terms of the forgivable loans.

12. *Deferred contributions*

a) Expenses of future periods:

Deferred contributions related to expenses of future periods represents externally restricted funding received from various sources for the operation of the project to which the funding relates.

Deferred contributions for externally restricted projects during the year is as follows:

		2022		2021
Balance, beginning of year	**$**	**3,629,949**	$	3,636,441
Grants receivable		**281,201**		289,251
Amounts recognized as revenue in the year		**(950,887)**		(295,743)
Balance, end of year	**$**	**2,960,263**	$	3,629,949

12. *Deferred contributions (continued)*

Deferred contributions related to the following projects:

		2022		2021
Gail Parvin Hammerquist	**$**	**2,953,252**	$	3,622,938
North Main Economic Development Program Grant		**2,600**		2,600
Province of Manitoba - Downtown Winnipeg ground floor activation strategy grant		**4,411**		4,411
	$	**2,960,263**	$	3,629,949

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.

		2022		2021
Balance, beginning of year	**$**	**1,452,662**	$	1,336,457
Contributions transferred from forgivable loans		**352,547**		352,547
Amount amortized to revenue in the year		**(236,342)**		(236,342)
Balance, end of year	**$**	**1,568,867**	$	1,452,662

13. *Commitments*

The Corporation has an operating lease for office space which expires in fiscal 2023 and require minimum lease payments of $17,704 during fiscal 2023.

14. *Invested in capital assets*

Investment in capital assets is calculated as follows:

		2022		2021
Capital assets	**$**	**3,270,527**	$	3,545,699
Forgivable loans		**(1,303,210)**		(1,655,757)
Deferred contributions		**(1,568,867)**		(1,452,662)
	$	**398,450**	$	437,280

14. *Invested in capital assets (continued)*

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

		2022		2021
Excess (deficiency) of revenue over expenditures:				
Amortization of deferred contributions	**$**	**236,342**	$	236,342
Amortization of capital assets		**(278,935)**		(278,602)
		(42,593)		(42,260)
Purchase of capital assets		**3,763**		2,032
	$	**(38,830)**	$	(40,228)

15. *Related party transactions and balances*

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

		2022		2021
Consolidated statement of operations				
Revenue:				
Downtown Residential Development grant	**$**	**30,279**	$	30,279
SHED project grant		**54,424**		112,689
Expenditures:				
Property taxes		**41,618**		36,580
Consolidated statement of financial position				
Accounts receivable		**1,272,150**		990,949
Mortgages receivable		**866,874**		958,275
Loan receivable		**391,537**		391,537
SHED project receivable		**949,372**		1,018,361
Deferred contributions expenses of future periods - Gail Parvin Hammerquist grants		**281,201**		289,251

The Corporation exercises significant influence over Market Lands Inc. (Market Lands) by virtue of its ability to appoint some of Market Land's Board of Directors. Market Lands was established during fiscal 2021 to redevelop the Exchange District within downtown Winnipeg. Market Lands was incorporated without share capital on February 25, 2021 and is registered as a non-profit organization under the Income Tax Act. During the year ended December 31, 2021, upon formation of Market Lands, the Corporation recovered $849,671 of expenditures incurred by the Corporation prior to December 31, 2021 on the development. At December 31, 2021, the Corporation had a receivable from Market Lands of $389,751 that was received during fiscal 2022. During the year ended December 31, 2022, the Corporation entered into an Independent Contractor Agreement with Market Lands and in accordance with the Agreement received $508,700 (2021 - nil) in development and project management fees.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. *Financial instruments risks*

General objectives, policies and processes:

The Board of Directors has overall responsibility for the determination of the Corporation's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Corporation's President and Chief Executive Officer.

The Board of Directors receives reporting during the fiscal year from the Corporation's President and Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Corporation's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instruments risks.

Interest rate risk:

The Corporation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the cash flows related to its mortgages and loans receivable, and long term debt. The Corporation's objective is to minimize interest rate risk by locking in fixed rates on its mortgages and loans receivable, and its long-term debt.

The Corporation is exposed to interest rate risk through its line of credit, which bears interest at prime minus one percent. These funds are used as interim financing until permanent financing, with a fixed rate, can be put in place.

The Corporation's financial instruments subject to interest rate risk are subject to fixed rates of interest and will not be renewed within the next twelve months, and therefore are not subject to interest rate risk. The line of credit is not subject to interest rate risk as it is as a market rate and the funds are usually used for a period of less than twelve months.

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 minimize 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 guideline includes policies regarding the approval of lending, eligibility for loans, lending limits, and loan collateral security.

With respect to credit risk, the Board of Directors receives details of new loans and delinquent loans. The Corporation's maximum exposure to the credit risk is limited to the amount presented on the face of the consolidated statement of financial position for accounts receivable, mortgages receivable and loans receivable.

16. Financial instrument risks (continued)

Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

17. Programs under administration

DRDG Program

The DRDG Program is funded by the City and Province and provides grants to developers of residential/mixed use projects in the downtown. The grants provided are based upon the annual incremental taxes generated by the development in the first full year following completion. For condominium developments, the developers receive a grant of 10 times the first years' incremental taxes. For rental developments, the developer receives a grant equal to 15 times the first years' incremental taxes. Developers can elect to receive a lump sum payment of the net present value, or receive annual payments. When lump sum payments are elected, the funds are borrowed from a conventional lender and loans are repaid by the annual incremental taxes.

The Corporation administers this program on behalf of the City and Province, which entails the acceptance of applications and monitoring development through to completion. When lump sum grants are payable under the program, the City provides the Corporation with direction to borrow funds and the loans are drawn by the Corporation and guaranteed by the City. The City provides funding for the annual loan repayments to the Corporation from the annual incremental taxes.

Exchange Waterfront Neighbourhood Development Program

The Exchange Waterfront Neighbourhood Development Program's (the "EWND Program") objective is to support the development of a complete community in the Exchange Waterfront Neighborhood. The Program is funded by the City and Province through tax increment financing and achieved by borrowing for an additional five years against the incremental taxes that are generated by the condominium projects that receive grants under the DRDG Program. Under the DRDG Program, the developer is entitled to receive a grant equal to the net present value of 10 years of incremental taxes generated by the project and EWND Program is funded receiving the net present value of an additional 5 years of incremental taxes. The City and Province forgo the incremental taxes for 15 years on the condominium projects to provide the funds required to repay the borrowing for the DRDG and EWND Programs.

The funds are used to undertake initiatives relating to increasing safety, providing transportation options, improving the image and awareness of the neighbourhood and infrastructure improvements to beautify the neighborhood and make it more pedestrian friendly. The Corporation administers the EWND Program on behalf of the City and the Province, which entails doing the research and making recommendations for initiatives to undertake and then implementing and monitoring the initiatives to completion.

As the Corporation only administers the DRDG and EWND Programs on behalf of the City and Province, the related assets and liabilities that are administered by the Corporation have not been reflected in these consolidated financial statements. At December 31, 2022, there were no assets and liabilities administered by the Corporation under the EWND Program.

17. Programs under administration (continued)

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

	2022	2021
Assets:		
DRDG TIF receivable - the City	**$ 11,872,691**	$ 12,983,529
Liabilities:		
Loans payable	**$ 11,872,691**	$ 12,983,529

The Corporation receives an annual payment from the City for the loans to cover the annual debt servicing costs. The loans payable are fully guaranteed by the City.

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF OPERATIONS

Year Ended December 31

	2022	2021
REVENUES		
City of Winnipeg (Note 6)	**$ 4,202,941**	$ 4,228,179
City of Winnipeg - Museum Grant Funds	**258,570**	258,570
Arts Development (Note 6)	**33,323**	14,000
Interest income	**19,413**	6,145
Other income	**11,682**	2,350
	4,525,929	4,509,244
EXPENSES		
Program expenses (Schedule of expenses)	**3,927,935**	3,989,985
Administrative expenses (Schedule of expenses)	**564,411**	506,116
	4,492,346	4,496,101
OTHER PROJECTS		
Public Art revenues (Note 6)	**382,660**	173,442
Public Art expenses (Schedule of expenses)	**(382,660)**	(173,442)
	-	-
EXCESS OF REVENUES OVER EXPENSES	**$ 33,583**	$ 13,143

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31

	Unrestricted	Internally Restricted	**Total 2022**	Total 2021
Net assets, beginning of year	$ 131,715	$ 376,309	**$ 508,024**	$ 494,881
Excess of revenues over expenses	33,583	-	**33,583**	13,143
Transfers (Note 7)	19,787	(19,787)	**-**	-
Net assets, end of year	$ 185,085	$ 356,522	**$ 541,607**	$ 508,024

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

December 31

	2022	2021
ASSETS		
Current		
Cash	**$ 98,814**	$ 1,743,904
Term deposits (Note 3)	**1,425,000**	-
Interest receivable	**9,071**	-
Public Service Bodies' Rebate receivable	**7,712**	3,860
Prepaid expenses	**4,285**	3,426
	$ 1,544,882	$ 1,751,190
LIABILITIES		
Current		
Payables and accruals	**$ 9,183**	$ 7,200
Holdbacks (Note 5)	**173,618**	207,028
Deferred contributions (Note 6)	**820,474**	1,028,938
	1,003,275	1,243,166
NET ASSETS		
Unrestricted (Note 8)	**185,085**	131,715
Internally restricted (Note 8)	**356,522**	376,309
	541,607	508,024
	$ 1,544,882	$ 1,751,190

Commitment (Note 9)

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

STATEMENT OF CASH FLOWS

Year Ended December 31

	2022	2021
Cash derived from (applied to):		
OPERATING		
Excess of revenues over expenses	**$ 33,583**	$ 13,143
Change in non-cash working capital		
Receivables	**-**	5,000
Interest receivable	**(9,071)**	-
Public Service Bodies' Rebate receivable	**(3,852)**	6,188
Prepaid expenses	**(859)**	(272)
Payables and accruals	**1,983**	(9,146)
Holdbacks	**(33,410)**	(15,056)
Deferred contributions	**(208,464)**	(85,054)
	(220,090)	(85,197)
INVESTING		
Purchase of term deposits	**(3,000,000)**	-
Redemption of term deposit	**1,575,000**	-
	(1,425,000)	-
NET DECREASE IN CASH	**(1,645,090)**	(85,197)
CASH BALANCE		
Beginning of year	**1,743,904**	1,829,101
End of year	**$ 98,814**	$ 1,743,904

See accompanying notes to the financial statements

WINNIPEG ARTS COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

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

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.

Interest income is recognized as it is accrued on the related financial instruments.

c) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

d) Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at fair value with subsequent reporting at amortized cost.

2. *Significant accounting policies (continued)*

d) Financial instruments (continued)

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, liquidity, market or price risks arising from its financial instruments.

3. *Term deposits*

	2022	2021
Guaranteed Investment Certificate, earning interest of 3.85% per annum, matures January 4, 2023	**$ 1,000,000**	$ -
Guaranteed Investment Certificate, earning interest of 2.00% per annum, matures October 6, 2023	**425,000**	-
	$ 1,425,000	$

4. *Equipment and leasehold improvements*

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Office equipment	**$ 6,574**	**$ 6,574**	**$ -**	$ -
Furniture and fixtures	**34,243**	**34,243**	**-**	-
Leasehold improvements	**104,258**	**104,258**	**-**	-
	$ 145,075	**$ 145,075**	**$ -**	$ -

Equipment and leasehold improvements are fully amortized.

5. *Holdbacks*

The Organization follows the policy of holding back a proportion of grants and fees 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:

	2022	2021
Youth WITH ART	**$ 124,823**	$ 128,123
Individual Artist grants	**30,000**	52,400
Arts Development	**7,500**	8,000
Project grants	**11,295**	14,770
Professional Development grants	**-**	3,735
	$ 173,618	$ 207,028

6. *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.

	2022	2021
Public Art		
Deferred contributions, beginning of year	**$ 999,284**	$ 1,029,446
Contributions		
City of Winnipeg Public Art Allocation	**120,000**	140,063
Exchange District BIZ	**83,850**	-
Assiniboine Park Conservancy	**-**	3,150
Other	**-**	67
Transferred to revenue	**(382,660)**	(173,442)
Decrease during the year	**(178,810)**	(30,162)
Deferred contributions, end of year	**$ 820,474**	$ 999,284
Operating Funds		
Deferred contributions, beginning of year	**29,654**	84,546
Transferred to revenue	**(29,654)**	(54,892)
Decrease during the year	**(29,654)**	(54,892)
Deferred contributions, end of year	**-**	29,654
Total deferred contributions, end of year	**$ 820,474**	$ 1,028,938

6. Deferred contributions (continued)

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

		2022		2021
Public Art Projects				
Downtown Recovery Strategies	**$**	**157,700**	$	-
Broadway Light-based Sculptures		**109,497**		188,131
Public Art Contingency		**98,937**		98,937
WITH ART: Community Arts Projects		**91,774**		139,065
Biz Banner Collaboration		**80,000**		40,000
Maintenance		**74,783**		80,341
Waverley Underpass		**65,105**		159,627
Lights on the Exchange		**41,225**		-
Poetry in Public		**29,282**		34,995
Temporary Installations		**23,908**		52,282
Public Education and Outreach		**23,455**		24,300
Southwest Rapid Transit		**22,308**		22,308
Indigenous Digital Strategies		**2,500**		2,500
Studio to Site		**-**		132,000
South Sherbrook/Cornish Library		**-**		24,798
	$	**820,474**	$	999,284

7. Transfers

During the year, a net amount of $19,787 was transferred from internally restricted net assets to unrestricted net assets (2021 - net transfer of $12,749 from unristricted net assets to internally restricted net assets) detailed as follows:

$Nil (2021 - $25,000) was transferred form unrestricted net assets to internally restricted net assets to be used towards the update and improvement of Winnipeg Arts council's website.

$20,000 (2021 -$Nil) was transferred from unrestricted net assets to internally restricted net assets to be used towards strategic planning.

$39,787 (2021 - $12,251) was transferred from internally restricted net assets to unrestricted net assets. Specifically, $6,407 was transferred to cover the digitization of the grant application process $5,500 was transferred to cover website upgrade costs, $12,847 was transferred to cover the cost related to the Indigenous Arts Leaders Fellowship project and $15,033 was transferred to cover strategic planning costs.

8. Net assets

Internally restricted net assets

		2022		2021
Cash flow assistance	**$**	**100,000**	$	100,000
Internally restricted net assets		**256,522**		276,309
	$	**356,522**	$	376,309

8. Net assets (continued)

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

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, 2022, the Organization's cumulative contributions to the Endowment Fund totaled $140,000 (2021 - $140,000) with a cumulative matching grant contribution of $40,804 (2021 - $39,486) from The Winnipeg Foundation. The market value of the Endowment Fund at December 31, 2022 is $269,598 (2021 - $289,363).

WINNIPEG ARTS COUNCIL INC.

SCHEDULE OF EXPENSES

Year Ended December 31

	2022	2021
PROGRAM EXPENSES		
Multi-year grants	**$ 3,199,708**	$ 3,189,707
Individual Artist grants	**216,875**	244,200
Museum grants	**240,900**	240,900
Project grants	**95,500**	129,945
Arts Development	**75,366**	68,809
Indigenous Arts Leaders Fellowship	**35,000**	22,846
Professional Development grants	**26,500**	29,571
Jury honoraria and expenses	**13,724**	18,062
Carol Shields Winnipeg Book Award and Prizes	**11,750**	6,750
Poet Laureate	**9,299**	9,306
Translation services	**3,313**	4,889
Youth WITH ART	**-**	25,000
	$ 3,927,935	$ 3,989,985
ADMINISTRATIVE EXPENSES		
Salaries and benefits	**$ 410,569**	$ 382,002
Rent and utilities	**63,504**	60,690
Supplies and other office expenses	**35,478**	34,733
Professional and consultant fees	**17,594**	10,096
Strategic planning	**15,033**	-
Website upgrade	**5,500**	5,898
Telecommunications	**4,960**	5,150
Board and committee meetings	**4,625**	2,624
Professional development, membership and conferences	**3,633**	3,146
Hospitality and promotion	**3,515**	1,777
	$ 564,411	$ 506,116
PUBLIC ART EXPENSES		
Artwork commission/production	**$ 239,378**	$ 42,367
Program administration	**75,000**	75,000
Professional services	**28,094**	25,470
Artwork development	**20,625**	2,000
Public education	**14,005**	25,316
Maintenance	**5,558**	3,289
	$ 382,660	$ 173,442

See accompanying notes to the financial statements

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2022	2021
ASSETS		
Current assets		
Cash	**$ 40,855**	$ 61,062
Guaranteed investment certificate (Note 3)	**5,005**	5,005
GST receivable	**1,606**	883
Prepaid expenses	**995**	-
	$ 48,461	$ 66,950
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 4,193**	$ 664
Deferred contributions (Note 5)	**-**	14,922
	4,193	15,586
NET ASSETS		
Unrestricted	**44,268**	51,364
	$ 48,461	$ 66,950

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

Year ended December 31

	2022	2021
REVENUE		
City of Winnipeg operating grant	**$ 86,306**	$ 76,527
Interest and other revenue	**5**	7
	86,311	76,534
EXPENDITURES		
Administrative	**19,871**	21,174
Development and research	**9,507**	9,660
Projects	**41,245**	21,747
Promotion and advertising	**10,784**	7,953
Sponsorship	**12,000**	16,000
	93,407	76,534
DIFFERENCE BETWEEN REVENUE AND EXPENDITURES	**$ (7,096)**	$ -

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2022	2021
Net assets, beginning of year	**$ 51,364**	$ 51,364
Difference between revenue and expenditures	**(7,096)**	-
Net assets, end of year	**$ 44,268**	$ 51,364

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

December 31

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ (7,096)**	$ -
Change in non-cash working capital		
GST receivable	**(723)**	(298)
Prepaid expenses	**(995)**	396
Accounts payables and accrued liabilities	**3,529**	(1,860)
Deferred contributions	**(14,922)**	(5,143)
	(20,207)	(6,905)
CASHFLOW FROM INVESTING ACTIVITIES		
Change in guaranteed investment certificate	**-**	53
Change in cash	**(20,207)**	(6,852)
CASH, beginning of year	**61,062**	67,914
CASH, end of year	**$ 40,855**	$ 61,062

1. Purpose of the Organization:

The Winnipeg Public Library Board (the "Organization") was established through the enactment of a City of Winnipeg by-law to provide guidance with respect to improving the City's library system. It is a not-for-profit organization that is exempt from income tax under provisions of the *Income Tax Act.*

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements have been prepared using the following accounting policies:

a) Critical accounting estimates and judgments-

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgements, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in the difference between revenues and expenses for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may

2. Significant accounting policies (continued):

b) Financial instruments (continued)-

incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount, and the maturity amount, and minus any reduction for impairment.

The Organization measures cash, guaranteed investment certificate and accounts payable and accrued liabilities at amortized cost.

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest of principal payments in determining whether objective evidence of impairment exists. Impairment is included in the difference between revenues and expenses.

c) Revenue recognition-

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses occur. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenue is recognized when incurred and when collection can be reasonably assured. Interest is recognized on a time proportion basis.

As is common with many not-for-profit organizations, the Organization receives contributions in the form of goods and services. Because of the difficulty of determining their value, contributed goods and services are not recognized in the financial statements.

d) Capital assets-

The average annual revenues recognized in the statement of operations for the current and preceding period of the Organization was less than $500,000. Since the organization met criteria for small not-for-profit organizations, it does not record the acquisition of capital assets. These acquisitions are expensed at the date of acquisition. Included in administrative expense is $nil in office equipment that was expensed in the statement of operations (2021 - $nil).

3. Guaranteed investment certificate:

The Organization purchased a guaranteed investment certificate that matures January 12, 2023 (2021 - January 12, 2022) and bears interest at 0.50% (2021 - 0.10%).

4. Economic dependence:

The Organization is dependent on the City of Winnipeg as its primary source of revenue. Should this funding substantially change, management is of the opinion that continued viable operations would be doubtful.

5. Deferred contributions:

Deferred contributions consist of the surplus operating grant received in the year. As per the agreement, any unspent operating grant amounts are refundable back to the City of Winnipeg, and may, in the City's sole discretion, be set off against any amounts payable by the City to the Organization.

	2022	2021
Balance beginning of year	**$ 14,922**	$ 20,065
Contributions received	**71,384**	71,384
Contributions recognized	**(86,306)**	(76,527)
Balance, end of year	**$ -**	$ 14,922

6. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk -

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main source of liquidity is its operations. The funds are primarily used to finance working capital requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

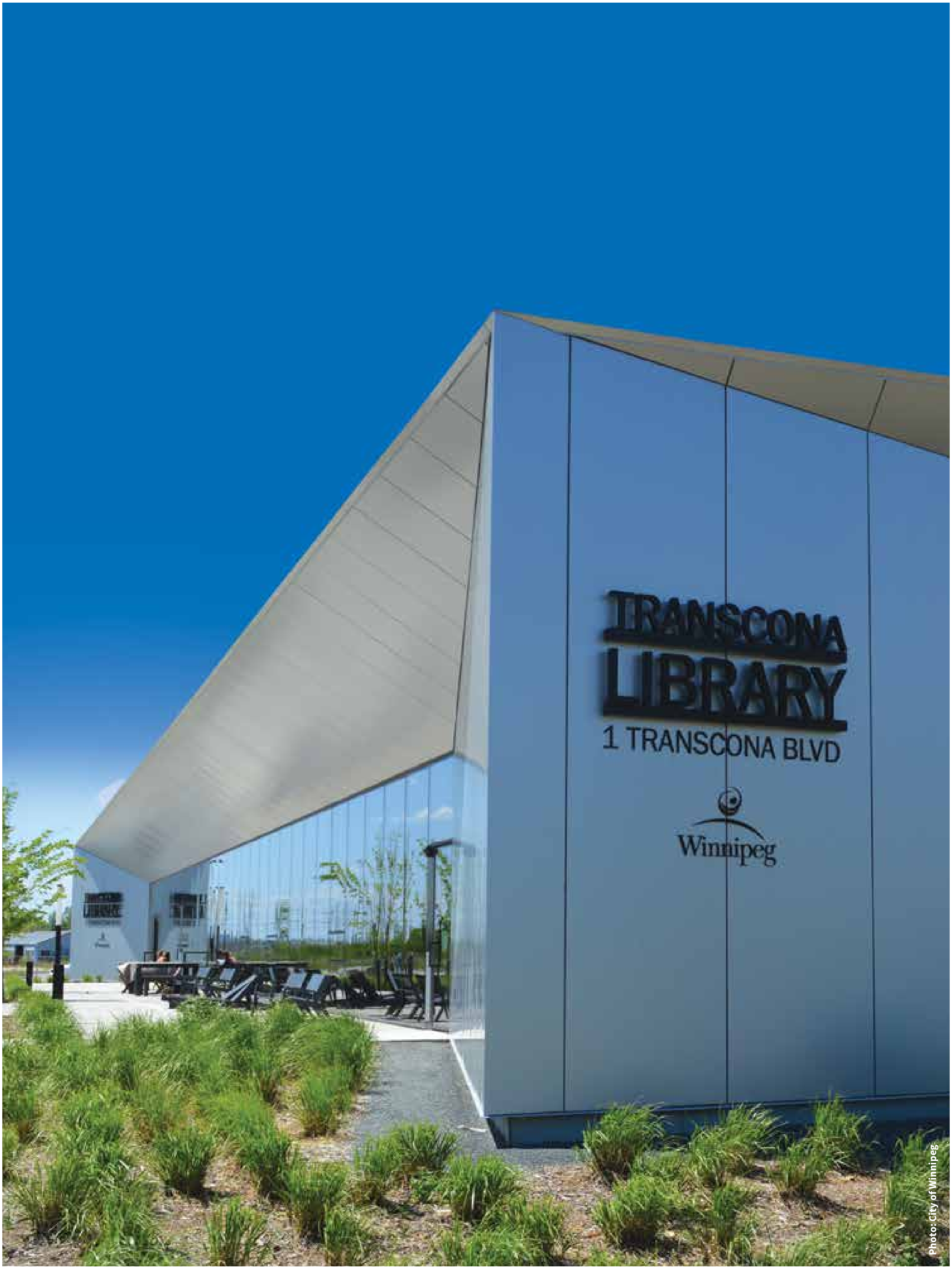


Photo: City of Winnipeg

ASSINIBOINE PARK CONSERVANCY INC.

BALANCE SHEET

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	**$ 25,785,876**	$ 27,009,302
Accounts receivable	**1,331,874**	1,609,147
Government grants receivable	**350,000**	3,150,000
Government remittances receivable	**495,199**	128,771
Inventory	**476,738**	333,092
Prepaid expenses	**673,588**	465,139
	29,113,275	32,695,451
ACCOUNTS RECEIVABLE	**90,000**	45,000
CAPITAL ASSETS (Note 4)	**213,532,869**	194,362,102
ART COLLECTIONS (Note 5)	**14,058,344**	14,058,344
EMPLOYEE BENEFITS RECEIVABLE (Note 6)	**170,327**	162,351
	$ 256,964,815	$ 241,323,248
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 13,492,007**	$ 9,730,802
Deferred contributions - operating (Note 7)	**920,363**	712,800
Deferred revenue	**2,189,048**	1,346,694
Notes payable (Note 8)	**12,975,000**	3,121,000
Advance from Province of Manitoba (Note 9)	**5,353,889**	-
	34,930,307	14,911,296
ADVANCE FROM PROVINCE OF MANITOBA (Note 9)	**-**	6,858,239
DEFERRED REVEUE	**90,000**	45,000
DEFERRED CONTRIBUTIONS - CAPITAL (Note 10)	**201,627,515**	198,311,842
ACCRUED EMPLOYEE BENEFITS (Note 6)	**114,801**	106,825
	236,762,623	220,233,202
COMMITMENTS (Note 18)		
CONTINGENCY (Note 19)		
NET ASSETS		
Restricted (Notes 2(c) and 5)	**14,058,344**	14,058,344
Internally Restricted (Notes 2(f) and 14)	**6,127,267**	7,015,000
Unrestricted	**16,581**	16,702
	20,202,192	21,090,046
	$ 256,964,815	$ 241,323,248

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2022

	2022	2021
REVENUE		
City of Winnipeg (Note 11)	**$ 12,032,128**	$ 11,710,000
Other operating grants (Note 13)	**384,337**	369,786
Gifts and sponsorships (Note 12 and 13)	**1,575,963**	1,775,533
Amortization of deferred contributions	**8,375,610**	6,730,107
Interest and other income	**454,093**	129,055
Park revenues	**15,277,782**	12,073,175
	38,099,913	32,787,656
Direct costs of park revenues (Note 11)	**9,289,541**	6,686,215
EXPENSE	**28,810,372**	26,101,441
Administration (Note 11)	**2,567,351**	1,782,777
Amortization of capital assets	**7,902,968**	6,426,446
Insurance	**242,041**	218,853
Interest	**65,689**	17,689
Operations (Note 11)	**3,751,943**	2,747,867
Utilities (Note 11)	**1,683,750**	1,434,180
Wages, benefits and contract services (Note 11)	**14,701,577**	13,079,342
Donation to Winnipeg Foundation - ParkShare (Note 12)	**3,469**	3,513
	30,918,788	25,710,667
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSE BEFORE OTHER INCOME	**(2,108,416)**	390,774
OTHER INCOME		
Government Subsidies	**1,220,562**	3,080,557
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSE	**$ (887,854)**	$ 3,471,331

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2022

	2022				2021
	Restricted Net Assets	**Internally Restricted Net Assets**	**Unrestricted Net Assets**	**Total**	Total
Balance, beginning of year	**$ 14,058,344**	**$ 7,015,000**	**$ 16,702**	**$ 21,090,046**	$ 17,617,715
Gifts of art (Note 5)	**-**	**-**	**-**	**-**	1,000
(Deficiency) Excess of revenue over expense	**-**	**-**	**(887,854)**	**(887,854)**	3,471,331
Interfund transfers (Note 14)	**-**	**(887,733)**	**887,733**	**-**	-
Balance, end of year	**$ 14,058,344**	**$ 6,127,267**	**$ 16,581**	**$ 20,202,192**	$ 21,090,046

ASSINIBOINE PARK CONSERVANCY INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
(Deficiency) Excess of revenue over expense	**$ (887,854)**	$ 3,471,331
Items not affecting cash:		
Amortization of capital assets	**7,902,968**	6,426,446
Amortization of deferred contributions	**(8,375,610)**	(6,730,107)
	(1,360,496)	3,167,670
Changes in non-cash operating working capital items:		
Accounts receivable	**232,273**	(324,800)
Government grants receivable	**2,800,000**	(3,150,000)
Government remittances receivable	**(366,428)**	16,457
Inventory	**(143,646)**	35,447
Prepaid expenses	**(208,449)**	264,604
Accounts payable and accrued liabilities	**2,630,859**	1,543,674
Deferred revenue	**887,354**	641,895
Deferred contributions - operating	**207,563**	123,623
	4,679,030	2,318,570
FINANCING ACTIVITIES		
Deferred contributions - capital	**10,186,933**	18,499,349
Proceeds from notes payable	**12,975,000**	8,975,000
Repayment of notes payable	**(3,121,000)**	(8,478,632)
Advance from Province of Manitoba	**-**	10,000,000
Change in employee benefits receivable	**(7,976)**	(6,298)
Change in accrued employee benefits	**7,976**	6,298
	20,040,933	28,995,717
INVESTING ACTIVITIES		
Acquisition of capital assets	**(25,943,389)**	(21,070,842)
NET (DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	**(1,223,426)**	10,243,445
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	**27,009,302**	16,765,857
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	**$ 25,785,876**	$ 27,009,302

ASSINIBOINE PARK CONSERVANCY INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. Description of Assiniboine Park Conservancy Inc.

On July 16, 2006, Winnipeg City Council adopted a new governance model for Assiniboine Park (the "Park") which called for the establishment of a not-for-profit entity to oversee the operation and development of the Park for the benefit of the community. Under the new governance model, Assiniboine Park Conservancy Inc. (the "Conservancy") was created on April 17, 2008, with an independent Board of Directors, appointed with representation from all three levels of government and the private sector, to govern at arm's length from the City of Winnipeg (the "City").

Through a fifty year Lease and Funding Agreement with the Conservancy which came into effect on October 1, 2010, the City retains ownership of the Park and all of its assets. Under this Agreement, the City provides annual operating and capital grants to support the operation and maintenance of the Park.

The Conservancy became a registered charity under the Income Tax Act on January 1, 2009 and is exempt from income taxes.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition

The Conservancy follows the deferral method of accounting for revenues. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted revenues are recognized in accordance with the restrictions placed on them by the funder.

Unrestricted gifts are recognized as revenue in the period in which the gifts are received. Gifts that are restricted by the donor are deferred, and then recognized in the year in which the related restriction is met. Non-monetary gifts are recorded at fair value in revenue when received.

Pledges receivable from donors have not been recognized in these financial statements.

Park revenues, which include revenues from admissions, food, beverage and retail sales, education programming, hosting of private functions and public fundraisers, are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

2. *Significant Accounting Policies (continued)*

b) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. Amortization is recorded on a straight-line basis over the asset's estimated useful life as follows:

Park facility improvements	5 - 40 years
Grounds improvements	5 - 20 years
Park equipment and systems	5 - 20 years
Moving equipment	5 - 10 years

Park facility improvements include new buildings and exhibits, and major improvements to existing buildings and exhibits in the Park. Grounds improvements include major improvements to roadways, parking lots, landscaping, lighting, pathways and signage. Park equipment and systems include information technology, security and safety systems, temporary structures, computer equipment, office furniture and fixtures, playground equipment, benches, picnic tables and other Park equipment, retail equipment and minor improvements to existing buildings. Moving equipment includes grounds maintenance and sanitation equipment, the Park vehicle fleet and people movers.

Construction in progress includes the costs associated with the construction of new Park facilities, grounds improvements and major upgrades to existing facilities within the Park. Amortization of these assets will commence when the asset is determined to be ready for use and put into service.

When conditions indicate that an asset no longer contributes to the Conservancy's ability to provide goods and services, or when the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the asset is written down to its fair value or replacement cost.

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 originated or exchanged in arm's length transactions are initially recognized at fair value when the conservancy becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Conservancy is in the capacity of management, are initially recognized at cost.

2. *Significant Accounting Policies (continued)*

d) Financial instruments (continued)

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using it undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Conservancy in the transaction.

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 contributions - capital balance.

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 effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Conservancy recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Key components of the financial statements requiring the Conservancy to make estimates are the determination of the useful lives of the capital assets, impairment of non-financial assets and contingencies. Actual results could differ from these estimates.

f) Internally restricted net assets

The Conservancy has internally restricted certain funds for a fiscal stabilization reserve to support the long-term sustainability of the Conservancy.

3. Cash and Short-Term Investments

Cash and short-term investments consist of cash on hand and balances with banks. Included in cash and short-term investments is restricted cash held in a joint bank account with a construction company for the payment of holdbacks in the amount of $6,782,969 (2021 - $5,615,212)

4. Capital Assets

	2022			2021
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Park facility improvements	**$ 235,703,433**	**$ 36,030,358**	**$ 199,673,075**	$ 86,649,708
Grounds improvements	**14,574,588**	**10,022,887**	**4,551,701**	3,165,507
Park equipment and systems	**28,215,291**	**19,825,379**	**8,389,912**	5,270,774
Moving equipment	**2,778,844**	**2,092,059**	**686,785**	907,571
Construction in progress	**231,396**	**-**	**231,396**	98,368,542
	$ 281,503,552	**$ 67,970,683**	**$ 213,532,869**	$ 194,362,102

The Province of Manitoba ("the Province") has a $30 million investment in the Leatherdale International Polar Bear Conservation Centre ("LIPBCC") and Polar Bear Facilities, which include the Gateway to the Artic Building, the Animal Holding and Filtration System Building and the Polar Plunge. As a result, the Province's $30 million investment in these capital assets do not appear on the Conservancy's balance sheet.

The Conservancy and the Province have three continuing agreements which relate to the provincially owned buildings. A long-term Ground Sublease Agreement provides the Province with a sublease on the land on which the LIPBCC and the Polar Bear Facilities are located within the Park. An Operations Agreement gives the Conservancy responsibility for operating these buildings. Under the Operations Agreement, the Province will provide future capital funding for required capital repairs and replacements to the LIPBCC and the Polar Bear Facilities to ensure that it continues to meet the standards of the Province over the term of the Ground Sublease Agreement. Under an Insurance Agreement, the Province has assumed responsibility for providing insurance for the LIPBCC and the Polar Bear Facilities.

Canada's Diversity Gardens, The Leaf, an indoor horticultural attraction at the Conservancy, was opened to the public on December 3, 2022. Upon the attraction being available for use, $118, 339,126 of costs were moved from construction in progress to park facility improvements, grounds improvements, and park equipment and systems.

5. Art Collections

The art collections include approximately 4,073 works of art held for public exhibition and education. The art collections include the works of Ivan Eyre, Walter J. Phillips, Clarence Tillenius, E.H. Shepard's portrait of Winnie the Pooh and A.A. Milne's book, titled "Now We are Six". The Conservancy did not dispose of any works of art during the year ending December 31, 2022.

5. *Art Collections (continued)*

		2022		2021
Legacy art collections	**$**	**13,559,652**	$	13,559,652
Other art collections		**498,692**		498,692
	$	**14,058,344**	$	14,058,344

6. *Employee Benefits Receivable and Accrued Employee Benefits*

Under the Lease and Funding Agreement between the Conservancy and the City, the City is responsible for funding all labour costs associated with CUPE 500 members who were previously employed by the City in Assiniboine Park Zoo and the Conservatory.

Accordingly, included in the employee benefits receivable is an amount due from the City of $55,526 which represents the vacation pay earned by CUPE 500 employees while they were employed by the City to September 30, 2010.

Under the collective agreements with CUPE 500, employees are also entitled to certain employee benefit payouts on retirement, which will be honored by the Conservancy at a future date when these employees retire.

Included in the employee benefits receivable is an amount of $114,801 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 2023 and therefore the receivable and liability are both recorded as long-term.

		2022		2021
Vacation pay receivable	**$**	**55,526**	$	55,526
Sick pay severance receivable		**114,801**		106,825
	$	**170,327**	$	162,351

7. *Deferred Contributions - Operating*

The balance in deferred contributions - operating at December 31, 2022 represents externally designated funds to be used to offset the following 2023 costs:

		2022		2021
Operating costs	**$**	**112,057**	$	107,336
Repairs and maintenance in Leo Mol Gardens		**15,987**		17,832
Education and accessibility costs		**487,000**		246,495
Conservation and research activities		**305,319**		341,137
	$	**920,363**	$	712,800

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, 2022, the amount owing on the loan is $12,975,000 (2021 - $3,121,000). 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 of December 31, 2022 the Conservancy had not drawn on this credit facility.

Interest on these loans is at Royal Bank of Canada Prime less 0.75%.

9. Advance from Province of Manitoba

In 2021, the Conservancy received a $10 million contribution from the Province of Manitoba for the development of the Canada's Diversity Gardens project (the "Project"). The terms of this contribution include a matching requirement whereby the Conservancy is entitled to keep $1 of the contribution for every $2 in additional funds raised for the Project. In the event that the conservancy does not raise the full amount of additional funding by March 31, 2023, the Conservancy will be required to repay the unmatched funding. As of December 31, 2022, the amount of unmatched funding which would be required to be repaid is $5,353,889 (2021 - $6,858,239).

Subsequent to year-end, the deadline to meet the matching requirement was extended by a year to March 31, 2024. The matching requirement was also reduced so that the Conservancy is entitle to keep $1 of the contribution for every $1 in additional funds raised for the Project. Subsequent to year-end, the Conservancy has met all matching requirements.

10. Deferred Contributions - Capital

During the year, the Conservancy received contributions totaling $11,691,283 (2021 - $21,641,110) 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.

	2022	2021
Balance, beginning of year	**$ 198,311,842**	$ 183,400,839
Contributions received	**10,186,933**	18,499,349
Advance from the Province of Manitoba	**-**	10,000,000
Advance from the Province of Manitoba - Unmatched	**-**	(6,858,239)
Advanced from the Province of Manitoba - Matched	**1,504,350**	-
Amortization of deferred contributions	**(8,375,610)**	(6,730,107)
Balance, end of year	**$ 201,627,515**	$ 198,311,842

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

11. City of Winnipeg

The City of Winnipeg is a significant operating partner of the Conservancy, providing a significant portion of its operating funding in 2022 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, 2022 are as follows:

City of Winnipeg balances

As described in Note 6, as of December 31, 2022, the Conservancy has a long-term receivable of $170,327 (2021 - $162,351) from the City relating to employee benefits for CUPE 500 employees who were previously employed by the City. The Conservancy also has $126,867 (2021 - $126,867) included in accounts receivable as of December 31, 2022 related to these employee benefits and $63,248 (2021 - $nil) related to a refundable building permit.

Included in accounts payable and accrued liabilities on December 31, 2022, are amounts due to the City of $74,951 (2021 - $47,487).

City of Winnipeg transactions

During the year, the Conservancy recognized funding received from the City into operating revenue of $12,032,128 (2021 - $11,710,000).

Additionally, during the year, the Conservancy received capital contributions of $5,400,000 (2021 - $5,100,000) 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 $12,394 (2021 - $2,869). Included in insurance are liability settlements paid to the City in the amount of $nil (2021 - $1,750). Included in operations expense are waste disposal, horticulture, maintenance and fleet costs paid to the City of $114,990 (2021 - $74,935). Included in utilities expense are water costs paid to the City of $554,591 (2021 - $587,531). Included in capital assets are costs paid to the City of $70,773 (2021 - $nil).

12. Endowments Held by the Winnipeg Foundation

The Conservancy is the beneficiary of six endowment funds (the "Funds"), held and controlled by the Winnipeg Foundation, as of December 31, 2022. The Winnipeg Foundation retains title to the investments and receives a management fee not to exceed one-half percent of the opening market value of the contributed capital in the Funds on October 1 each year. The Conservancy receives an annual income distribution based on the Winnipeg Foundation's income distribution policy, net of the management fee and investment fees.

12. Endowments Held by the Winnipeg Foundation (continued)

The market value of the Funds held on behalf of the Conservancy by The Winnipeg Foundation on December 31 are as follows:

	2022	2021
Lyric Program Fund	**$ 86,453**	$ 97,822
Assiniboine Park Bandshell Inc. Fund	**287,915**	325,779
Assiniboine Park Zoo Endowment Fund	**21,630**	24,474
Leo Mol Sculpture Garden Fund	**314,826**	356,227
Assiniboine Park Conservancy Fund	**61,317**	69,261
ParkShare Endowment Fund	**961,719**	1,017,563
	$ 1,733,860	$ 1,891,126

The Lyric Program Fund supports programs at the Lyric Theatre as well as its general operating and ongoing maintenance. The purpose of the Assiniboine Park Bandshell Inc. Fund is to support the ongoing maintenance, operation and programming at the Lyric Theatre. 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 $39,202 (2021 - $40,045) in income to the Conservancy from these Funds. In addition, $43,138 (2021 - $39,983) in income for the ParkShare Endowment Fund was capitalized. During the year, Assiniboine Park Conservancy Inc. transferred $3,469 (2021 - $3,513) to The Winnipeg Foundation in gifts received from donors in support of the ParkShare Endowment Fund.

13. Conservation and Research

During the year, $211,500 (2021 - $118,043) in deferred Conservation and Research grants and restricted gifts were included in revenue to offset current year Conservation and Research expenses of $211,500 (2021 - $118,043). In addition, operating funds were used to support Conservation and Research activities including animal rescue, research, salaries and supplies in the amount of $360,855 (2021 - $325,322).

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

	2022	2021
Red Panda Network	**$ -**	$ 2,595
Snow Leopard Trust	**-**	1,540
	$ -	$ 4,135

14. Interfund Transfers and Internally Restricted Net Assets

In the current year, the Board of Directors approved a transfer of $887,733 from the Internally Restricted Fund to unrestricted net assets to cover the operating deficit. In 2021, $3,475,000 in unrestricted net assets was transferred to the Internally Restricted Fund to support the fiscal stabilization reserve. The internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors.

15. Capital Management

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

16. Non-Monetary Transactions

During the year, the Conservancy received amounts for operating purposes of $117,987 (2021 - $79,436) without consideration.

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

17. Pension

The Conservancy maintains a defined benefit contribution pension plan for its union employees and a group RRSP plan for its non-union employees.

Employees who are part of the CUPE union are members of the Winnipeg Civic Employees Benefits Program. While the plan is a defined benefit pension plan, it is accounted for as a defined contribution plan given that it is a multi-employer plan which makes it difficult to differentiate the Conservancy's portion.

The Conservancy's pension contribution and expense for the year to the Winnipeg Civic Employees Benefits Program plan and the group RRSP plan was $875,724 (2021 - $781,795).

18. Commitments

Total contract values committed to undersigned agreements as of December 31, 2022, for work to be completed, is $100,000 (2021 - $8,952,261).

19. Contingencies

As of December 31, 2022, the Conservancy is seeking resolution on losses and damages incurred in connection to the construction delays related to the Leaf. Management is not able to estimate the likelihood of possible outcome, nor the possible settlement amounts from these matters, and therefore no adjustment or recoverable amount has been recorded in the financial statements.

19. Contingencies (continued)

During the year, a counterclaim was filed against the Conservancy by one of the named defendants in the matter noted above. The claimant is seeking damages for alleged additional design fees related to the completion of the project. Further, the Conservancy has been named as a co-defendant in a claim brought forward by one projects subcontractors, who is seeking final payment from the Construction Manager. Last, as a result of various contract settlement disputes between the Conservancy and Construction Managers as well as between the Construction Manager and its subcontractors, liens have been registered against the project as due process in seeking final payment for costs incurred for services and materials provided. The Conservancy has funds set aside for all certified amounts claimed by the Construction Manager. Management is not able to estimate the likelihood of possible outcome, nor the possible settlement amounts from these matters, and therefore no adjustment or recoverable amount has been recorded in the financial statements.

20. Financial Instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, the majority of the Conservancy's accounts receivable are from a large number of companies which minimizes credit risk.

Interest rate risk

Interest rate risk is the risk that arises on the Conservancy's earnings from fluctuations in interest rates and the degree of volatility of these rates. The Conservancy is exposed to interest rate risk on its cash and short-term investments and its notes payable. The Conservancy does not use derivative instruments to reduce this risk.

Liquidity risk

Liquidity risk is the risk that the Conservancy will encounter difficulty in meeting obligations associated with financial liabilities. The Conservancy is exposed to liquidity risk primarily from the accounts payable and accrued liabilities and notes payable. The Conservancy's objective is to have sufficient liquidity to meet its liabilities when due.

2022
Other

Detailed Financial Statements

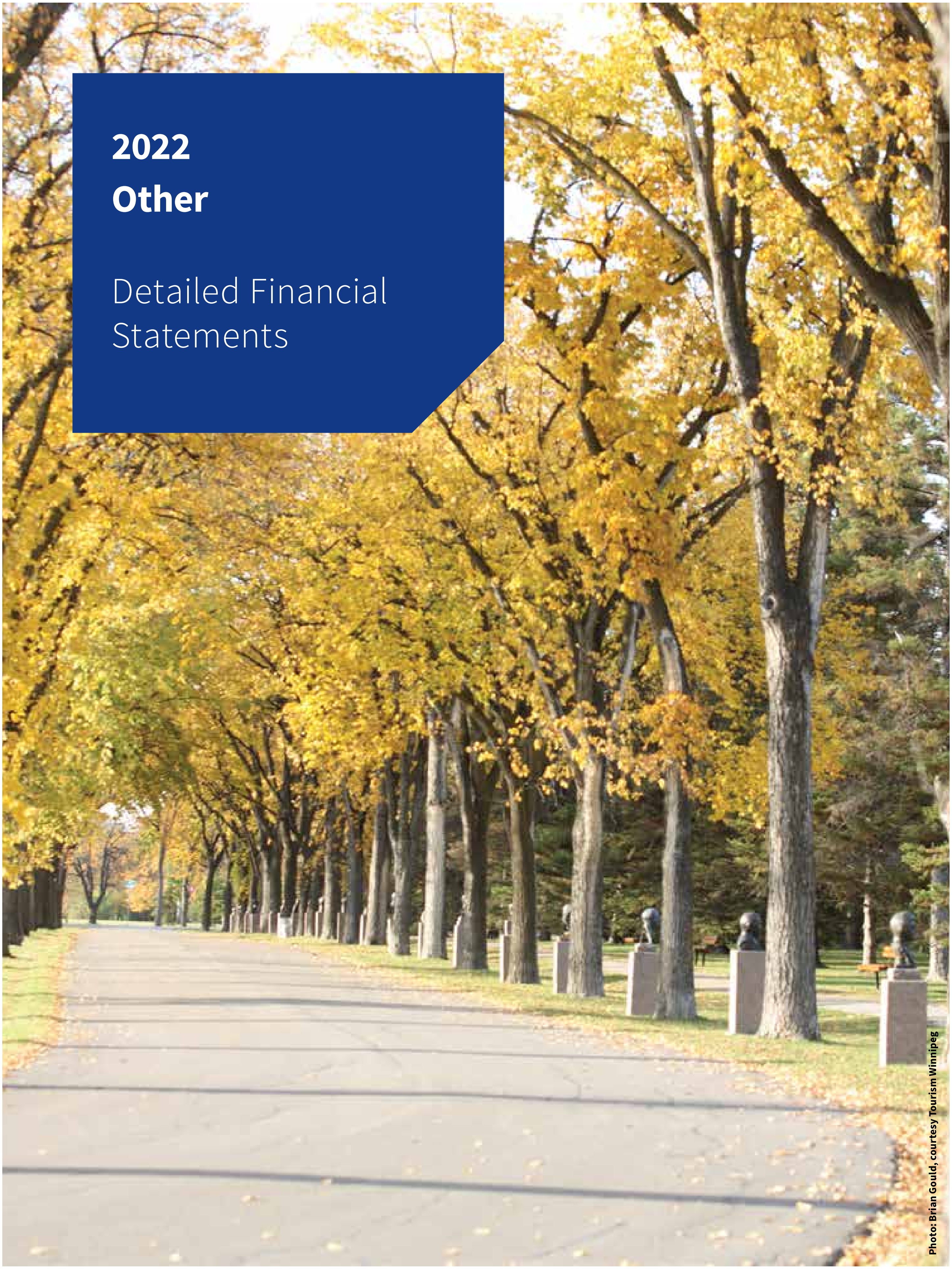


Photo: Brian Gould, courtesy Tourism Winnipeg

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022 with comparative information for 2021

	2022	2021
ASSETS		
Current assets:		
Cash	**$ 299,007**	$ 505,544
Investments (Note 3)	**1,922,110**	2,588,777
Accounts receivable (Note 4)	**1,647,822**	492,828
Prepaid expenses	**288,793**	410,740
	4,157,732	3,997,889
Capital assets (Note 5)	**713,615**	806,568
	$ 4,871,347	$ 4,804,457
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 365,946**	$ 181,901
Deferred rent	**50,299**	54,957
Deferred lease inducement	**177,147**	219,663
Deferred contributions:		
Future expenses (Note 6)	**423,800**	759,206
	1,017,192	1,215,727
Net assets:		
Invested in capital assets	**713,615**	806,568
Unrestricted	**2,440,540**	2,082,162
Internally restricted:		
Appropriated for sustainability reserve (Note 7)	**700,000**	700,000
	3,854,155	3,588,730
Commitments (Note 8)		
	$ 4,871,347	$ 4,804,457

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31, 2022 with comparative information for 2021

	2022	2021
REVENUE		
Funding:		
The City of Winnipeg	**$ 2,813,264**	$ 2,170,273
Province of Manitoba (Note 12)	**1,744,000**	1,764,000
Government of Canada	**1,682,141**	1,123,504
Partnerships and investors contributions	**2,312,934**	1,902,941
Interest	**23,970**	12,120
	8,576,309	6,972,838
EXPENDITURES		
Initiatives and marketing	**3,232,704**	1,981,181
Personnel	**4,238,291**	3,905,359
Administrative	**481,255**	445,224
Occupancy and facilities	**358,634**	361,146
	8,310,884	6,692,910
EXCESS OF REVENUE OVER EXPENDITURES	**$ 265,425**	$ 279,928

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2022 with comparative information for 2021

	Invested in Capital Assets	Unrestricted	Internally restricted	**2022 Total**	2021 Total
Balances, beginning of year	**$** 806,568	$ 2,082,162	$ 700,000	**$ 3,588,730**	$ 3,308,802
Excess (deficiency) of revenue over expenditures	(190,187)	455,612	-	**265,425**	179,928
Transfer for acquisition of capital assets	97,234	(97,234)	-	**-**	-
Balances, end of year	**$** 713,615	$ 2,440,540	$ 700,000	**$ 3,854,155**	$ 3,588,730

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2022 with comparative information for 2021

	2022	2021
Cash provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 265,425**	$ 279,928
Items not involving cash:		
Amortization of capital assets	**190,187**	151,460
Amortization of deferred rent	**(4,658)**	(3,175)
Amortization of deferred lease inducements	**(42,516)**	(42,515)
Change in non-cash operating working capital:		
Accounts receivable	**(1,154,994)**	(45,018)
Prepaid expenses	**121,947**	(357,978)
Accounts payable and accrued liabilities	**184,045**	(31,690)
Net decrease in deferred contributions future expenses	**(335,406)**	(774,707)
	(775,970)	(823,695)
CAPITAL ACTIVITIES		
Purchase of capital assets	**(97,234)**	(281,186)
Tenant inducements	**-**	42,383
	(97,234)	(238,803)
INVESTING ACTIVITIES		
Investments, net	**666,667**	1,110,000
INCREASE (DECREASE) IN CASH	**(206,537)**	47,502
CASH, beginning of year	**505,544**	458,042
CASH, end of year	**$ 299,007**	$ 505,544

See accompanying notes to financial statements

1. General:

Economic Development Winnipeg Inc. ("EDW" or the "Organization") is the City of Winnipeg's lead Organization for economic development and tourism development. EDW is an arm's length organization led by an independent private sector Board of Directors appointed by the members. The City of Winnipeg (the "City") and the Province of Manitoba (the "Province") are the members and provide core funding to the Organization.

EDW facilitates investment promotion and attraction, capacity building, marketing and the management of market information. EDW leads global investment attraction, and local business retention and expansion, with its Yes! Winnipeg sales team. EDW is also responsible for the City's tourism development activities, which it orchestrates through its Tourism Winnipeg team. Tourism Winnipeg's mission is to facilitate a healthy, prosperous, responsible and fully integrated tourism industry that enhances Winnipeg's economic growth.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of re-measurement gains and losses until they are realized when they are transferred to the Statement of Revenue and Expenditures.

The Organization did not incur any re-measurement gains and losses during the year ended December 31, 2022 (2021 - nil) and therefore a statement of re-measurement gains and losses is not required to be included in these financial statements.

2. *Significant accounting policies (continued):*

b) Financial instruments (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Revenue and Expenditures and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the Statement of Revenue and Expenditures.

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis to amortize the cost of the assets less their residual values over their estimated useful lives as follows:

Asset	Rate
Computer hardware and software	2 - 5 years
Office furniture and fixtures	5 years
Leasehold improvements	over the term of the related lease

d) Deferred rent:

As part of the Organization's operating premises lease, a period of free rent was incurred and is being amortized over the term of the related lease. This lease also has escalating rents which are expensed on a straight-line basis over the period of the lease.

e) Deferred lease inducement:

The Organization leases its office space. Landlord inducements are deferred and amortized as reductions to rent expense on a straight-line basis over the same period.

f) Income taxes:

The Organization is a not-for-profit organization under the *Income Tax Act* and, accordingly, is exempt from income taxes, providing certain requirements of the *Income Tax Act* are met.

2. Significant accounting policies (continued):

g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Investments:

Investments consist of investments in money market instruments aggregating $588,777 (2021 - $588,777) and cashable guaranteed investment certificates aggregating $1,333,333 (2021 - $2,000,000). The fair value of investments has been determined using Level 1 of the fair value hierarchy.

4. Accounts receivable:

	2022	2021
Province of Manitoba	**$ 150,000**	$ -
Prairies Economic Development Canada (PrairiesCan)	**1,144,537**	78,169
Other partnerships and investors contributions	**227,952**	317,744
Other receivables	**125,333**	96,915
	$ 1,647,822	$ 492,828

5. Capital assets:

	Cost	Accumulated Amortization	**2022 Net Book Value**	2021 Net Book Value
Computer hardware and software	$ 624,159	$ 296,389	**$ 327,770**	$ 314,152
Office furniture and fixtures	253,561	208,029	**45,532**	57,287
Leasehold improvements	1,038,460	698,147	**340,313**	435,129
	$ 1,916,180	$ 1,202,565	**$ 713,615**	$ 806,568

6. 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.

	2022	2021
Balance, beginning of year	**$ 759,206**	$ 1,533,913
Amounts received during the year	**2,108,150**	2,057,279
	2,867,356	3,591,192
Less: amounts recognized as revenue in the year	**(2,443,556)**	(2,831,986)
Balance, end of year	**$ 423,800**	$ 759,206

6. Deferred contributions - future expenses (continued):

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

	2022	2021
Province of Manitoba IPP Funding	**$ 318,800**	$ 400
Tourism Winnipeg Partner initiatives	**80,000**	548,172
Our Winnipeg Initiative	**25,000**	41,451
Open data project	**-**	99,183
Winnipeg Branding initiative	**-**	70,000
	$ 423,800	$ 759,206

7. Internally restricted:

Sustainability reserve:

In the year ended December 31, 2017, the Board approved an internally restricted sustainability reserve to be funded through a transfer from unrestricted net assets. The sustainability reserve was established to compensate for the unexpected fluctuations in revenue.

8. Commitments:

The Organization is committed under a lease for office space until February 2027 with minimum lease payments until maturity as follows:

2023	186,837
2024	186,837
2025	186,837
2026	186,837
2027	31,140

9. Segregated funds:

a) Special Event Marketing Fund:

The Organization holds funds that are segregated for partners (including the Organization) in a separate account for a special event marketing fund. This fund is held in interest-bearing accounts for the benefit of special event marketing activities. Payments to the special event marketing fund are based on recommendations approved by The City's council on October 22, 2008.

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

	2022	2021
Special event marketing fund:		
Balance, beginning of year	**$ 1,442,226**	$ 1,603,161
Funds received during the year	**371,773**	-
Funds used during the year	**(422,263)**	(164,917)
Interest earned	**11,691**	3,982
Balance, end of year, and amount of funds held	**$ 1,403,427**	$ 1,442,226

9. Segregated funds (continued):

a) Special Event Marketing Fund (continued):

The funds of $1,403,427 held on December 31, 2022 have been committed towards meetings and conventions planned during fiscal 2023. In addition, the following commitments have been entered into from the fund towards several meetings and conventions utilizing funds to be received within the fiscal years or carried over from the previous fiscal year:

The commitments related to future years are:

2023	$ 2,588,830
2024	625,682
2025	584,579

b) Workforce Development & Skills Initiative:

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

The Organization held funds that are segregated for the Retrain Manitoba Program. The program was funded by the Province through the Manitoba Chamber of Commerce in a separate account for the grants issued through the program. Payments to this fund were based on advances received by The Manitoba Chamber of Commerce. The program ended during the year ended December 31, 2022.

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

	2022	2021
Retrain Manitoba Program:		
Balance, beginning of year	**$ 1,057,674**	$ -
Funds received during the year	**6,519,112**	**7,000,000**
Funds disbursed during the year	**(7,576,786)**	**(5,942,326)**
Balance, end of year, and amount of funds held	**$ -**	$ 1,057,674

10. 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.

10. *Financial risks (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, 2022 is the carrying value of these assets.

At December 31, 2022, the amount of accounts receivable past due, net of the allowance for doubtful accounts, is $37,760 (2021 - $39,655)

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 2021.

(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 2023.

There have been no significant changes to the liquidity risk exposure from 2021.

11. *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 $127,168 (2021 - $114,971).

12. *Funding from the Province of Manitoba:*

During fiscal 2022, the Organization received funding under the Province of Manitoba's Industry Partnerships program, with total revenue recognized during fiscal 2022 of $1,594,000 (2021 - $1,594,000). The amount is represented by $637,600 recognized relating to the Province's 2021/22 fiscal year (April 1, 2021 to March 31, 2022), and $956,400 of revenue from the Province's 2022/23 current fiscal year (April 1, 2022 to March 31, 2023).

During the year, the Organization entered into a formal funding agreement with the Province for the funding to be received for the Province's 2022/23 fiscal year. The agreement includes the payment of three installments. The first installment was received on August 17, 2022 and the second installment was received on October 24, 2022. During the year, the Organization recognized $956,400 of the Province's 2022/23 funding, representing the period April 1, 2022 to December 31, 2022. The remainder of the 2022/23 funding will be recognized January 1, 2023 to March 31, 2023 including the final payment of $318,800 once the Province's reporting requirements are considered to be met.

12. Funding from the Province of Manitoba (continued):

The use of the funds provided by the 2022/23 Industry Partnership Program funding are as follows:

	Recognized in 2022	To be recognized in 2023	Total
Personnel	**$ 509,100**	**$ 339,400**	**$ 848,500**
Occupancy and facilities	**54,000**	**36,000**	**90,000**
Administrative	**45,000**	**30,000**	**75,000**
Initiatives and marketing	**348,300**	**232,200**	**580,500**
Total	**$ 956,400**	**$ 637,600**	**$ 1,594,000**

During fiscal 2021, the Organization recognized in revenue $160,000 from the Province for a Data Warehouse project and $10,000 for another project which is separate from the Industry Partnership's Program funding. During fiscal 2022, the Organization recognized in revenue $150,000 (2021 - nil) from the Province related to the three-year Work in Manitoba project that commenced in October 2022. At December 31, 2022, the Organization has recognized a receivable from the Province of $150,000 related to the three-year Work in Manitoba Project. This combined with the Industry Partnership Program funding provides for total revenue from the Province of $1,744,000 (2021 - $1,764,000) for the year ended December 31, 2022.

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 2022 audited financial statements of the Sinking Fund Trustees of The City of Winnipeg (the "Fund").

You will note in the financial statements that the Fund reported no net income or accumulated surplus for the year ended and as at December 31, 2022.

The total reserve for retirement of debenture debt is \$60,000,000 as at December 31, 2022 (2021 - \$60,000,000) which represents full funding of all future sinking fund installments and interest on the Winnipeg Hydro portion of the City's sinking fund debt, as provided for by the Manitoba Hydro Electric Board debentures held by the Fund.

As a result of the February 2029 debt being assumed by Manitoba Hydro, the role of the Sinking Fund Trustees is greatly reduced, as there are no investments to actively manage. Effective January 1, 2018, and thereafter, City Council will appoint four City of Winnipeg employees as Sinking Fund Trustees.

Respectfully submitted,

C. KLOEPFER, FCPA, CGA, FCA, ICD.D.
Chair

R. PROVENCHER, CPA, CMA
Secretary

Tanis Yanchishyn

T. YANCHISHYN, CPA, CA
Trustee

L. FISHER, CPA, CA
Trustee

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	2022	2021
ASSETS		
Cash (note 3)	**$ 5**	$ 6
Accrued interest receivable (note 5)	**1,474**	1,474
Investment in debentures (note 4)	**60,000**	60,000
	$ 61,479	$ 61,480
LIABILITIES AND RESERVE		
Due to City of Winnipeg (note 8)	**$ -**	$ 1
Accrued interest payable (note 5)	**1,474**	1,474
Accrued liabilities	**5**	5
	1,479	1,480
Reserve for retirement of debenture debt (note 6)	**60,000**	60,000
	$ 61,479	$ 61,480

See accompanying notes to the financial statements

THE SINKING FUND TRUSTEES
OF THE CITY OF WINNIPEG

STATEMENT OF INCOME

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

	2022	2021
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)	**6**	3
	6	3
Administration expenses	**6**	3
Net income for the year	**$ -**	$ -

See accompanying notes to the financial statements

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

STATEMENT OF CASH FLOWS

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

	2022	2021
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Change in non-cash operating accounts	**$ (1)**	$ (1)
(Decrease) increase in cash and short-term investments	**(1)**	(1)
Cash and short-term investments, beginning of period	**6**	7
Cash, end of period	**$ 5**	$ 6

See accompanying notes to the financial statements

THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2022
(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:

	2022		2021	
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, 2022 the Fund's maximum credit risk exposure at fair market value was $60 million (2021 - $60 million).

c) Other risk

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by the Trustees in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, performance and valuation of investments of the Fund in future periods.

5. *Purchase of Winnipeg Hydro by Manitoba Hydro*

Manitoba Hydro purchased Winnipeg Hydro from The City of Winnipeg on September 3, 2002. In accordance with the Asset Purchase Agreement between The City of Winnipeg and Manitoba Hydro and The Purchase of Winnipeg Hydro Act, a statute of the Legislature of the Province, the Sinking Fund is required to:

a) Hold the Manitoba Hydro Electric Board debentures issued by Manitoba Hydro to the City of Winnipeg in connection with the Winnipeg Hydro portion of the City of Winnipeg's debt. The debentures were issued for the purpose of enabling the City of Winnipeg to repay the Winnipeg Hydro portion of the City of Winnipeg's debt, and were issued with identical terms and conditions as to par value, interest and date of maturity as the Winnipeg Hydro portion of the City of Winnipeg's debt. The debentures are guaranteed by the Province and are non-transferable and non-redeemable prior to maturity. The debentures pay interest twice annually, in February and August, at a rate of 5.9%.

The book value of the Manitoba Hydro Electric Board debentures as at December 31, 2022 amounted to $60 million (2021 - $60 million).

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

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

Accrued interest receivable and identical offsetting accrued interest payable on the Manitoba Hydro debentures amounted to $1.5 million at December 31, 2022 (2021 - $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, 2022 the reserve for retirement of debenture debt is allocated towards Sinking Fund debentures as follows:

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

As at December 31, 2022, the reserve for retirement of debenture debt includes $60 million (2021 - $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.

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, 2022, the Fund and the City of Winnipeg entered into the following transactions:

The Fund paid $3.5 million (2021 - $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 $6 thousand (2021 - $3 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, 2022, the amount due to the City of Winnipeg is $nil (2021 - $1 thousand).


Photo: Tyler Walsh, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
SINKING FUND

STATEMENT OF FINANCIAL POSITION

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

	2022	2021
ASSETS		
Investment in bonds and debentures (Schedule 1)	**$ 265,513**	$ 238,476
Call loans - Sinking Fund (Note 3)	**1,826**	9,046
Call loans - Premium Offset Account (Note 3)	**(1,863)**	432
Accrued interest receivable	**1,836**	1,440
	$ 267,312	$ 249,394
LIABILITIES		
Premium on Long Term Debt (Note 5)	**$ 105,686**	$ 109,475
RESERVE		
Reserve for retirement of debenture debt	**152,456**	132,050
Premium Account Surplus	**9,170**	7,869
	$ 267,312	$ 249,394

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)

	2022	2021
Balance, beginning of year	**$ 132,050**	$ 112,882
Add:		
Installments - General Revenue Fund	**6,359**	6,359
Installments - Sewage Disposal System	**3,029**	3,029
Installments - Waterworks System	**2,836**	2,836
Installments - Reserves	**1,681**	1,681
Installments - Transit System	**1,518**	1,518
Installments - Municipal Accommodations	**739**	739
Installments - Solid Waste Disposal System	**237**	237
Interest income- Sinking Fund	**4,495**	3,632
Interest income- Premium Account	**1,302**	1,134
Interest income - Call Fund Interest	**34**	3
Gain on sale of assets- Premium Account	**-**	1,143
Gain on sale of assets- Sinking Fund	**-**	34
Premium Account (Surplus)	**(1,302)**	(2,932)
	152,978	132,295
Deduct:		
Transfer to General Revenue Fund - investment management fees	**522**	245
Balance, end of year	**$ 152,456**	$ 132,050

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
SINKING FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)
(unaudited)

1. Status of The City of Winnipeg Sinking Fund

The City of Winnipeg Act was repealed by the Province of Manitoba ("Province") effective January 1, 2003 and replaced by The City of Winnipeg Charter, a statute of the Province. Under the new charter the Public Service became responsible for managing the sinking funds of any sinking fund debenture issued after January 1, 2003.

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

Management assessed the financial impact on the Fund and as at December 31, 2022, the Fund did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with the significant accounting policies summarized as follows:

a) Bonds and debentures

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

b) Bond residues and coupons

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

3. Call Loans - General Revenue Fund

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

4. *Interest Rate and Credit Risk*

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by short-term changes in nominal interest rates.

The effective rate of interest earned by the Fund for the year ended December 31, 2022 was 4.59% (2021 - 2.65%).

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2022 are as follows:

Term To Maturity	Par Value	Book Value
Greater than five years	$ 246,654	$ 265,513

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, 2022 the Fund's maximum credit risk exposure at fair market value was $214,917 thousand.

The Fund limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy adopted by City Council.

5. *Debt*

Included in the Statement of Financial Position is a premium on long term debt issued between 2012 and 2020 offset by investments that will be used for making semi-annual debt service payments on the sinking fund debentures.

6. *Comparative Figures*

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

THE CITY OF WINNIPEG
SINKING FUND

Schedule 1

SCHEDULE OF INVESTMENTS

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

	2022					2021	
	Par Value	**Market Value**	**%**	**Book Value**	**%**	Book Value	%
Investment in bonds and debentures							
Sinking Fund							
Other Municipalities	**$ 96,354**	**$ 82,629**	**39**	**$ 99,863**	**38**	$ 78,635	33
City of Winnipeg	**32,362**	**32,649**	**15**	**36,989**	**14**	30,890	13
Provincial and Provincial guaranteed	**13,100**	**10,059**	**5**	**12,596**	**5**	12,570	5
Premium Offset Account							
Other Municipalities	**43,300**	**34,577**	**16**	**45,822**	**17**	45,884	19
City of Winnipeg	**34,038**	**33,779**	**16**	**42,748**	**16**	43,002	18
Provincial and Provincial guaranteed	**27,500**	**19,424**	**9**	**27,495**	**10**	27,495	12
	$ 246,654	**$ 213,117**	**100**	**$ 265,513**	**100**	$ 238,476	100

THE CITY OF WINNIPEG
SINKING FUND

Schedule 2

SCHEDULE OF INTEREST INCOME

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

	2022	2021
Interest on bonds and debentures- Sinking Fund	**$ 4,495**	$ 3,632
Interest on bonds and debentures- Premium Account	**1,302**	1,134
Call fund interest	**34**	3
	$ 5,831	$ 4,769

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	2022	2021
ASSETS		
Current		
Cash	**$ 1,366,894**	$ 2,757,295
Short-term investments	**2,830,301**	2,589,168
Accounts receivables (Note 4)	**527,346**	1,081,320
Inventory	**15,899**	36,523
Current portion of receivable from developers (Note 5)	**169,232**	161,078
Prepaids and other	**275,626**	263,155
	5,185,298	6,888,539
Non-current		
Receivable from developers (Note 5)	**282,672**	451,904
Property and equipment (Note 6)	**14,748,979**	15,095,886
Investments in properties and infrastructure enhancements (Note 7)	**58,865,036**	58,874,640
	$ 79,081,985	$ 81,310,969
LIABILITIES		
Current		
Trade and other payables (Note 8)	**$ 3,142,258**	$ 3,170,107
Funds held in trust	**164,281**	128,771
Deferred revenue	**325,106**	279,528
Current portion of long-term debt (Note 9)	**561,773**	530,811
Current portion of lease liabilities (Note 13)	**150,280**	130,462
	4,343,698	4,239,679
Non-current		
Long-term debt (Note 9)	**7,269,185**	7,830,958
Lease liabilities (Note 13)	**645,877**	458,948
Prepaid land rents	**586,353**	594,440
Deferred contributions	**7,702,109**	8,717,645
	20,547,222	21,841,670
EQUITY		
Share capital (Note 10)	**3**	3
Donated land (Note 12)	**8,000,000**	8,000,000
Contributed surplus	**39,310,266**	39,310,266
Retained earnings	**11,224,494**	12,159,030
	58,534,763	59,469,299
	$ 79,081,985	$ 81,310,969

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, 2022

	2022	2021
REVENUE		
The Forks Market	**$ 4,581,945**	$ 3,605,734
Parking	**4,229,165**	3,539,260
Lease	**1,341,491**	1,346,901
Events, sponsorship, grants and recoveries	**859,108**	2,217,903
Rental	**521,743**	520,267
Investment income	**108,034**	95,426
	11,641,486	11,325,491
EXPENSES		
The Forks Market	**3,014,235**	2,599,577
Parking	**2,485,516**	2,371,581
General and administrative	**1,687,068**	1,618,926
The Forks Site and events	**1,577,156**	1,650,545
Security services	**738,890**	512,392
Rental	**193,285**	161,213
Marketing and communications	**143,275**	53,970
Planning and development	**113,336**	196,320
Prior year expenses (recoveries)	**83,355**	(82,238)
Investment costs	**3,788**	3,788
	10,039,904	9,086,074
OPERATING INCOME BEFORE THE FOLLOWING	**1,601,582**	2,239,417
OTHER INCOME (EXPENSE)		
Interest on long-term debt	**(458,166)**	(487,570)
Gain loss on short-term investments	**163,482**	429,854
Depreciation and amortization	**(3,306,970)**	(3,318,525)
Amortization of deferred contributions	**1,065,536**	1,148,476
Donations	**-**	(225,195)
	(2,536,118)	(2,452,960)
Deficiency of revenues over expenses	**$ (934,536)**	$ (213,543)

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2022

	Share Capital	Donated Land	Contributed Surplus	Retained Earnings	2022 Total	2021 Total
Balance, beginning of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 12,159,030**	**$ 59,469,299**	$ 59,682,842
Deficiency of revenues over expenses	**-**	**-**	**-**	**(934,536)**	**(934,536)**	(213,543)
Balance, end of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 11,224,494**	**$ 58,534,763**	$ 59,469,299

See accompanying notes to the consolidated financial statements.

NORTH PORTAGE DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	**$ (934,536)**	$ (213,543)
Depreciation and amortization	**3,306,970**	3,318,525
Amortization of prepaid finance costs	**3,789**	3,788
Amortization of deferred contributions	**(1,065,536)**	(1,148,476)
Gain on disposition of short-term investments	**(163,482)**	(429,854)
	1,147,205	1,530,440
Changes in working capital accounts		
Accounts receivable	**553,974**	(223,301)
Inventory	**20,624**	(31,907)
Prepaids and other	**(12,471)**	11,741
Trade and other payables	**(27,849)**	204,609
Funds held in trust	**35,510**	7,455
	1,716,993	1,499,037
FINANCING ACTIVITIES		
Repayment of long term debt	**(534,600)**	(505,333)
Prepaid land rents	**(8,087)**	(8,086)
Deferred revenue	**45,578**	(59,701)
Deferred contributions received	**50,000**	185,499
Repayments to lease liabilities	**(148,346)**	(145,643)
	(595,455)	(533,264)
INVESTING ACTIVITIES		
Purchase of property and equipment and infrastructure enhancements	**(2,595,366)**	(792,586)
Proceeds from disposition (purchase) of short term investments (net)	**(77,651)**	(53,648)
Proceeds from repayment of developer receivables	**161,078**	153,316
	(2,511,939)	(692,918)
Increase in cash	**(1,390,401)**	272,855
Cash, beginning of year	**2,757,295**	2,484,440
Cash, end of year	**$ 1,366,894**	$ 2,757,295

See accompanying notes to the consolidated financial statements.

1. Nature of operations

Mission

The mission of the organization is to act as a catalyst, encouraging activities for people in the downtown area through public and private partnerships and revitalization strategies, and to work to ensure financial self-sufficiency.

North Portage Development Corporation shall be a centre of commerce, culture and living, integrated to form a diverse downtown community through a mixture of public uses including: residential, educational and entertainment facilities.

The Forks shall be developed as a "Meeting Place", a special and distinct, all season gathering and recreational place at the junction of the Red and Assiniboine Rivers, through a mixed use approach including recreational, historical and cultural, residential and institutional and supportive commercial uses.

Company background

North Portage Development Corporation (the "Company" or "NPDC") was incorporated under the Corporations Act of Manitoba on December 13, 1983 and owns land and parking facilities in the North Portage area of Winnipeg, Canada. NPDC is owned equally by the Government of Canada, the Province of Manitoba and the City of Winnipeg.

The Forks Renewal Corporation ("FRC"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on July 24, 1987 and owns land known as The Forks Winnipeg, Canada, and operates The Forks Market.

Manitou Theatre Management Ltd. ("MTML"), previously named North Portage Theatre Corporation, a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on May 27, 1986 and owns the IMAX Theatre at Portage Place, Winnipeg, Canada.

3898211 Manitoba Ltd., a subsidiary of MTML, was incorporated under the Corporations Act of Manitoba on September 16, 1998 and operated the IMAX Theatre at Portage Place, Winnipeg, Canada.

FNP Parking Inc. ("FNP"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on November 6, 2006 and operates various parking locations in downtown Winnipeg, Canada including The Forks.

The Corporation is not subject to tax under provision 149(1)(d) of the Income Tax Act.

The head office for NPDC is 130-123 Main Street, Winnipeg, Manitoba, Canada.

The consolidated financial statements for the year ended March 31, 2022 were approved by the Board of the Company on June 23, 2022

2. *Basis of preparation*

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, under the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out in the notes.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful debts is provided where considered necessary. Inventory is valued at the lower of cost and net realizable value. Management has estimated the net realizable value of inventory based on an estimate of future sales prices less selling costs. Depreciation and amortization are based on the estimated useful lives of property and equipment and investment in properties and infrastructure enhancements.

3. *Summary of significant accounting policies*

The principle accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries 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.

3. *Summary of significant accounting policies (Continued from previous page)*

Basis of consolidation (continued from previous page)

The Company determines whether it is a parent by assessing whether it controls an investee. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Statement of compliance

The financial statement of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies have been applied consistently in all material respects.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Company at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in profit or loss for the current period.

Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the items' fair value was determined. Translation gains and losses are included in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Rental and parking income

Rental income (including The Forks Market revenue) and monthly parking income is recognized in the period in which the rental agreement relates. Casual parking income is recognized at the time payment is received from the customer.

Investment income

Investment income is recognized over the passage of time using the effective interest method.

Events, sponsorship, grants and recoveries

Events, sponsorship, government grants and recoveries are recognized in the period in which the related event occurs.

3. Summary of significant accounting policies (Continued from previous page)

Revenue recognition (continued from previous page)

Deferred revenue

Deferred revenue consists of advance payments received and is recognized as revenue in the period in which the related event occurs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks, net of any outstanding cheques. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses.
Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

All assets having limited useful lives are depreciated over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use.

The methods of depreciation and useful life applicable for each class of asset during the current and comparative period are as follows:

	Method	**Rate**
Plant and equipment	straight line	3-40 years
Equipment previously under finance lease	straight line	5 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

Property under construction

Items of property under construction are recorded at cost and are not amortized until they are complete and transferred to the appropriate category of asset.

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).

3. Summary of significant accounting policies (Continued from previous page)

Impairment of tangible assets (continued from previous page)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income.

Investment in properties and infrastructure enhancements

Investment in properties and infrastructure enhancements are stated at cost less accumulated depreciation and impairment losses. Cost includes transaction costs of acquisition.

The methods of depreciation and useful life applicable for each class of asset during the current and comparative period are as follows:

	Method	**Rate**
Buildings	straight line	20-40 years
Infrastructure enhancements	straight line	40 years

Borrowing costs

Borrowing costs are expensed as incurred except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale.

Borrowing costs are capitalized into the cost of qualifying assets until they are ready for their intended use or sale. All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

Leases

The Company assesses at inception of a contract, whether the contract is, or contains a lease.
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

3. *Summary of significant accounting policies (Continued from previous page)*

Leases (continue from previous page)

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

This policy is applied to contracts entered into, or changed, on or after April 1, 2019.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment and investment in properties and infrastructure enhancements.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability are comprised of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

The Company remeasures the lease liability when there is a change in the lease term, a change in the Company's assessment of an option to purchase the underlying asset, a change in the Company's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. *Summary of significant accounting policies (Continued from previous page)*

Leases (continued from previous page)

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term leases and low value leases. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5,000 or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, accounts receivable, and receivables from developers.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

3. Summary of significant accounting policies (Continued from previous page)

Financial assets (continued from previous page)

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of short-term investments.

- Designated at fair value through profit or loss - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Refer to Note 17 for more information about financial instruments held by the Company, their measurement basis, and their carrying amount.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, how performance of the portfolio is evaluated, risks affecting the performance of the business model, how managers of the business are compensated and the significance and frequency of sales in prior periods.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

3. Summary of significant accounting policies (Continued from previous page)

Financial assets (continued from previous page)

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable and receivables from developers. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, or requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial asset(s).

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 17 for additional information about the Company's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

3. Summary of significant accounting policies (Continued from previous page)

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and its is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlements is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses as related costs for which funded expenditures are incurred. Government grants are recognized when there is reasonable assurance that the Company will comply with the terms and conditions associated with the grants and the grants will be received.

3. *Summary of significant accounting policies (Continued from previous page)*

Government grants (continued from previous page)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost comprises all costs of purchases, costs of conversion and other costs incurred in bringing inventories to their present location and condition.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2022 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

Annual Improvements to IFRSs 2018-2020 Cycle

The Annual Improvements to IFRSs 2018-2020 Cycle, issued in May 2020, include a series of amendments to IFRSs in response to issues addressed during the 2018-2020 cycle as follows:

IFRS 9 Financial Instruments
The amendments clarify which fees an entity includes when performing the 10 percent test used to determine whether to derecognize a financial liability. An entity shall include only the fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or lender on the other's behalf.

IFRS 16 Leases
The amendments resolve the potential for confusion regarding the treatment of lease incentives by amending illustrative Example 13 to remove the reimbursement of leasehold improvements by the lessor.

These amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in January 2020, provide clarification on the requirements for classifying liabilities as either current or non-current.

3. Summary of significant accounting policies (Continued from previous page)

IAS 1 Presentation of Financial Statements (Continued from previous page)

The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has not yet determined the impact of these amendments on its consolidate financial statements.

IAS 16 Property, Plant, and Equipment

Amendments to IAS 16, issued in May 2020, prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be available for use. Instead, the proceeds from selling such items, and the costs of producing those items, would be recognized in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

4. Accounts receivable

	2022	2021
Trade receivables	**$ 276,339**	$ 354,951
Goods and services tax recoverable	**63,522**	42,155
Other receivables	**221,242**	717,971
Allowance for doubtful accounts	**(33,757)**	(33,757)
	$ 527,346	$ 1,081,320

The credit period on sale of goods and services is 30 days. The Company has recognized an allowance for doubtful debts against all receivables over 120 days because experience has shown that those amounts are not recoverable. Allowances for doubtful debts are recognized against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience.

Aging of trade receivables that are past due but not impaired:

	2022	2021
31-60 days	**$ 189,764**	$ 203,511
61-90 days	**14,599**	24,560
91+ days	**-**	114,044
	$ 204,363	$ 342,115

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

In respect of other receivables, the Company is not exposed to any significant credit risk to any single counterparty.

5. Receivable from developers

Amounts consist of the repayment of the rehabilitation costs from the developers adjacent to the streets located on the North Portage site. The below balances are unsecured.

	2022	2021
Receivable from developers bearing interest at 5%, repayable at $20,614 per month (2021 - $20,614), maturing December 2024.	**$ 451,904**	$ 612,982
Current portion of receivable from developers	**(169,232)**	(161,078)
	$ 282,672	$ 451,904

6. Property and equipment

	2022	2021
Land	**$ 9,058,281**	$ 9,058,281
Property under construction	**688,649**	474,577
Plant and equipment	**4,525,666**	5,008,335
Right-of-use Asset	**476,384**	554,693
Net book value	**$ 14,748,980**	$ 15,095,886

For additional information, see the Consolidated Schedule of Property and Equipment (Schedule 1).

7. Investment in properties and infrastructure enhancements

	2022	2021
Land	**$ 27,671,572**	$ 27,671,572
Building	**17,699,074**	18,644,899
Property under construction	**3,657,780**	2,883,904
Infrastructure enhancements	**9,499,272**	9,627,887
Right-of-use Asset	**337,338**	46,378
Net book value	**$ 58,865,036**	$ 58,874,640

For additional information, see the Consolidated Schedule of Investment in Properties and Infrastructure Enhancements (Schedule 2).

8. Trade and other payables

	2022	2021
Trade accounts payables	**$ 1,074,600**	$ 807,279
Accrued liabilities	**1,998,408**	2,309,912
Government remittances payable	**69,250**	52,916
	$ 3,142,258	$ 3,170,107

The average credit period on purchases is 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit terms.

9. *Long-term debt*

	2022	2021
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $82,940. The loan matures on September 1, 2032 and is secured by a general security agreement together with a first charge on the following lease agreements: Cityscape Residence Corp., The Kiwanis Club of Winnipeg Seniors Building Inc., Fred Douglas Place Ltd. and Portage Place Centre Inc.	**$ 7,867,555**	$ 8,402,155
Less: current portion	**561,773**	530,811
Less: financing fees	**36,597**	40,386
	$ 7,269,185	$ 7,830,958

Principal repayment on long-term debt in each of the next five years are estimated as follows:

2023	561,773
2024	598,316
2025	631,967
2026	669,625
2027	708,407
Thereafter	4,697,467
	$ 7,867,555

10. *Share capital*

	2022	2021
Common shares 3 (2021-3)	**$ 3**	$ 3

11. *Government contributions*

	2022	2021
Amounts included in deferred contributions	**$ 6,257,869**	$ 7,468,403
Contributions received in the year	**332,748**	1,788,150
Amounts recognized in income in prior years	**76,946,420**	74,797,944
Annual amortization of deferred contributions	**1,065,536**	1,148,476
Amounts recognized in income in the current year	**(233,000)**	(1,788,150)
Donated land	**8,000,000**	8,000,000
Contributed surplus	**39,310,266**	39,310,266
	$ 131,679,839	$ 130,725,089

12. Donated land

The Company acquired title and possession of 55.9 acres of land donated by the Government of Canada, the Province of Manitoba and the City of Winnipeg as follows:

	Government of Canada	City of Winnipeg	From Core Area Initiative	Total
Acres	49.0	3.9	3.0	55.9

These lands were acquired pursuant to the Land Exchange Agreement. Donated land was recorded at fair market value as approved by the FRC Board of Corporation on June 5, 1989. During the 1992/93 fiscal year, 3.8 acres of Pioneer Blvd. and The Forks Market Road were dedicated as public rights-of-way to The City of Winnipeg. During 2003, 0.5 acres of donated land were transferred to the City of Winnipeg. During 2007, 1.65 acres of donated land was sold to the City of Winnipeg. The remaining lands under FRC's ownership are 49.95 acres.

13. Lease liabilities

Leases as lessee

The Company leases buildings. The lease terms span up to 6 years and include options to renew for an additional 5 years after the end of the committed contract terms.

Right-of-use assets

Right-of-use assets of the Company have been presented within property and equipment and Investment in properties and infrastructure enhancements in the statement of financial position. Refer to notes 6 and 7 for information pertaining to right-of-use assets arising from lease arrangements in which the entity is a lessee.

The following table sets out a maturity analysis of lease liabilities:

Maturity analysis - contractual undiscounted cash flows	**2022**
Less than one year	**$ 164,390**
One to five years	**784,940**
More than five years	**8,427**
Total undiscounted lease liabilities at March 31, 2022	**$ 957,757**
Lease liabilities included in the statement of financial position at March 31, 2022	**$ 796,157**
Current	**$ 150,280**
Non-current	**$ 645,877**

13. Lease liabilities (continued from previous page)

Amounts recognized in income

The Company has recognized the following amounts in the consolidated income statement and other comprehensive income:

	2022
Interest expense on lease liabilities	**$ 13,532**

Amounts recognized in the consolidated statement of cash flows

The Company has recognized the following amounts in the consolidated statement of cash flows.

	2022
Total cash outflow for leases	**$ 161,877**

14. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Those responsible for governance were asked to disclose the organizations for which they, their immediate family members, and their dependents have control or influence. No such related parties were declared, as such there are no related party transactions to disclose.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2022	2021
Wages and other short-term benefits	**$ 638,649**	$ 646,274

15. Management Capital

The Company's capital consists of contributed surplus and donated land equity. Donated land was recorded at fair value, as approved by the Board of Corporation in FRC, in 1989.

The capital structure of the Company is comprised of the following:

	2022	2021
Total debt and deferred shareholder contributions	**$ 16,178,944**	$ 17,617,802
Shareholders' equity	**58,301,337**	59,469,299
	$ 74,480,281	$ 77,087,101

15. Management Capital (continued from previous page)

The Company's objective in managing capital is to safeguard its ability to continue as a going concern, in order to carry out its mission as described in Note 1.

The Company prepares a budget each year, allocating expenses to revenue they expect to earn and funding it expects to receive.

The Company monitors capital from time-to-time using a variety of measures which are applicable to its industry. Monitoring procedures are typically performed as a part of the overall management of operations and are performed with the goal of enhancing the ability of the Company to reduce the cost of capital. An investment policy is in place to guide the Company in the management of surplus funds. These guidelines ensure that capital is preserved, rates of return are maximized and funds are available as needed.

16. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instruments fails to discharge its contractual obligations.

The maximum exposure of the Company to credit risk as of March 31, 2022 is $762,000 (2021 - $988,854).

The Company is not exposed to significant credit risk since the receivables are with a significant number of customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through normal operating and financing activities.

16. Financial instruments (continued from previous page)

The Company is exposed to interest rate risk with respect to cash, investments, receivables from developers, and long-term debt.

Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the operability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company does not have any financial instruments in the Level 3 category and there were no transfers between Levels during the year.

The short term investments are classified as Level 1. The carrying value of the short term investments is valued based upon the market to market basis of accounting for investment values using quoted prices of the individual investments in an active market.

The Company's Level 2 financial instruments consist of accounts receivable, trade and other payables, receivable from developers, long-term debt and funds held in trust. The carrying values of accounts receivable, trade and other payables, receivable from developers and funds held in trust approximate their fair value due to the immediate or short-term nature maturity of these instruments.

Financial instruments measured at amortized cost for which the fair value is disclosed

The fair value of the long term receivables and long term debt are impacted by changes in market yields which can result in differences between the carrying value and the fair value of the instruments. The fair value of the long term receivables and long term debt have been estimated based on the current market rates for mortgages and loans of similar terms and conditions.

The estimated fair value at March 31, 2021 of the receivable from developers is $451,904 (2020 - $612,982) and long-term debt is $7,830,958 (2020 - $8,361,769).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

16. Financial instruments (continued from previous page)

	< 1 year	1-2 years	> 3 years	Total
Trade and other payables	$ 3,142,258	$ -	$ -	**$ 3,142,258**
Funds held in trust	164,281	-	-	**164,281**
Lease liabilities	150,280	294,727	351,150	**796,157**
Total	$ 3,456,819	$ 294,727	$ 351,150	**$ 4,102,696**

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company enters into transactions for short-term investments, for which the market price fluctuates.

17. Significant event

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had significant impacts on businesses and not-for-profit organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The COVID-19 outbreak has had a significant impact on the Company's operations due to restrictions on gatherings and capacity. At year-end there continues to be an impact on operations and at this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

NORTH PORTAGE DEVELOPMENT CORPORATION

Schedule 1

CONSOLIDATED SCHEDULE OF PROPERTY AND EQUIPMENT

	Land	Property under Construction	Plant and Equipment	Equipment Previously Under Finance Lease	Right -of-use Asset	Total
Cost						
Balance March 31, 2021	$ 9,058,281	$ 474,577	$ 23,555,671	$ 643,037	$ 711,313	$ 34,442,879
Additions	-	1,176,313	68,102	-	-	1,244,415
Disposals		-	-	(12,651)		(12,651)
Transfer to plant and equipment	-	(74,953)	74,953	-	-	-
Transfer to investment in properties and infrastructure enhancements, net	-	(887,288)	-	-	-	(887,288)
Balance March 31, 2022	**9,058,281**	**688,649**	**23,698,726**	**630,386**	**711,313**	**34,787,355**
Depreciation and impairment losses						
Balance March 31, 2021	-	-	18,547,336	643,037	156,620	19,346,993
Depreciation charge for the year	-	-	625,724	-	78,309	704,033
Disposals	-	-	-	(12,651)	-	(12,651)
Balance March 31, 2022	-	-	**19,173,060**	**630,386**	**234,929**	**20,038,375**
Net book value						
Balance March 31, 2022	**$ 9,058,281**	**$ 688,649**	**$ 4,525,666**	**$ -**	**$ 476,384**	**$ 14,748,980**

NORTH PORTAGE DEVELOPMENT CORPORATION

Schedule 2

CONSOLIDATED SCHEDULE OF INVESTMENT IN PROPERTIES AND INFRASTRUCTURE ENHANCEMENTS

	Land	Building	Property under Construction	Infrastructure Enhancements	Right-of use Asset	Total
Cost						
Balance March 31, 2021	$ 28,203,066	$ 32,871,805	$ 2,883,904	$ 59,219,037	$ 170,052	$ 123,347,864
Additions	-	77,318	773,876	499,758	355,092	1,706,044
Disposals					(170,052)	(170,052)
Transfer from property and equipment, net	-	526,423	-	360,865	-	887,288
Balance March 31, 2022	**28,203,066**	**33,475,546**	**3,657,780**	**60,079,660**	**355,092**	**125,771,144**
Accumulated amortization						
Balance March 31, 2021	531,494	14,226,906	-	49,591,150	123,674	64,473,224
Amortization for the year	-	1,549,566	-	989,238	64,132	2,602,936
Disposals	-	-	-	-	(170,052)	(170,052)
Balance March 31, 2022	**531,494**	**15,776,472**	**-**	**50,580,388**	**17,754**	**66,906,108**
Net book value						
Balance March 31, 2022	**$ 27,671,572**	**$ 17,699,074**	**$ 3,657,780**	**$ 9,499,272**	**$ 337,338**	**$ 58,865,036**

Photo: Dan Harper, courtesy Tourism Winnipeg

THE CITY OF WINNIPEG
COUNCIL PENSION BENEFITS PROGRAM
(Established under By-law 7869/2001)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2022	2021
ASSETS		
Investments		
Cash and short-term deposits (Note 3d)	**$ 753,240**	$ 674,168
Canadian securities (Note 3d)	**6,966,772**	7,550,124
	7,720,012	8,224,292
Accrued interest	**54,342**	47,820
Due from the City of Winnipeg (Note 6)	**26,539**	-
Total Assets	**7,800,893**	8,272,112
LIABILITIES		
Commuted value benefit payable (Note 4)	**541,570**	-
Accounts payable and accrued liabilities	**59,966**	77,837
Total Liabilities	**601,536**	77,837
NET ASSETS AVAILABLE FOR BENEFITS	**7,199,357**	8,194,275
OBLIGATION FOR PENSION BENEFITS (Note 5)	**6,947,856**	8,072,433
NET ASSETS AVAILABLE FOR BENEFITS LESS OBLIGATION FOR PENSION BENEFITS	**$ 251,501**	$ 121,842

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

	2022	2021
INCREASE IN NET ASSETS		
Contributions		
The City of Winnipeg (Note 6)	**$ 554,703**	$ 523,842
Program members	**136,500**	129,370
	691,203	653,212
Investment income from		
Canadian securities	**136,086**	118,994
Cash and short-term deposits	**11,386**	62
	147,472	119,056
Current period change in fair value of investments	**-**	524,783
Total increase in net assets	**838,675**	1,297,051
DECREASE IN NET ASSETS		
Administrative expenses		
Actuarial fees	**37,137**	66,289
Investment management, audit and administrative fees	**20,872**	19,200
Legal fees	**305**	18,474
	58,314	103,963
Benefit payments		
Commuted value - assigned and other benefit payments (Note 4)	**541,570**	288,398
Pension payments	**154,890**	152,134
	696,460	440,532
Current period change in fair value of investments	**1,078,819**	-
Total decrease in net assets	**1,833,593**	544,495
Net (decrease) increase in net assets available for benefits	**(994,918)**	752,556
Net assets available for benefits at beginning of year	**8,194,275**	7,441,719
Net assets available for benefits at end of year	**$ 7,199,357**	$ 8,194,275

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

	2022	2021
OBLIGATION FOR PENSION BENEFITS AT BEGINNING OF YEAR	**$ 8,072,433**	$ 7,742,174
Benefits accrued	**655,918**	656,233
Interest accrued on benefits	**354,403**	318,982
Experience gains and losses	**(199,774)**	167,830
Benefit payments	**(696,460)**	(440,532)
Changes in the actuarial assumptions	**(1,238,664)**	(372,254)
OBLIGATION FOR PENSION BENEFITS AT END OF YEAR	**$ 6,947,856**	$ 8,072,433

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, 2022

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. The plan is regulated under the Income Tax Act (Canada).

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 or whom a deferred pension has been granted is re-elected, the Program member's pension will be suspended if they are receiving one, prior to the Program member becoming an elected official with the City, and their years of credited service will be added to the Program member's years of credited service after re-election.

h) Administration

The Program is administered by the Council Pension Benefits Board ("Board") which is comprised of three representatives appointed by the Council, only one of whom may be a Councillor, and the Chief Financial Officer of the City or their designate.

2. Significant Accounting Policies

a) Basis of presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Program as a separate financial reporting entity, independent of the sponsor and Program members. They are prepared to assist Program members and others in reviewing the activities of the Program for the fiscal period. These financial statements are prepared in accordance with Canadian accounting standards for pension plans. In selecting accounting policies that do not relate to its investment portfolio or pension obligations the program applies on a consistent basis Canadian accounting standards for private enterprises ("ASPE").

b) Financial instruments

i) Initial measurement

Financial instruments are measured at fair value on origination or acquisition, adjusted by, in the case of financial instruments that will not be subsequently measured at fair value, financing fees and transaction costs. All other financing fees and transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

2. Significant Accounting Policies (continued)

ii) Subsequent to initial recognition

Investments are measured at fair value without any adjustment for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in the statement of changes in net assets available for benefits in the period incurred. Other financial instruments are measured at amortized cost.

c) Investments

i) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan measures fair value of investments using quoted prices in an active market. The Plan uses closing market prices as a practical expedient for fair value measurement.

All changes in fair value, other than interest, dividend income, and expense, are recognized in the statement of changes in net assets available for benefits as part of current period change in fair value of investments.

Fair values of investments are determined as follows:

Canadian securities are valued at year-end quoted closing prices.

Cash and short-term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

ii) Income recognition

Income from investments is recorded on an accrual basis and includes interest income, dividends and other income.

d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of net assets, changes in net assets, and related disclosures. Actual results could differ from those estimates. The most significant use of estimates is the assumptions used in the actuarial valuation and extrapolation for the obligation for pension benefits (Note 5).

e) Income taxes

Part A is a registered pension plan, as defined by the Income Tax Act (Canada) and, accordingly, the pension fund is not subject to income taxes.

Part B is a supplemental pension plan where the City pays the full cost of benefits and expenses as they become payable.

3. *Risk Management*

In the normal course of business, the Plan's investment activities expose it to a variety of financial risks. Therefore, the objective of investment risk management is to diversify investment assets to reduce the likelihood of a significant reduction in total fund value while achieving the opportunity for gains in the portfolio within acceptable risk parameters. This is achieved by diversifying the investment portfolio within the constraints of the investment policy and objectives by regularly monitoring the Plan's position and market events.

a) Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments.

i) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's asset values, future investment income and obligation for pension benefits. This risk arises from the differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's interest bearing assets is affected by short-term changes in market interest rates.

Pension liabilities are exposed to the long-term expectation of rate of return on investments as well as expectations of inflation and salary escalation. The Plan's primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet pension obligations.

ii) Foreign currency risk

Foreign currency exposure arises from the Plan holding Canadian dollar investment funds with underlying investments, held in the fund, denominated in currencies other than the Canadian dollar. Fluctuations in the value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments. The fund is exposed to fluctuations of multiple currencies, most notably the U.S. dollar.

iii) Other price risk

The Plan's investments in equities are sensitive to changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. To manage the Plan's other price risk, the Board adopted an indexing strategy that diversifies risk over a wide range of investments that is intended to mirror the liabilities of the Plan.

As at December 31, 2022, 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 $696,677 (2021 - $755,012).

3. *Risk Management (continued)*

b) Credit risk

Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Plan. At December 31, 2022, the Plan's maximum credit risk exposure relates to accrued interest and investments in Canadian and Canadian denominated global securities totaling $7,021,114 (2021 - $7,597,944).

The Plan limits credit risk through diversification of investments and by utilizing highly liquid Exchange Traded Funds ("ETF") which represent the securities composition of benchmark securities indices. These indices are documented in an internal investment policy guideline which includes permitted asset classes of investments and a target asset mix.

c) Liquidity risk

Liquidity risk refers to the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities through selling or acquiring investments in a timely and cost-effective manner. The Plan maintains a portfolio of highly marketable Canadian assets that may be sold as protection against any unforeseen interruption to cash flow.

d) Fair value

The Plan's assets, which are recorded at fair value, have been categorized into one of the following categories reflecting the significant inputs used in making the fair value measurement:
- Level 1 valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following is a summary of the inputs used as of December 31, 2022 and 2021 in valuing the Plan's financial assets recorded at fair value:

	Level 1	**Level 2**	**Level 3**	**2022 Total**
Cash and short-term deposits	**$ 753,240**	**$ -**	**$ -**	**$ 753,240**
Canadian securities	**6,966,772**	**-**	**-**	**6,966,772**
	$ 7,720,012	**$ -**	**$ -**	**$ 7,720,012**

	Level 1	Level 2	Level 3	2021 Total
Cash and short-term deposits	$ 674,168	$ -	$ -	$ 674,168
Canadian securities	7,550,124	-	-	7,550,124
	$ 8,224,292	$ -	$ -	$ 8,224,292

3. *Risk Management (continued)*

d) Fair value (continued)

Canadian securities consist of the following:

	2022	2021
iShares Canadian Real Return Bond Index ETF	**$ 2,570,940**	$ 3,081,775
iShares MSCI World Index ETF	**2,320,699**	2,367,113
iShares MSCI All Country World Minimum Volatility Index ETF	**769,288**	543,648
iShares Core S&P/TSX Capped Composite Index ETF	**749,915**	820,988
iShares Canadian Long Term Bond Index ETF	**555,930**	736,600
	$ 6,966,772	$ 7,550,124

e) Other risk

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by the Board in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, performance and valuation of investments of the Program in future periods.

4. *Commuted Value - Assigned and Other Benefit Payments*

These benefit payments are the result of a life event or choice made by the member, other beneficiaries, or assigned beneficiaries.

For 2022, the commuted value benefit represents termination benefits under Part A that are payable to elected officials who left office after the 2022 civic election. The benefit is the result of a choice made by the member to take out the commuted value benefit. Amounts owing elected officials at December 31, 2022 are classified as commuted value benefit payable.

The benefit is actuarially determined and complies with the Income Tax Act (Canada).

5. *Obligation for Pension Benefits*

An actuarial valuation of the Program was prepared as at December 31, 2019 and extrapolated to December 31, 2022 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 5.35% (2021 - 4.20%) per annum, a rate of return on assets of 5.35% (2021 - 4.20%) per annum, and a general rate of salary increase between 2.10% - 3.50% (2021 - 2.50%) per annum.

The obligation for pension benefits is comprised of the following:

	2022	2021
Part A	**$ 6,789,720**	$ 7,835,028
Part B	**158,136**	237,405
	$ 6,947,856	$ 8,072,433

6. *Contributions*

	2022	2021
Current service	**$ 554,703**	$ 523,842

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. As of December 31, 2022 the contributions receivable for Part A is $26,539 (2021 - nil).

For Part B, the City pays the full cost of benefits and expenses as they become payable.

7. *Capital Management*

For Part A, the main objective of the Board is to sustain a level of net assets in order to meet the pension obligation of Part A. The Board fulfills this objective by ensuring member and City contributions are remitted to the pension fund in accordance with the terms of Part A and adhering to specific investment policies including asset mix and rate of return expectations, outlined in the Board approved Statement of Investment Policies and Procedures. Investment policy, strategies and performance are reviewed regularly by the Board.

In 2020, the Board approved the target asset allocation with a targeted equity allocation of 50% and a targeted fixed income allocation of 50%.

For Part A, the City is responsible for ensuring that the actuarial liabilities of the Plan are adequately funded. The Board is required to have an actuarial funding valuation for Part A filed with Canada Revenue Agency at least once every three years. The most recent actuarial funding valuation filed for Part A was prepared by Mercer for the period ended December 31, 2019 and reported a $295,000 shortfall which, along with interest accruing to date of payment of $12,365 was fully funded by the City of Winnipeg during 2020. The next required actuarial funding valuation for Part A is as at December 31, 2022 and will be completed in 2023.

For Part B, the City pays the full cost of benefits and expenses as they become payable.

8. *Related Party Transactions*

The Program receives administrative support from the City at no cost to the Program.

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

STATEMENT OF FINANCIAL POSITION

As at December 31
(in $ thousands)
(unaudited)

	2022	2021
ASSETS		
Investments, at fair value		
Bonds, debentures and mortgages	**$ 345,083**	$ 383,993
Canadian equities	**362,608**	378,976
Foreign equities	**509,172**	638,505
Cash and short-term deposits	**65,834**	79,812
Private equities	**4,626**	4,051
Real estate	**255,464**	210,381
Infrastructure	**256,479**	189,985
Private debt	**244,516**	232,308
	2,043,782	2,118,011
Participants' contributions receivable	**3**	4
Employers' contributions receivable	**12**	9
Accounts receivable	**6**	347
Due from The Winnipeg Civic Employees' Pension Plan	**43**	-
Total Assets	**2,043,846**	2,118,371
LIABILITIES		
Accounts payable	**1,380**	2,291
Due to The Winnipeg Civic Employees' Pension Plan	**-**	133
Total Liabilities	**1,380**	2,424
NET ASSETS AVAILABLE FOR BENEFITS	**2,042,466**	2,115,947
PENSION OBLIGATIONS	**1,764,597**	1,799,924
SURPLUS	**$ 277,869**	$ 316,023
SURPLUS COMPRISED OF:		
Main Account - General Component	**$ 212,718**	$ 262,022
Main Account - Contributions Stabilization Reserve	**46,342**	34,655
Plan Members' Account	**18,803**	19,346
City Account	**6**	-
	$ 277,869	$ 316,023

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)

	2022	2021
INCREASE IN ASSETS		
Contributions		
The City of Winnipeg	**$ 38,380**	$ 37,224
Employees	**14,198**	13,794
Reciprocal transfers from other plans	**1,525**	2,505
	54,103	53,523
Investment income (Note 5)	**62,077**	56,566
Current period change in fair value of investments	**-**	215,043
Total increase in assets	**116,180**	325,132
DECREASE IN ASSETS		
Current period change in fair value of investments	**111,904**	-
Pension payments	**62,635**	60,148
Lump sum benefits (Note 7)	**4,345**	4,683
Administrative expenses (Note 8)	**1,422**	1,602
Investment management and custodial fees	**9,355**	9,113
Total decrease in assets	**189,661**	75,546
(Decrease) increase in net assets	**(73,481)**	249,586
Net assets available for benefits at beginning of year	**2,115,947**	1,866,361
Net assets available for benefits at end of year	**$ 2,042,466**	$ 2,115,947

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)

	2022	2021
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	**$ 1,799,924**	$ 1,695,705
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued pension benefits	**85,882**	79,761
Benefits accrued	**58,794**	56,819
Changes in actuarial assumptions	**-**	2,149
Experience gains and losses and other factors	**-**	31,832
Total increase in accrued pension benefits	**144,676**	170,561
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	**66,980**	64,830
Experience gains and losses and other factors	**8,812**	-
Changes in actuarial assumptions	**102,583**	-
Administration expenses	**1,628**	1,512
Total decrease in accrued pension benefits	**180,003**	66,342
NET (DECREASE) INCREASE IN ACCRUED PENSION BENEFITS FOR THE YEAR	**(35,327)**	104,219
ACCRUED PENSION BENEFITS, END OF YEAR	**$ 1,764,597**	$ 1,799,924

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)

	2022	2021
SURPLUS, BEGINNING OF YEAR	**$ 316,023**	$ 170,656
(Decrease) increase in net assets available for benefits for the year	**(73,481)**	249,586
Net decrease (increase) in accrued pension benefits for the year	**35,327**	(104,219)
SURPLUS, END OF YEAR	**$ 277,869**	$ 316,023

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, 2022
(in thousands of dollars)
(unaudited)

1. Description of Plan

a) General

The Plan is a single employer defined benefit pension plan, which provides pension benefits for City of Winnipeg police officers. All police officers are required to become members of the Plan at the commencement of their employment.

b) Administration

The Plan is administered by the Winnipeg Police Pension Board which is comprised of two voting members appointed by the Winnipeg Police Association, appointed on behalf of Police Officers who are Active Members; one voting member appointed by the Winnipeg Police Senior Officers' Association, appointed on behalf of the senior police officers who are Active Members; one voting member elected by the Non-Active Members and other beneficiaries under the Plan; and five voting members appointed by the City.

The Board also consists of a maximum of four non-voting members, one of whom may be appointed by each of the Winnipeg Police Association, the Winnipeg Police Senior Officers' Association, and the City of Winnipeg, respectively, and one of whom may be elected by the Non-Active Members or, if no election is held, appointed by the Non-Active Member Representative on behalf of the Non-Active Members.

The Plan is registered under the Pension Benefits Act of Manitoba. The Plan is a registered pension plan under the Income Tax Act, and is not subject to income taxes.

c) Financial structure

The Winnipeg Police Pension Plan is comprised of three Accounts, namely the Main Account (which has two components being the General Component and the Contribution Stabilization Reserve), the Plan Members' Account and the City Account.

i) Main Account - General Component

All benefits of the Pension Plan are paid from the Main Account - General Component.

Employees contribute 8% of earnings to the Main Account. If the Contribution Stabilization Reserve is sufficient to provide a transfer to fund the difference between the current service cost of benefits accrued during the year and matching employee and City contributions and to the extent provincial funding regulations permit such a transfer, then the City matches the employee contributions during the year.

If the Contribution Stabilization Reserve is insufficient to provide the above transfer or if provincial funding regulations restrict such a transfer, then the City contributes the balance of the current service cost of benefits accrued during the year, including 2% of earnings for post-retirement cost-of-living adjustments, in excess of the employees’ contributions.

1. *Description of Plan (continued)*

c) Financial structure (continued)

ii) Main Account - Contribution Stabilization Reserve

The Contribution Stabilization Reserve is credited with a portion of actuarial surpluses. The Contribution Stabilization Reserve finances, through transfers to the Main Account - General Component, the portion of the current service cost of benefits that exceeds the employees' and City's contributions. In accordance with Provincial funding regulations the Contribution Stabilization Reserve can be used to reduce the City's contributions only to the extent of the balance in excess of 5% of the Plan's solvency liabilities. The balance of the Contribution Stabilization Reserve has been below this threshold since 2012.

iii) Plan Members' Account

In order to ensure that the Plan members will receive a benefit equal to the benefit received by the City through the contribution holidays that it took in 2001 and 2002, the Plan Members' Account was established effective January 1, 2003 with an initial balance equal to the amount of the City's contribution holidays adjusted for investment income up to December 31, 2002.

The Plan Members' Account will be credited with any share of future actuarial surpluses that are allocated to the Plan Members in accordance with the Plan.

iv) City Account

The City Account is credited with the share of future actuarial surpluses that are allocated to the City in accordance with the Plan.

d) Retirement pensions

The Plan provides for retirement at or after age 55 or following completion of 25 years of credited service. The Plan allows early retirement at age 50 or completion of at least 20 years of credited service subject to an early retirement pension reduction. The pension formula prior to age 65 is equal to 2% of the average earnings in the 60 consecutive months in which the earnings are highest ("Best Average Earnings") for each year of credited service. The pension formula after age 65 is equal to 1.4% of Best Average Canada Pension Plan earnings plus 2% of Best Average Non-Canada Pension Plan earnings for each year of credited service. Pensions are subject to the maximum benefit limits prescribed for registered pension plans under the Income Tax Act.

Retirement and survivor pensions, including deferred pensions, are increased annually to provide cost-of-living adjustments at the stated level in the Plan text, which level is currently 52.5% (2021 - 50.0%) of the percentage change in the Consumer Price Index for Canada.

e) Disability pensions

A member, who has completed at least fifteen years of credited service, and who has become totally and permanently disabled may apply for a disability pension.

f) Survivor's benefits

The Plan provides survivor pensions or lump sum benefits on death prior to retirement. On death after retirement, eligible surviving spouses normally receive 66 2/3% of the member's pension.

1. *Description of Plan (continued)*

g) Termination benefits

Upon application and subject to vesting and locking-in provisions, deferred pensions or equivalent lump sum benefits are payable when a member terminates employment with the City.

h) Variation in benefits

The Plan provides that the rate of cost-of-living adjustment to pensions may be increased using funds available in the Plan Members' Account or may be reduced in the event of a funding deficiency.

2. *Summary of Significant Accounting Policies*

a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for pension plans on a going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity, independent of the City and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period.

These financial statements include the financial statements of the Plan and its wholly-owned subsidiary, 5332665 Manitoba Ltd., which was incorporated on July 14, 2006. The Plan accounts for its investment in its subsidiary on a non-consolidated basis and presents it at fair value. The purpose of the subsidiary corporation is to invest in and hold certain private equity investments on behalf of the Plan.

b) Investments and investment income

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions.

Publicly traded equity investments are valued using published market prices.

Bonds, debentures, and mortgages are valued either using published market prices or by applying valuation techniques that utilize observable market inputs.

For private equity, private debt, and infrastructure investments, where quoted market prices are not available, various methods of valuation are used by the external managers to determine fair value including the use of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate. Real estate investments are valued based on the most recent valuations or appraisals of the underlying properties.

Cash and short-term investments are recorded at cost, which, together with accrued interest income, approximates fair value.

Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

The Plan's investment income, current period change in fair value of investments and investment management and custodial fees are allocated between the Accounts and Reserve based on the average balance of each Account and Reserve during the year.

2. *Summary of Significant Accounting Policies (continued)*

c) Financial instruments other than investments

Financial instruments other than investments include accrued contributions receivable, accrued pension benefits payable and lump sum benefits payable. Financial assets other than investments and financial liabilities are recognized in the Plan's statement of financial position when the Plan becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at fair value.

The Plan's contributions receivable are measured at amortized cost, where 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 settlement periods for the majority of items are normally in the seven to fourteen days range.

The Plan's financial liabilities are measured subsequently at amortized cost.

d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the year end. Income and expenses, and the purchase and sale of investments, are translated into Canadian dollars at the exchange rates prevailing on the transaction dates.

e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets, obligations, and surplus during the year. Actual results could differ from those estimates. Items within the financial statements which require significant estimates and judgment include the pension obligations and the fair value of investments.

3. *Obligations for Pension Benefits*

An actuarial valuation of the Plan was performed as of December 31, 2022 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, 2022. For the comparative 2021 figures, the actuarial present value of accrued benefits at December 31, 2021 is based on the December 31, 2021 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 for accounting purposes included a valuation interest rate of 5.15% (2021 – 4.75%) per year, inflation of 3.50% for the next year and 2.0% thereafter (2021 - 3.5% for the next two years and 2.0% thereafter) per year and general increases in pay of 3.25% (2021 - 3.25%) per year. The change in the valuation interest rate from 4.75% to 5.15% decreased the obligations for pension benefits by $114,605. The economic assumptions for the termination discount rates were revised, which decreases the obligations for pension benefits by $1,004.

The financial statement valuation interest rate of 5.15% (2021 - 4.75%) is a current snapshot view of the Plan's financial position based on market rates. The financial statement valuation is considered the best estimate to project the value for future pension plan liabilities for accounting purposes.

The Plan's funding valuation interest rate of 4.75% (2021 - 4.75%) assesses the long-term health of the plan and is used to establish contribution and benefit rates. Funding valuations are prepared in accordance with legislative and regulatory requirements using actuarial assumptions to project the value of future pension plan liabilities for funding purposes.

3. *Obligations for Pension Benefits (continued)*

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.

The actuarial valuation as at December 31, 2022 disclosed a $44,537 funding surplus which was resolved in accordance with the Plan, by transferring $26 to the City Account, by transferring $22,256 from the Main Account - Contribution Stabilization Reserve to the Main Account - General Component and by increasing future cost-of-living adjustments from 52.5% to 56.8% of inflation (with a corresponding increase in obligations for pension benefits of $22,256), effective January 1, 2023.

The actuarial valuation as at December 31, 2021 disclosed a $26,057 funding surplus which is to be resolved in accordance with the Plan, by transferring $6 to the City Account, by transferring $13,025.5 from the Main Account – General Component to the Main Account - Contribution Stabilization Reserve and by increasing future cost-of-living adjustments from 50.0% to 52.5% of inflation (with a corresponding increase in obligations for pension benefits of $13,025.5), effective January 1, 2022.

The 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:

	2022	2021
Surplus for financial statement reporting purposes		
Main Account - General Component	**$ 212,718**	$ 262,022
Variance between funding and financial statement valuation interest rate	**(114,605)**	-
Fair value changes not reflected in actuarial value of assets	**(53,576)**	(235,965)
Surplus for actuarial valuation purposes		
Main Account - General Component	**44,537**	26,057
Add: special purpose reserves and accounts		
Main Account - Contribution Stabilization Reserve	**46,342**	34,655
Plan Members' Account	**18,803**	19,346
City Account	**6**	-
Surplus for actuarial valuation purposes - including special purpose reserves and accounts	**$ 109,688**	$ 80,058

The funding requirements relating to the Plan's solvency position under *the Pension Benefits Regulation* , are based on the last actuarial valuation for funding purposes filed with the Manitoba Pension Commission, which will be as at December 31, 2022.

The actuarial valuation as at December 31, 2022 disclosed that the Plan no longer has a solvency deficiency, whereas the actuarial valuation as at December 31, 2020 disclosed a solvency deficiency of $11,562.

3. *Obligations for Pension Benefits (continued)*

An irrevocable letter of credit has been used to secure special payments that would otherwise be required from the City of Winnipeg. The existing letter of credit took effect from October 27, 2022 and as of December 31, 2022 the irrevocable letter of credit secured special payments that would otherwise be required from the City of Winnipeg in the amount of $4,830. The letter of credit expires October 26, 2023.

As the Plan no longer has a solvency deficiency, the letter of credit will no longer be required and will not be renewed.

4. *Management of Financial Risk*

In the normal course of business, the Plan's investment activities expose it to a variety of financial risks. The Plan seeks to minimize potential adverse effects of these risks on the Plan's performance by hiring professional, experienced portfolio managers, by regular monitoring of the Plan's position and market events, by diversifying the investment portfolio within the constraints of the investment policy and objectives, and occasionally through the use of derivatives to hedge certain risk exposures. Significant risks that are relevant to the Plan are discussed below.

a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Plan, and is concentrated in the Plan's investment in bonds, debentures, mortgages, private debt and short-term deposits. At December 31, 2022, the Plan's credit risk exposure related to bonds, debentures, mortgages, private debt and short-term deposits totaled $655,433 (2021 - $696,113).

The Plan's concentration of credit risk as at December 31, 2022, related to bonds, debentures, and mortgages as well as private debt is categorized amongst the following types of issuers:

Type of Issuer	**2022 Fair Value**	2021 Fair Value
Government of Canada and Government of Canada guaranteed	**$ 36,706**	$ 62,236
Provincial and Provincial guaranteed	**111,756**	127,568
Canadian cities and municipalities	**5,725**	6,921
Corporations and other institutions	**3,921**	29,950
Commercial mortgages	**186,975**	157,318
Bonds, debentures and mortgages	**345,083**	383,993
Private debt	**244,516**	232,308
	$ 589,599	$ 616,301

4. *Management of Financial Risk (continued)*

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $3,441 at December 31, 2022 (2021 - $8,446).

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, 2022 bonds and debentures analyzed by credit rating are as follows:

	2022		2021	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**24.3**	**1.9**	28.6	3.1
AA	**66.5**	**5.2**	53.4	5.7
A	**8.3**	**0.6**	12.2	1.3
BBB	**0.9**	**0.1**	5.8	0.6
	100.0	**7.8**	100.0	10.7

At December 31, 2022, the interest rates of the loans within the mortgage portfolios range from 2.8% to 14.0%. The Plan’s external managers for the mortgage and private debt portfolios limit credit risk through diversification, performing due diligence at the time of investing including internal credit analysis, and enforcing loan covenants while monitoring the loans until maturity.

The Plan participates in a securities lending program, managed by the Plan’s custodian, wherein securities are loaned to counterparties in exchange for lending fees. In this regard, the Plan’s exposure to credit risk relates to the potential for a counterparty to not return a security and the related collateral held is insufficient to replace the security in the open market. The Manager has a responsibility to monitor the credit worthiness of counterparties and to regularly monitor and maintain collateral greater than the value of the loans.

b) Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities. The Plan ensures it retains sufficient cash and short-term investment positions to meet its cash flow commitments, including the ability to fund the pensioner payroll costs and to fund investment commitments. The Plan primarily invests in securities that are traded in active markets and can be readily disposed. The Plan may invest in private equity, which is not traded in an organized market and may be illiquid, but only up to a maximum of 2.5% of the Plan's assets, as stipulated in the Plan's Statement of Investment Policies and Procedures. The Plan may also invest in private debt, real estate and infrastructure, which are not traded in organized markets and may be illiquid, but only up to a maximum of 12.5% of the Plan's assets for each asset class, as stipulated in the Plan's Statement of Investment Policies and Procedures.

4. *Management of Financial Risk (continued)*

c) Interest rate risk

Interest rate risk is the risk that the fair value of the Plan's interest bearing investments will fluctuate due to changes in market interest rates. The Plan's exposure to interest rate risk is concentrated in its investment in bonds, debentures, mortgages, and short-term investments.

The Plan's actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of inflation and salary escalation. The Plan's primary exposure is to a decline in the long-term real rate of return which may result in higher contribution rates or lower benefit levels.

The Plan has approximately 20.1% (2021 - 21.9%) of its assets invested in bonds, debentures, mortgages and short-term investments as at December 31, 2022. The returns on bonds, debentures, and mortgages are particularly sensitive to changes in nominal interest rates.

The term to maturity and related fair values of investments in bonds, debentures, and mortgages held by the Plan at December 31, 2022 are as follows:

Term to Maturity	**2022 Fair Value**	2021 Fair Value
Less than one year	**$ 43,488**	$ 33,577
One to five years	**152,637**	130,608
Greater than five years	**148,958**	219,808
	$ 345,083	$ 383,993

As at December 31, 2022, had prevailing interest rates raised or lowered by 0.5% (2021 - 0.5%) assuming a parallel shift in the yield curve, with all other variables held constant, the fair value of investments in bonds and debentures would have decreased or increased, respectively, by approximately $13,332 (2021 - $16,100), approximately 0.7% of total net assets (2021 - 0.8%). The Plan's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be material.

The Plan also has exposure to interest rate risk from its private debt investments. The Plan's external investments managers mitigate interest rate risk by making loans that are primarily floating rate instruments.

4. *Management of Financial Risk (continued)*

d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency exposure arises from the 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, 2022. 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.

	2022				2021	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 789,743**	**$ 29,679**	**$ 760,064**	**$ 76,006**	$ 753,697	$ 75,370
Euro countries	**105,985**	**-**	**105,985**	**10,598**	117,097	11,710
United Kingdom	**50,824**	**28**	**50,796**	**5,080**	55,909	5,591
Switzerland	**44,106**	**-**	**44,106**	**4,410**	17,904	1,790
Japan	**25,654**	**28**	**25,626**	**2,563**	28,001	2,800
Australia	**22,215**	**-**	**22,215**	**2,221**	16,214	1,621
Hong Kong	**16,048**	**-**	**16,048**	**1,605**	19,777	1,978
Sweden	**9,116**	**-**	**9,116**	**912**	8,746	875
Other	**2,137**	**-**	**2,137**	**214**	36,365	3,636
	$ 1,065,828	**$ 29,735**	**$ 1,036,093**	**$ 103,609**	$ 1,053,710	$ 105,371

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, 2022, 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 $130,767 (2021 - $152,622), approximately 6.4% of total net assets (2021 - 7.2%). In practice, the actual results may differ and the difference could be material.

The Plan also has exposure to valuation risk through its holdings of private equity, private debt, real estate and infrastructure investments, for which quoted market prices are not available.

In 2013, the Plan became a client of OMERS Investment Management, and to date has made payments of $44,255 in a Contractual Return Arrangement. The Contractual Return Arrangement provides the Plan with the annual rate of return (which may be positive or negative) based on the total investment return reported in the OMERS Annual Report for the assets and related liabilities allocable to the OMERS Primary Pension Plan fund that are directly or indirectly owned by OMERS Administration Corporation ("OAC") and managed by Borealis Infrastructure (the "Borealis Assets"). Under this arrangement the Plan is the sole limited partner in an Ontario limited partnership (OIM B4 2013 L.P.), and it has entered into a derivative contract with that limited partnership, which provides the return described above each year on the outstanding value of the contract. The arrangement provides for annual cash distributions to the Plan to the extent that cash distributions are received by OAC in respect of the operations of any investment forming part of the Borealis Assets. In addition, further cash distributions may be made under the arrangement, to the extent that cash distributions are received by OAC and distributed to the partnership in respect of the full or partial disposition of any investment forming part of the Borealis Assets.

The table below itemizes the estimated fair value and related change in fair value of investments recognized for the year ended December 31, 2022, for the following investment assets with exposure to valuation risks:

	2022			2021		
	Fair Value of Investments	**Percent of Net Assets**	**Change in Fair Value of Investments**	Fair Value of Investments	Percent of Net Assets	Change in Fair Value of Investments
Private equities	**$ 4,626**	**0.2**	**$ 2,711**	$ 4,051	0.2	$ 3,871
Real estate	**255,464**	**12.5**	**28,382**	210,381	9.9	34,385
Infrastructure	**256,479**	**12.6**	**18,705**	189,985	9.0	12,134
Private debt	**244,516**	**12.0**	**10,567**	232,308	11.0	2,739

f) Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy (*continued)*

The following tables present the investment assets recorded at fair value in the Statement of Financial Position as at December 31, 2022, classified using the fair value hierarchy described above:

	Level 1	**Level 2**	**Level 3**	**2022 Total Investment Assets at Fair Value**
Bonds, debentures and mortgages	**$ -**	**$ 345,083**	**$ -**	**$ 345,083**
Canadian equities	**362,608**	**-**	**-**	**362,608**
Foreign equities	**509,172**	**-**	**-**	**509,172**
Cash and short-term deposits	**65,834**	**-**	**-**	**65,834**
Private equities	**-**	**-**	**4,626**	**4,626**
Real estate	**-**	**-**	**255,464**	**255,464**
Infrastructure	**-**	**-**	**256,479**	**256,479**
Private debt	**-**	**-**	**244,516**	**244,516**
	$ 937,614	**$ 345,083**	**$ 761,085**	**$ 2,043,782**

	Level 1	Level 2	Level 3	2021 Total Investment Assets at Fair Value
Bonds, debentures and mortgages	$ -	$ 383,993	$ -	$ 383,993
Canadian equities	378,976	-	-	378,976
Foreign equities	638,505	-	-	638,505
Cash and short-term deposits	79,812	-	-	79,812
Private equities	-	-	4,051	4,051
Real estate	-	-	210,381	210,381
Infrastructure	-	-	189,985	189,985
Private debt	-	-	232,308	232,308
	$ 1,097,293	$ 383,993	$ 636,725	$ 2,118,011

During the year, there has 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		**2022**		2021
Fair value, beginning of year	**$**	**4,051**	$	5,669
Gains recognized in increase in net assets		**1,211**		3,871
Purchases		**20**		-
Sales/distributions		**(1,156)**		(1,989)
Return of Capital from subsidiary		**-**		(3,500)
Purchases of short-term investments within subsidiary		**500**		-
	$	**4,626**	$	4,051

Real Estate		**2022**		2021
Fair value, beginning of year	**$**	**210,381**	$	180,771
Gains recognized in increase in net assets		**28,383**		34,385
Purchases		**18,116**		-
Sales		**(1,416)**		(4,775)
	$	**255,464**	$	210,381

Infrastructure		**2022**		2021
Fair value, beginning of year	**$**	**189,985**	$	177,462
Gains recognized in increase in net assets		**18,705**		12,134
Purchases		**49,477**		2,207
Sales		**(1,688)**		(1,818)
	$	**256,479**	$	189,985

Private debt		**2022**		2021
Fair value, beginning of year	**$**	**232,308**	$	215,672
Gain recognized in increase in net assets		**10,567**		2,739
Purchases		**17,819**		44,252
Sales		**(16,178)**		(30,355)
	$	**244,516**	$	232,308

4. *Management of Financial Risk (continued)*

f) Fair value hierarchy (*continued)*

Section 3.29 of the Pension Benefits Act Regulations requires disclosure of each investment asset that has a fair value greater than two percent of the fair value of the investment assets of the Fund. As at December 31, 2022, the Plan held the following investments that met this classification:

		2022
Bonds, debentures and mortgages		
TD Emerald Canadian Long Government Bond Pooled Fund Trust	$	144,538
ACM Commercial Mortgage Fund		94,102
TD Greystone Mortgage Fund		92,873
Foreign equities		
State Street S&P 500 Index Common Trust Fund		127,464
Hillsdale Global Performance Equity Fund		47,646
Real estate		
TD Greystone Real Estate Fund Inc.		76,377
Carlyle Property Investors, L.P.		62,233
Bentall Kennedy Prime Canadian Property Fund Ltd.		54,927
Clarion Lion Industrial Trust Fund, L.P.		42,234
Infrastructure		
OIM B4 2013 L.P.		71,371
IFM Global Infrastructure (Canada), L.P.		65,166
Stonepeak Core Fund, L.P.		53,361

5. *Investment Income*

		2022		2021
Bonds, debentures and mortgages	**$**	**15,367**	$	11,341
Canadian equities		**10,434**		9,484
Foreign equities		**7,573**		7,315
Cash, short-term deposits and other		**656**		97
Real estate		**4,133**		4,116
Infrastructure		**6,194**		8,452
Private debt		**17,720**		15,761
	$	**62,077**	$	56,566
Allocated to:				
Main Account - General Component	**$**	**60,104**	$	55,127
Main Account - Contribution Stabilization Reserve		**1,403**		924
Plan Members' Account		**570**		515
City Account		**-**		-
	$	**62,077**	$	56,566

6. *Investment Transaction Costs*

During 2022, the Plan incurred investment transaction costs in the form of brokerage commissions, in the amount of $769 (2021 - $648). Investment transaction costs are included in the current period change in fair value of investments.

7. **Lump Sum Benefits**

		2022		2021
Death benefits	**$**	**1,044**	$	627
Payments on relationship breakdown		**939**		1,824
Termination benefits		**2,358**		2,092
Other		**4**		140
	$	**4,345**	$	4,683

8. **Administrative Expenses**

		2022		2021
The Winnipeg Civic Employees' Benefits Program	**$**	**1,184**	$	1,341
Actuarial fees		**111**		154
Audit fees		**36**		35
Legal fees		**31**		46
Consulting fees		**1**		-
General and administrative expenses		**59**		26
	$	**1,422**	$	1,602

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, 2022, $16,408 had been funded, $13,000 (2021 - $13,500) capital had been returned back to the Plan and the remaining fair value of this investment is $4,626 (2021 - $4,051). No further private equity investments are expected to occur in 5332665 Manitoba Ltd.

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE 1

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

For the year ended December 31
(in $ thousands)
(unaudited)

	2022				
	Main Account-General Component	Main Account-Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 38,380	$ -	$ -	$ -	**$ 38,380**
Employees	14,198	-	-	-	**14,198**
Reciprocal transfers from other plans	1,525	-	-	-	**1,525**
	54,103	-	-	-	**54,103**
Investment income (Note 5)	60,104	1,403	570	-	**62,077**
Transfer to Contribution Stabilization Reserve -					
Resolution of funding surplus (Note 3)	(13,026)	13,026	-	-	-
Transfer to City Account -					
Resolution of funding surplus (Note 3)	(6)	-	-	6	-
Total increase in assets	101,175	14,429	570	6	**116,180**
DECREASE IN ASSETS					
Current period change in fair value of investments	108,347	2,530	1,027	-	**111,904**
Pension payments	62,635	-	-	-	**62,635**
Lump sum benefits (Note 7)	4,345	-	-	-	**4,345**
Administrative expenses (Note 8)	1,422	-	-	-	**1,422**
Investment management and custodial fees	9,057	212	86	-	**9,355**
Total decrease in assets	185,806	2,742	1,113	-	**189,661**
(Decrease) increase in net assets	(84,631)	11,687	(543)	6	**(73,481)**
Net assets available for benefits at beginning of year	2,061,946	34,655	19,346	-	**2,115,947**
Net assets available for benefits at end of year	$ 1,977,315	$ 46,342	$ 18,803	$ 6	**$ 2,042,466**

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)

	2021				
	Main Account- General Component	Main Account- Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
INCREASE IN ASSETS					
Contributions					
The City of Winnipeg	$ 37,224	$ -	$ -	$ -	$ 37,224
Employees	13,794	-	-	-	13,794
Reciprocal transfers from other plans	2,505	-	-	-	2,505
	53,523	-	-	-	53,523
Investment income (Note 5)	55,126	924	516	-	56,566
Current period change in fair value of investments	209,572	3,511	1,960	-	215,043
Transfer from Contribution Stabilization Reserve - Resolution of funding surplus (Note 3)	11,757	(11,757)	-	-	-
Total increase (decrease) in assets	329,978	(7,322)	2,476	-	325,132
DECREASE IN ASSETS					
Pension payments	60,148	-	-	-	60,148
Lump sum benefits (Note 7)	4,683	-	-	-	4,683
Administrative expenses (Note 8)	1,602	-	-	-	1,602
Investment management and custodial fees	8,881	149	83	-	9,113
Total decrease in assets	75,314	149	83	-	75,546
Increase (decrease) in net assets	254,664	(7,471)	2,393	-	249,586
Net assets available for benefits at beginning of year	1,807,282	42,126	16,953	-	1,866,361
Net assets available for benefits at end of year	$ 2,061,946	$ 34,655	$ 19,346	$ -	$ 2,115,947

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
WINNIPEG POLICE PENSION PLAN

SCHEDULE 3

SCHEDULE OF CHANGES IN SURPLUS BY ACCOUNT

For the year ended December 31
(in $ thousands)
(unaudited)

	2022				
	Main Account- General Component	Main Account- Contribution Stabilization Reserve	Plan Members' Account	City Account	**Total**
SURPLUS, BEGINNING OF YEAR	$ 262,022	$ 34,655	$ 19,346	$ -	**$ 316,023**
Decrease (increase) in net assets available for benefits for the year	(84,631)	11,687	(543)	6	**(73,481)**
Net decrease in accrued pension benefits for the year	35,327	-	-	-	**35,327**
SURPLUS, END OF YEAR	$ 212,718	$ 46,342	$ 18,803	$ 6	**$ 277,869**

For the year ended December 31
(in $ thousands)

	2021				
	Main Account- General Component	Main Account- Contribution Stabilization Reserve	Plan Members' Account	City Account	Total
SURPLUS, BEGINNING OF YEAR	$ 111,577	$ 42,126	$ 16,953	$ -	$ 170,656
Increase (decrease) in net assets available for benefits for the year	254,664	(7,471)	2,393	-	249,586
Net increase in accrued pension benefits for the year	(104,219)	-	-	-	(104,219)
SURPLUS, END OF YEAR	$ 262,022	$ 34,655	$ 19,346	$ -	$ 316,023

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, 2022, with comparative information for 2021
(in $ thousands)

	2022	2021
ASSETS		
Investments, at fair value		
Bonds and debentures	**$ 64,809**	$ 65,740
Canadian equities	**57,467**	76,851
Foreign equities	**50,252**	54,457
Real Estate	**12,024**	10,020
Infrastructure	**10,855**	-
Cash and short-term deposits	**770**	5,939
	196,177	213,007
Accounts receivable - dividends	**424**	581
Accounts receivable	**19**	19
Due from The Winnipeg Civic Employees' Pension Plan	**16**	6
Total Assets	**196,636**	213,613
LIABILITIES		
Accounts payable	**653**	556
Total Liabilities	**653**	556
NET ASSETS (Note 4)	**195,983**	213,057
BENEFIT OBLIGATIONS		
Civic Employees' Group Life Insurance Plan (Note 5)	**76,428**	81,806
Police Employees' Group Life Insurance Plan (Note 6)	**21,073**	22,383
	97,501	104,189
SURPLUS	**$ 98,482**	$ 108,868
SURPLUS COMPRISED OF:		
Civic Employees' Group Life Insurance Plan (Note 5)	**$ 79,248**	$ 87,309
Police Employees' Group Life Insurance Plan (Note 6)	**19,234**	21,559
	$ 98,482	$ 108,868

See accompanying notes to the combined financial statements

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFI'

For the year ended December 31, 2022, with comparative information for 2021
(in $ thousands)

	2022	2021
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 835**	$ 823
Employees - optional	**286**	297
	1,121	1,120
City of Winnipeg and participating employers	**834**	821
Pensioners	**158**	156
	2,113	2,097
Investment income (Note 8)	**4,778**	3,675
Current period change in fair value of investments	**-**	15,569
Total increase in assets	**6,891**	21,341
DECREASE IN ASSETS		
Current period change in fair value of investments	**15,062**	-
Benefit payments	**4,593**	5,890
Claims administration and taxes	**260**	250
Administration	**256**	296
Investment management fees	**150**	31
Actuarial (recoveries) fees	**9**	(19)
Total decrease in assets	**20,330**	6,448
NET (DECREASE) INCREASE IN NET ASSETS FOR THE YEAR	**(13,439)**	14,893
NET ASSETS, BEGINNING OF YEAR	**169,115**	154,222
NET ASSETS, END OF YEAR (NOTE 4)	**$ 155,676**	$ 169,115

See accompanying notes to the combined 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, 2022, with comparative information for 2021
(in $ thousands)

	2022	2021
INCREASE IN BENEFIT OBLIGATIONS		
Interest accrued on benefits	**$ 4,056**	$ 3,938
Benefits accrued	**2,364**	2,331
Total increase in benefit obligations	**6,420**	6,269
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**3,729**	4,145
Experience gains and losses and other factors	**1,689**	-
Changes in actuarial assumptions	**6,380**	-
Total decrease in benefit obligations	**11,798**	4,145
NET (DECREASE) INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR	**(5,378)**	2,124
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**81,806**	79,682
BENEFIT OBLIGATIONS, END OF YEAR	**$ 76,428**	$ 81,806

See accompanying notes to the combined financial statements

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN SURPLUS

For the year ended December 31, 2022, with comparative information for 2021
(in $ thousands)

	2022	2021
Net (decrease) increase in net assets for the year	**$ (13,439)**	$ 14,893
Net decrease (increase) in benefit obligations for the year	**5,378**	(2,124)
NET (DECREASE) INCREASE IN SURPLUS FOR THE YEAR	**(8,061)**	12,769
SURPLUS, BEGINNING OF YEAR	**87,309**	74,540
SURPLUS, END OF YEAR	**$ 79,248**	$ 87,309

See accompanying notes to the combined 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, 2022, with comparative information for 2021
(in $ thousands)

	2022	2021
INCREASE IN ASSETS		
Contributions		
Employees - basic	**$ 284**	$ 276
Employees - optional	**113**	107
	397	383
City of Winnipeg	**283**	275
Pensioners	**59**	58
	739	716
Investment income (Note 8)	**1,235**	952
Current period change in fair value of investments	**-**	4,035
Total increase in assets	**1,974**	5,703
DECREASE IN ASSETS		
Current period change in fair value of investments	**3,914**	-
Benefit payments	**1,530**	1,561
Administration	**67**	77
Claims administration and taxes	**52**	49
Investment management fees	**42**	8
Actuarial fees	**4**	38
Total decrease in assets	**5,609**	1,733
NET (DECREASE) INCREASE IN NET ASSETS FOR THE YEAR	**(3,635)**	3,970
NET ASSETS, BEGINNING OF YEAR	**43,942**	39,972
NET ASSETS, END OF YEAR (NOTE 4)	**$ 40,307**	$ 43,942

See accompanying notes to the combined 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, 2022, with comparative information for 2021
(in $ thousands)

	2022	2021
INCREASE IN BENEFIT OBLIGATIONS		
Interest accrued on benefits	**$ 1,119**	$ 1,065
Benefits accrued	**616**	600
Total increase in benefit obligations	**1,735**	1,665
DECREASE IN BENEFIT OBLIGATIONS		
Benefits paid	**637**	571
Experience gains and losses and other factors	**351**	-
Changes in actuarial assumptions	**2,057**	-
Total decrease in benefit obligations	**3,045**	571
NET (DECREASE) INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR	**(1,310)**	1,094
BENEFIT OBLIGATIONS, BEGINNING OF YEAR	**22,383**	21,289
BENEFIT OBLIGATIONS, END OF YEAR	**$ 21,073**	$ 22,383

See accompanying notes to the combined financial statements

THE CITY OF WINNIPEG
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

COMBINED STATEMENT OF CHANGES IN SURPLUS

For the year ended December 31, 2022, with comparative information for 2021
(in $ thousands)

	2022	2021
Net (decrease) increase in net assets for the year	**$ (3,635)**	$ 3,970
Net decrease (increase) in benefit obligations for the year	**1,310**	(1,094)
NET (DECREASE) INCREASE IN SURPLUS FOR THE YEAR	**(2,325)**	2,876
SURPLUS, BEGINNING OF YEAR	**21,559**	18,683
SURPLUS, END OF YEAR	**$ 19,234**	$ 21,559

See accompanying notes to the combined 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, 2022
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. *Description of Plans*

The City of Winnipeg sponsors two group life insurance plans: i) the Civic Employees' Group Life Insurance Plan for employees of the City of Winnipeg; other than police officers, and certain other employers which participate in the Plan, and ii) the Police Employees' Group Life Insurance Plan for police officers of the City of Winnipeg (separately, the "Plan; together, the "Plans").

The Plans are constituted pursuant to City of Winnipeg By-Law 80/2015, which took effect on August 1, 2015. The predecessor plans – the Civic Employees' Group Life Insurance Plan and Police Employees' Group Life Insurance Plan, which operated pursuant to By-Laws 5644/91 and 5643/91, respectively, were continued under By-Law 80/2015, but with amendment and restatement related to their governance and financial structure.

a) Civic Employees' Group Life Insurance Plan

All employees are eligible to join the Plan commencing on their date of employment. All new members of The Winnipeg Civic Employees' Pension Plan must become members of the Plan. Plan members are covered for basic life insurance of one or two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. Plan members and the City share equally in the cost of the basic life insurance coverage until retirement. Coverage on the life of a disabled member continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

b) Police Employees' Group Life Insurance Plan

All police officers are required to become members of the Plan commencing on their date of employment. Plan members are covered for basic life insurance coverage of two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. The employees and the City share equally in the cost of basic life insurance until retirement. Coverage on the life of disabled members continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

2. *Summary of Significant Accounting Policies*

a) Basis of presentation

These combined financial statements are prepared on a going concern basis and in accordance with Canadian accounting standards for pension plans, which also apply to these benefit plans. In selecting accounting policies not otherwise addressed by Canadian accounting standards for pension plans, Canadian accounting standards for private enterprises ("ASPE") have been applied. The combined financial statements present the aggregate financial position of the Plans as separate financial reporting entities, independent of the sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plans for the fiscal period.

The combined financial statements include the accounts of The Civic and Police Employees' Group Insurance Plans Corporation (the "Corporation"), which as part of its mandate maintains, invests, manages and administers the New Civic Insurance Fund and the New Police Insurance Fund. The combined financial statements also include the accounts of the Old Civic Insurance Fund and the Old Police Insurance Fund, which are administered and held in trust by the Corporation in its capacity as trustee (the "Trustee") within the Plans' financial structure.

The combined financial statements also include contributions and related insurance premiums which are directly applied at source by the Corporation, acting in a trust capacity. Inter-fund transactions and balances are eliminated for Plan reporting purposes.

Under the insurance contract, the Plans bear the full claims experience, together with related claims administration expenses. Insurance premiums in amounts equal to insurance claims and related claims administration expenses are reclassified for Plan reporting purposes as benefits and claims administration expenses, respectively. Any excess premiums arising in the year are ultimately refunded and are recognized as an amount due from the Canada Life Assurance company. Similarly, any premium shortfalls must ultimately be settled and are recognized as amounts due to the Canada Life Assurance Company.

The benefit obligations presented in the combined financial statements of the Plan relate to the obligations of the City of Winnipeg under By-law 80/2015.

These combined financial statements include the operating results for the year ended December 31, 2022, with comparatives for the year ended December 31, 2021.

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. For infrastructure investments, where quoted market prices are not available, various methods of valuation are used by the external manager to determine fair value, including the user of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate. Short-term deposits are recorded at cost, which together with accrued interest income, approximates fair value. Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

c) Financial instruments other than investments

Financial instruments other than investments include accrued contributions receivable, premiums payable and accounts payable. Financial assets other than investments and financial liabilities are recognized in the Plans' Combined Statement of Financial Position when the Plans become a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at fair value.

The Plans' contributions receivable are measured at amortized cost, where the amortized cost equals the amount at which the receivable is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Plans' financial liabilities are measured subsequently at amortized cost.

d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the year end. Income and expenses, and the purchase and sale of investments, are translated into Canadian dollars at the exchange rates prevailing on the transaction dates.

e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans, which also apply to these benefit plans, requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets, obligations, and surplus during the year. Actual results could differ from those estimates.

3. *Financial Structure*

The Plans' financial structure is in accordance with the requirements of City of Winnipeg By-law 80/2015.

As of August 1, 2015, the Plans are the responsibility of the Corporation, incorporated pursuant to The Corporations Act (Manitoba) as a corporation with share capital. All of the issued and outstanding shares in the capital of the Corporation are owned by the City of Winnipeg.

The Corporation was established to maintain, manage and administer the Plans (including their related funds) sponsored by the City of Winnipeg, in both its own capacity and in its capacity as Trustee. The Corporation's mandate is in accordance with the requirements of City of Winnipeg By-Law 80/2015, which took effect on August 1, 2015.

On August 1, 2015, pursuant to restructure, the net assets of the predecessor Plans were conveyed to the Trustee on behalf of the Old Civic Insurance Fund and Old Police Insurance Fund, respectively. The conveyed assets were subsequently sold to the Corporation at fair market value. In exchange for the investments sold, the Trustee received non interest-bearing promissory notes, which are held and accounted for within the Old Civic Insurance Fund and Old Police Insurance Fund. The conveyed assets acquired by the Corporation, as referenced above, are held and accounted for within the New Civic Insurance Fund and New Police Insurance Fund, respectively.

Each of the New Civic Insurance Fund and New Police Insurance Fund is held within the Corporation. Each of the Old Civic Insurance Fund and Old Police Insurance Fund is held in trust by the Corporation in its capacity as the Trustee. In addition, the Corporation, acting in an informal trust capacity, collects the portion of the Plans' contributions to be remitted on a first applied basis to the Plans' insurance company, and accordingly, may at any point hold in trust contributions equal to unremitted premiums.

The assets of the Old Civic Insurance Fund and the Old Police Insurance Fund are available to fund a portion of the premiums for retirees under the Plans. These assets will diminish as they are used to fund insurance premiums for retired members in accordance with the respective Plans.

Effective August 1, 2015, all contributions to the Plans which are not first applied to insurance premiums are credited to the New Civic Insurance Fund and New Police Insurance Fund, as applicable. All investment earnings on and after August 1, 2015 which relate to the assets of the New Civic Insurance Fund and New Police Insurance Fund are credited to the New Civic Insurance Fund and New Police Insurance Fund, respectively.

All Plan administration and corporate operating costs on and after August 1, 2015 related to the Plans are charged to the New Civic Insurance Fund and New Police Insurance Fund, respectively.

The assets of the New Civic Insurance Fund and New Police Insurance Fund are available to fund a portion of the premiums for retirees under the respective Plans.

The By-Law permits the Corporation to transfer ownership of funds from the New Civic Insurance Fund to the Old Civic Insurance Fund and from the New Police Insurance Fund to the Old Police Insurance Fund, if it is determined by the Directors of the Corporation to be in the overall best interests of the Plan members.

3. *Financial Structure (continued)*

The Corporation has arranged for the Program Administration staff of The Winnipeg Civic Employees' Benefits Program to perform the day-to-day administration, excluding investments. The Plans' investments are managed by the City of Winnipeg, with RBC Investor and Treasury Services acting as the Plans' custodian. The Canada Life Assurance Company is responsible for claims adjudication and processing of payments.

4. *Net Assets*

The Plans' net assets represent reserves that are available to finance the portion of the post-retirement insurance expected to be provided in the future to the members of the Plans that are not financed by retiree contributions. The reserves are also available to finance the related future insurer charges and Plans' administration costs.

The Plan's net assets are allocated as follows:

	2022 Fair Value	2021 Fair Value
Net Assets - Civic Employees' Group Life Insurance Plan	**$ 155,676**	$ 169,115
Net Assets - Police Employees' Group Life Insurance Plan	**40,307**	43,942
	$ 195,983	$ 213,057

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, 2022 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, 2022.
For the comparative 2021 figures, the results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2021, to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2021.

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 5.50% (2021 - 5.00%) per year and general increase in pay of 3.25% (2021 – 3.25%) per year. The change in the discount rate from 5.00% to 5.50% decreased the obligations for post-retirement basic life insurance benefits by $6,905.

The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The triennial actuarial valuation as at December 31, 2022 disclosed an actuarial surplus of $68,253 (2019 – $49,146) and a contingency reserve in the amount of $11,464 (2019 – $11,537).

5. *Obligation for Post-Retirement Basic Life Insurance Benefits - Civic Employees' Group Life Insurance Plan (continued)*

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:

	2022	2021
Surplus for financial statement reporting purposes	**$ 79,248**	$ 87,309
Fair value changes not reflected in actuarial value of assets	**459**	(17,374)
Surplus for actuarial valuation purposes, as estimated	**$ 79,707**	$ 69,935

6. *Obligation for Post-Retirement Basic Life Insurance Benefits - Police Employees' Group Life Insurance Plan*

An actuarial valuation of the Plan was performed as of December 31, 2022 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, 2022. For the comparative 2021 figures, the results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2021, to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2021.

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 5.50% (2021 - 5.00%) per year and general increases in pay of 3.25% (2021 - 3.25%) per year. The change in the discount rate from 5.00% to 5.50% decreased the obligations for post-retirement basic life insurance benefits by $2,175.

The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The triennial actuarial valuation as at December 31, 2022 disclosed an actuarial surplus of $16,043 (2019 - $11,429) and a contingency reserve in the amount of $3,161 (2019 - $3,033).

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.

6. Obligation for Post-Retirement Basic Life Insurance Benefits - Police Employees' Group Life Insurance Plan (continued)

The effect of using a smoothed value of assets of the Plan in determining the estimated actuarial surplus or deficiency is as follows:

	2022	2021
Surplus for financial statement reporting purposes	**$ 19,234**	$ 21,559
Fair value changes not reflected in actuarial value of assets	**(38)**	(4,735)
Surplus for actuarial valuation purposes, as estimated	**$ 19,196**	$ 16,824

7. Management of Financial Risk

In the normal course of business, the Plans' investment activities expose it to a variety of financial risks. The Plans seek to minimize potential adverse effects of these risks on the Plans' performance by hiring professional, experienced portfolio managers, by regular monitoring of the Plans' position and market events and by diversifying the investment portfolio within the constraints of the investment policy and objectives. Significant risks that are relevant to the Plans are discussed below.

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, 2022, the Plans' credit risk exposure related to bonds and debentures and short-term deposits totaled $65,579 (2021 - $71,679).

The Plans' concentration of credit risk as at December 31, 2022, related to bonds and debentures, is categorized amongst the following types of issuers:

a) Credit risk (continued)

Type of Issuer	**2022 Fair Value**	2021 Fair Value
Provincial and Provincial guaranteed	**$ 19,508**	$ 20,097
Government of Canada and Government of Canada guaranteed	**11,082**	19,012
Canadian cities and municipalities	**-**	585
Corporations and other institutions	**34,219**	26,046
	$ 64,809	$ 65,740

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.

7. *Management of Financial Risk (continued)*

As at December 31, bonds and debentures analyzed by credit rating are as follows:

	2022		2021	
Credit Rating	**Percent of Total Bonds**	**Percent of Net Assets**	Percent of Total Bonds	Percent of Net Assets
AAA	**19.7%**	**6.5%**	29.4%	9.1%
AA	**28.5**	**9.4**	37.3	11.5
A	**18.5**	**6.1**	33.2	10.2
BBB	**17.1**	**5.7**	-	-
Other	**16.2**	**5.4**	0.1	0.1
	100.0%	**33.1%**	100.0%	30.9%

b) Liquidity risk

Liquidity risk is the risk that the Plans will encounter difficulty in meeting obligations associated with financial liabilities. The Plans ensure they retain sufficient cash and short-term investment positions to meet their cash flow commitments, including the ability to fund benefit payments and to fund investment commitments. The Plans invest solely in securities that are traded in active markets and can be readily disposed.

c) Interest rate risk

Interest rate risk is the risk that the fair value of the Plans' interest-bearing investments will fluctuate due to changes in market interest rates. The Plans' exposure to interest rate risk is concentrated in its investment in bonds and debentures and short-term investments.

The Plans' actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of salary escalation. The Plans' primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet the Plans' obligations.

The Plans have approximately 33% (2021 - 31%) of their assets invested in fixed income securities as at December 31, 2022. The returns on fixed income securities are particularly sensitive to changes in nominal interest rates.

7. *Management of Financial Risk (continued)*

c) Interest rate risk (continued)

The term to maturity and related fair values of investments in bonds and debentures held by the Plans at December 31, 2022 are as follows:

Term to Maturity	**2022 Fair Value**	2021 Fair Value
Less than one year	**$ 4,407**	$ 100
One to five years	**20,220**	31,515
Greater than five years	**40,182**	34,125
	$ 64,809	$ 65,740

As at December 31, 2022, had prevailing interest rates raised or lowered by 0.5% (2021 - 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 $2,297 (2021 - $2,495), approximately 1.2% of total net assets (2021 - 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, 2022.

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.

	2022				2021	
	Gross Exposure	**Net Foreign Currency Hedge**	**Net Exposure**	**Impact on Net Assets**	Net Exposure	Impact on Net Assets
United States	**$ 25,885**	**$ -**	**$ 25,885**	**$ 2,589**	$ 39,351	$ 3,935
Euro Countries	**6,171**	**-**	**6,171**	**617**	8,166	817
Japan	**5,748**	**-**	**5,748**	**575**	7,323	732
United Kingdom	**3,746**	**-**	**3,746**	**375**	4,777	478
Switzerland	**2,304**	**-**	**2,304**	**230**	3,053	305
Australia	**2,034**	**-**	**2,034**	**203**	2,320	232
Sweden	**901**	**-**	**901**	**90**	1,417	142
Hong Kong	**710**	**-**	**710**	**71**	824	82
Other	**3,130**	**-**	**3,130**	**313**	3,820	382
	$ 50,629	**$ -**	**$ 50,629**	**$ 5,063**	$ 71,051	$ 7,105

7. *Management of Financial Risk (continued)*

e) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. All securities present a risk of loss of capital. The Plans' policy is to invest in a diversified portfolio of investments. As well, the Plans investment manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment policy and strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For these Plans, the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2022, 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 $16,158 (2021 - $21,199), approximately 8.2% of total net assets (2021 - 9.9%). In practice, the actual results may differ and the difference could be material.

The Plan also have exposure to valuation risk through its holdings of infrastructure investments, for which quoted market prices are not available.

As at December 31, 2022, the estimated fair value of infrastructure investments is $10,855 (2021 - $Nil), approximately 5.5% of total net assets (2021 - 0.0%), and the related change in fair value of investments recognized for the year ended December 31, 2022 is $874 (2021 - $Nil).

f) Fair value hierarchy

Financial instruments recorded at fair value on the Combined Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following tables present the investment assets recorded at fair value in the Combined Statement of Financial Position as at December 31, 2022 and December 31, 2021, classified using the fair value hierarchy described above:

7. Management of Financial Risk (continued)

f) Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	2022 Total Investment Assets At Fair Value
Bonds and debentures	**$ 64,809**	**$ -**	**$ -**	**$ 64,809**
Canadian equities	**57,467**	**-**	**-**	**57,467**
Foreign equities	**50,252**	**-**	**-**	**50,252**
Real Estate	**12,024**	**-**	**-**	**12,024**
Infrastructure	**-**	**-**	**10,855**	**10,855**
Cash and short term deposits	**770**	**-**	**-**	**770**
	$ 185,322	**$ -**	**$ 10,855**	**$ 196,177**

	Level 1	Level 2	Level 3	2022 Total Investment Assets At Fair Value
Bonds and debentures	$ 65,740	$ -	$ -	$ 65,740
Canadian equities	76,851	-	-	76,851
Foreign equities	54,457	-	-	54,457
Real Estate	10,020	-	-	10,020
Infrastructure	-	-	-	-
Cash and short term deposits	5,939	-	-	5,939
	$ 213,007	$ -	$ -	$ 213,007

During the year, there has been no significant transfer of amounts between Level 1 and Level 2. The following table reconciles the fair value of financial instruments classified in Level 3 from the beginning balance to the ending balance:

	2022	2021
Fair value, beginning of year	**$ -**	$ -
Gains recognized in increase in net assets	**874**	-
Purchases	**10,000**	-
Sales	**(19)**	-
	$ 10,855	$ -

8. *Investment Income*

		2022		2021
Canadian equities	**$**	**2,550**	$	1,618
Bonds and debentures		**1,958**		1,560
Foreign equities		**1,061**		1,549
Real Estate-CDN		**248**		69
Infrastructure		**19**		-
Cash, short-term deposits and other		**177**		(169)
	$	**6,013**	$	4,627
Allocated to:				
Civic Employees' Group Life Insurance Plan	**$**	**4,778**	$	3,675
Police Employees' Group Life Insurance Plan		**1,235**		952
	$	**6,013**	$	4,627

9. *Investment Transaction Costs*

During the period, the Plans incurred investment transaction costs in the form of brokerage commissions, in the amount of $17 (2021 - $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. *Comparative Figures*

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

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)

	2022	Allocated as:					
		Civic Employees' Plan			Police Employees' Plan		
	Civic and Police Employees' Group Life Insurance Plans	Old Civic Insurance Fund	New Civic Insurance Fund	Total	Old Police Insurance Fund	New Police Insurance Fund	Total
ASSETS							
Investments, at fair value							
Canadian equities	$ 64,809						
Bonds and debentures	57,467						
Foreign equities	50,252						
Real Estate	12,024						
Infrastucture	10,855						
Cash and short-term deposits	1,216						
	196,623	$ -	$ 155,604	$ 155,604	$ -	$ 41,019	$ 41,019
Funds on deposit - Canada Life Assurance Company	(446)	-	234	234	-	(680)	(680)
	196,177	-	155,838	155,838	-	40,339	40,339
Accounts receivable - dividends	424	-	337	337	-	87	87
Accounts receivable	19	135	(116)	19	28	(28)	-
Due from The Winnipeg Civic Employees' Pension Plan	16	-	13	13	-	3	3
Total Assets	196,636	135	156,072	156,207	28	40,401	40,429
LIABILITIES							
Accounts payable	388	-	315	315	-	73	73
Premium Payable	265	135	81	216	28	21	49
Total Liabilities	653	135	396	531	28	94	122
LOAN BETWEEN INSURANCE FUNDS	-	155,676	(155,676)	-	40,307	(40,307)	-
NET ASSETS	$ 195,983	$ 155,676	$ -	155,676	$ 40,307	$ -	40,307
BENEFIT OBLIGATIONS				76,428			21,073
SURPLUS				$ 79,248			$ 19,234

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Schedule 1

SCHEDULE OF STATEMENT OF FINANCIAL POSITION BY PLANS AND FUNDS

As at December 31

(in $ thousands)

	2021	Allocated as: Civic Employees' Plan			Police Employees' Plan		
	Civic and Police Employees' Group Life Insurance Plans	**Old Civic Insurance Fund**	**New Civic Insurance Fund**	**Total**	**Old Police Insurance Fund**	**New Police Insurance Fund**	**Total**
ASSETS							
Investments, at fair value							
Bonds and debentures	$ 65,740						
Canadian equities	76,851						
Foreign equities	54,457						
Real Estate	10,020						
Infrastucture	-						
Cash and short-term deposits	7,096						
	214,164	$ -	$ 169,901	$ 169,901	$ -	$ 44,263	$ 44,263
Funds on deposit - Canada Life Assurance Company	(1,157)	-	(817)	(817)	-	(340)	(340)
	213,007	-	169,084	169,084	-	43,923	43,923
Accounts receivable - dividends	581	-	462	462	-	119	119
Accounts receivable	19	130	(112)	18	26	(25)	1
Due from The Winnipeg Civic Employees' Pension Plan	6	-	5	5	-	1	1
Total Assets	213,613	130	169,439	169,569	26	44,018	44,044
LIABILITIES							
Accounts payable	305	-	250	250	-	55	55
Premium Payable	251	130	74	204	26	21	47
Total Liabilities	556	130	324	454	26	76	102
LOAN BETWEEN INSURANCE FUNDS	-	169,115	(169,115)	-	43,942	(43,942)	-
NET ASSETS	$ 213,057	$ 169,115	$ -	169,115	$ 43,942	$ -	43,942
BENEFIT OBLIGATIONS				81,806			22,383
SURPLUS				$ 87,309			$ 21,559

THE CITY OF WINNIPEG
CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Schedule 2

SCHEDULE OF STATEMENT OF CHANGES IN NET ASSETS BY PLANS AND FUNDS

For the year ended December 31
(in $ thousands)

		2022 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	$ 1,119	$ -	$ 835	$ 835	$ -	$ 284	$ 284
Employees - optional	399	-	286	286	-	113	113
	1,518	-	1,121	1,121	-	397	397
The City of Winnipeg and participating employers	1,117	-	834	834	-	283	283
Pensioners	217	-	158	158	-	59	59
	2,852	-	2,113	2,113	-	739	739
Investment income	6,013	-	4,778	4,778	-	1,235	1,235
Current period change in fair value of investments	-	-	-	-	-	-	-
Total increase in assets	8,865	-	6,891	6,891	-	1,974	1,974
DECREASE IN ASSETS							
Current period change in fair value of investments	18,976	-	15,062	15,062	-	3,914	3,914
Benefit payments	6,123	3,460	1,133	4,593	710	820	1,530
Administration	323	-	256	256	-	67	67
Claims administration and taxes	312	-	260	260	-	52	52
Investment management fees	192	-	150	150	-	42	42
Actuarial fees	13	-	9	9	-	4	4
Total decrease in assets	25,939	3,460	16,870	20,330	710	4,899	5,609
NET (DECREASE) INCREASE IN NET ASSETS FOR THE YEAR	(17,074)	(3,460)	(9,979)	(13,439)	(710)	(2,925)	(3,635)
NET ASSETS, BEGINNING OF YEAR	213,057	169,115	-	169,115	43,942	-	43,942
TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR	-	(9,979)	9,979	-	(2,925)	2,925	-
NET ASSETS, END OF YEAR	$ 195,983	$ 155,676	$ -	$ 155,676	$ 40,307	$ -	$ 40,307

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)

		2021 Allocated as:					
		Civic Employees' Plan			Police Employees' Plan		
	Civic and Police Employees' Group Life Insurance Plans	Old Civic Insurance Fund	New Civic Fund	Total	Old Police Insurance Fund	New Police Insurance Fund	Total
INCREASE IN ASSETS							
Contributions							
Employees - basic	$ 1,099	$ -	$ 823	$ 823	$ -	$ 276	$ 276
Employees - optional	404	-	297	297	-	107	107
	1,503	-	1,120	1,120	-	383	383
The City of Winnipeg and participating employers	1,096	-	821	821	-	275	275
Pensioners	214	-	156	156	-	58	58
	2,813	-	2,097	2,097	-	716	716
Current period change in fair value of investments	19,604	-	15,569	15,569	-	4,035	4,035
Investment income	4,627	-	3,675	3,675	-	952	952
Total increase in assets	27,044	-	21,341	21,341	-	5,703	5,703
DECREASE IN ASSETS							
Benefit payments	7,451	3,335	2,555	5,890	676	885	1,561
Administration	373	-	296	296	-	77	77
Claims administration and taxes	299	-	250	250	-	49	49
Investment management fees	39	-	31	31	-	8	8
Actuarial fees	19	-	(19)	(19)	-	38	38
Total decrease in assets	8,181	3,335	3,113	6,448	676	1,057	1,733
NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	18,863	(3,335)	18,228	14,893	(676)	4,646	3,970
NET ASSETS, BEGINNING OF YEAR	194,194	154,222	-	154,222	39,972	-	39,972
TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR	-	18,228	(18,228)	-	4,646	(4,646)	-
NET ASSETS, END OF YEAR	$ 213,057	$ 169,115	$ -	$ 169,115	$ 43,942	$ -	$ 43,942

THE CITY OF WINNIPEG

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)

	2022	Allocated as:	
	Civic and Police Employees' Group Life Insurance Plans	Civic Employees' Plan	Police Employees' Plan
INCREASE IN BENEFIT OBLIGATIONS			
Interest on benefit obligations	$ 5,175	$ 4,056	$ 1,119
Benefits accrued	2,980	2,364	616
Total increase in benefit obligations	8,155	6,420	1,735
DECREASE IN BENEFIT OBLIGATIONS			
Benefits paid	4,366	3,729	637
Experience gains and losses and other factors	2,040	1,689	351
Changes in actuarial assumptions	8,437	6,380	2,057
Total decrease in benefit obligations	14,843	11,798	3,045
NET INCREASE IN BENEFIT OBLIGATIONS	(6,688)	(5,378)	(1,310)
ACCRUED BENEFIT OBLIGATIONS, BEGINNING OF YEAR	104,189	81,806	22,383
ACCRUED BENEFIT OBLIGATIONS, END OF YEAR	$ 97,501	$ 76,428	$ 21,073

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)

	2021	Allocated as:	
	Civic and Police Employees' Group Life Insurance Plans	**Civic Employees' Plan**	**Police Employees' Plan**
INCREASE IN BENEFIT OBLIGATIONS			
Interest on benefit obligations	$ 5,003	$ 3,938	$ 1,065
Benefits accrued	2,931	2,331	600
Total increase in benefit obligations	7,934	6,269	1,665
DECREASE IN BENEFIT OBLIGATIONS			
Benefits paid	4,716	4,145	571
Total decrease in benefit obligations	4,716	4,145	571
NET INCREASE IN BENEFIT OBLIGATIONS	3,218	2,124	1,094
ACCRUED BENEFIT OBLIGATIONS, BEGINNING OF YEAR	100,971	79,682	21,289
ACCRUED BENEFIT OBLIGATIONS, END OF YEAR	$ 104,189	$ 81,806	$ 22,383

THE CITY OF WINNIPEG

Schedule 4

CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

SCHEDULE OF ADMISTRATIVE EXPENSES

For the year ended December 31
(in $ thousands)

	2022 Budget	**2022 Actual**	2021 Budget	2021 Actual
PROFESSIONAL SERVICES				
Incurred Directly				
Actuarial	**$ 16**	**$ 13**	$ 23	$ 19
Audit	**19**	**22**	18	24
Investment Performance Measurement Fees	**10**	**9**	10	9
Investment Management Fees	**239**	**192**	8	39
Legal	**5**	**-**	5	-
Subtotal - Professional Services Incurred Directly	**289**	**236**	64	91
Cost Shared with Other Plans				
Consulting	**21**	**-**	23	-
Subtotal - Professional Services	**310**	**236**	87	91
OFFICE AND ADMINISTRATION - Cost Shared with Other Plans				
Rent	**29**	**28**	31	27
Equipment Maintenance - Information Technology	**6**	**6**	6	6
Postage	**4**	**2**	4	4
Stationary & Printing	**3**	**2**	3	2
Conferences, Seminars & Training - Staff	**3**	**1**	3	1
Records Management	**3**	**1**	3	-
Other	**2**	**2**	2	2
Telephone	**1**	**1**	1	1
Bank Charges	**1**	**1**	1	1
Subtotal - Office and Administration	**52**	**44**	54	44
SALARIES AND BENEFITS - Cost Shared with Other Plans	**325**	**244**	337	293
FURNITURE AND COMPUTER HARDWARE & SOFTWARE - Cost Shared with Other Plans	**8**	**4**	8	3
TOTAL BUDGETED & ACTUAL ADMINISTRATIVE EXPENSES	**$ 695**	**$ 528**	$ 486	$ 431

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS

As at December 31, 2022
(unaudited)

		General Municipal Purposes	City-owned Utilities				Special Operating Agencies	
By-Law Number	**Minister of Finance/Council Approval**	**General**	**Transit System**	**Waterworks System**	**Sewage Disposal System**	**Solid Waste Disposal**	**Fleet Management**	**Total**
144/2011	January 25/12	$ 18,967,000	$ -	$ -	$ -	$ -	$ -	$ 18,967,000
100/2012	December 12/12	10,000,000	-	-	-	-	-	10,000,000
5/2015	June 17/15	-	-	-	148,321,000	-	-	148,321,000
40/2016	April 27/16	11,129,568	1,300,000	-	579,286,000	-	-	591,715,568
136/2016	January 25/16	9,034,000	23,550,000	-	-	-	-	32,584,000
133/2017	January 25/18	63,800,000	-	-	-	-	-	63,800,000
89/2018	January 31/19	9,316,700	-	-	-	-	-	9,316,700
30/2019	April 25/19	62,723,000	-	-	-	-	-	62,723,000
38/2020	July 23/20	46,218,000	11,549,000	-	-	-	-	57,767,000
107/2020	December 17/20	2,296,000	-	-	-	-	-	2,296,000
133/2020	January 28/21	15,965,000	8,774,000	-	-	-	-	24,739,000
	February 25/21	-	-	-	-	-	8,900,000	8,900,000
122/2021	January 27/22	28,980,000	30,927,000	10,500,000	-			70,407,000
	February 24/22	-	-	-	-	-	11,000,000	11,000,000
		$ 278,429,268	$ 76,100,000	$ 10,500,000	$ 727,607,000	$ -	$ 19,900,000	$ 1,112,536,268

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, 2022
(unaudited)

Outstanding Capital Borrowing Authorization at December 31, 2021	$ 1,214,961,269
Add:	
By-law 122/2021	70,407,000
Fleet Borrowing - 2022 Business Plan	11,000,000
Deduct:	
Royal Bank of Canada Tax Supported Loan	(6,020,001)
Royal Bank of Canada Fleet Loan	(5,300,000)
Royal Bank of Canada Transit Loan	(2,200,000)
Toronto Dominion Bank Tax Supported Loan	(200,000)
Toronto Dominion Bank Fleet Loan	(8,700,000)
Unused Borrowing Authority Resceinded per By-law 122/2021	(18,412,000)
Unused Borrowing Authority Resceinded per By-law 122/2021	(31,000,000)
Unused Borrowing Authority Resceinded per By-law 122/2021	(112,000,000)
Outstanding Capital Borrowing Authorization at December 31, 2022	$ 1,112,536,268

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT ISSUES

As at December 31, 2022
(unaudited)

Term	Month	Interest Rate	By-Law Number	Amount of Debt
Sinking Fund Debt				
2006-2036	July 17	5.200	183/2004 & 72/2006	$ 60,000,000
2008-2036	July 17	5.200	72/2006 & 32/2007	100,000,000
2010-2041	June 3	5.150	183/2008	60,000,000
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
2014-2045	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
2014-2051	Nov. 15	3.893	93/2011 & 145/2013	52,568,000
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
2019-2051	Nov. 15	3.499	6520/94, 6774/96, 6973/97, 6976/97, 7751/01, 72/06 32/07, 219/07, 184/08, 136/16	100,000,000
2019-2051	Nov. 15	2.667	6976/97, 7751/01, 219/07, 184/08, 150/09, 40/16, 133/17	120,000,000
2020-2051	Nov. 15	2.663	183/04, 150/09, 149/13, 5/15, 40/16, 136/16, 133/17	85,000,000
Total Debt				$ 1,072,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE

As at December 31, 2022
(unaudited)

	Debenture Debt		
Description	**Gross**	**Sinking Fund**	**Net**
Tax-Supported			
General	$ 459,830,389	$ 47,656,012	$ 412,174,377
Other Funds			
Transit System	107,325,000	19,764,497	87,560,503
Municipal Accommodations	66,477,000	7,536,864	58,940,136
Total Tax-Supported and Other Funds	633,632,389	74,957,373	558,675,016
City-Owned Utilities			
Sewage Disposal System	163,034,000	9,834,690	153,199,310
Waterworks System	160,000,000	58,600,277	101,399,723
Solid Waste Disposal	13,085,611	1,338,209	11,747,402
Total City-Owned Utilities	336,119,611	69,773,176	266,346,435
Reserves			
Destination Marketing	41,000,000	5,921,327	35,078,673
Local Street Renewal	36,816,000	4,310,833	32,505,167
Regional Street Renewal	25,000,000	3,476,385	21,523,615
Total Reserves	102,816,000	13,708,545	89,107,455
	$ 1,072,568,000	$ 158,439,094	$ 914,128,906

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

As at December 31, 2022
(unaudited)

	2023 Fixed Annual Charges		
Description	**Interest**	**Principal**	**Total**
Tax-Supported	$ 17,116,842	$ 6,359,441	$ 23,476,283
Other Funds			
Transit System	4,879,834	1,517,417	6,397,251
Municipal Accommodations	2,521,277	738,855	3,260,132
Total Tax-Supported and Other Funds	24,517,953	8,615,713	33,133,666
City-Owned Utilities			
Waterworks System	8,320,000	2,836,000	11,156,000
Sewage Disposal System	4,498,394	3,029,056	7,527,450
Solid Waste Disposal	424,310	236,999	661,309
Total City-Owned Utilities	13,242,704	6,102,055	19,344,759
Reserves			
Destination Marketing	1,536,857	645,158	2,182,015
Local Street Renewal	1,305,409	622,406	1,927,815
Regional Street Renewal	919,250	412,750	1,332,000
Total Reserves	3,761,516	1,680,314	5,441,830
	$ 41,522,173	$ 16,398,082	$ 57,920,255

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT CHANGES DURING 2022

As at December 31, 2022

Gross Debt as at January 1, 2022	$ 1,072,568,000
Debt Issued During 2022	-
Debt Retired During 2022	-
Gross Debt as at December 31, 2022	$ 1,072,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT - MATURITY BY YEARS

As at December 31, 2022
(unaudited)

Maturity Year	Sinking Fund Debt	Serial and Installment Debt	Total	%
2036	$ 160,000,000	$ -	$ 160,000,000	14.92
2041	60,000,000	-	60,000,000	5.59
2045	260,000,000	-	260,000,000	24.24
2051	592,568,000	-	592,568,000	55.25
Gross Debt	$ 1,072,568,000	$ -	1,072,568,000	100.00
Less: Sinking Fund Reserve			158,439,094	
Net Debt			$ 914,128,906	

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

DEBENTURE DEBT SUMMARY OF MATURITIES BY PURPOSES

As at December 31, 2022
(unaudited)

Maturity Year	General Tax-Supported	Transit System	Waterworks System	Sewage Disposal	Solid Waste Disposal	Municipal Accommodations	Reserves	Total
2036	$ -	$ -	$ 160,000,000	$ -	$ -	$ -	$ -	$ 160,000,000
2041	-	60,000,000	-	-	-	-	-	60,000,000
2045	127,743,955	3,619,000	-	24,000,000	8,637,045	3,000,000	93,000,000	260,000,000
2051	332,086,434	43,706,000	-	139,034,000	4,448,566	63,477,000	9,816,000	592,568,000
	$ 459,830,389	$ 107,325,000	$ 160,000,000	$ 163,034,000	$ 13,085,611	$ 66,477,000	$ 102,816,000	$ 1,072,568,000

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

ANNUAL DEBENTURE DEBT SERVICE CHARGES ON EXISTING DEBT
As at December 31, 2022
(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**
2023	$ 6,359,441	$ 17,116,842	$ 23,476,283	$ 8,358,327	$ 20,643,815	$ 29,002,142	$ 1,680,314	$ 3,761,516	$ 5,441,830	$ 57,920,255
2024-2036	82,672,720	222,518,946	305,191,666	108,658,251	268,369,582	377,027,833	21,844,095	48,899,708	70,743,803	752,963,302
2037-2041	31,797,200	85,584,210	117,381,410	27,611,635	61,619,070	89,230,705	8,401,575	18,807,580	27,209,155	233,821,270
2042-2045	25,437,760	68,467,368	93,905,128	18,382,880	36,935,256	55,318,136	6,721,260	15,046,064	21,767,324	170,990,588
2046-2051	25,326,156	73,928,016	99,254,172	23,226,234	47,414,622	70,640,856	1,177,854	1,568,400	2,746,254	172,641,282
	$ 171,593,277	$ 467,615,382	$ 639,208,659	$ 186,237,327	$ 434,982,345	$ 621,219,672	$ 39,825,098	$ 88,083,268	$ 127,908,366	$ 1,388,336,697

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE

As at December 31, 2022
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2023 Interest	Annual Charges 2023 Principal	Sinking Fund Reserve at Dec. 31, 2022
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	$ 5,627,668
23/13 & 149/13	10,871,000	June 1, 2014-2045	CAN	4.500	3.713	403,640	167,886	1,616,124
144/11 & 5/15	8,150,000	June 1, 2015-2045	CAN	4.500	3.828	311,982	133,591	1,099,419
5/2015 & 40/2016	19,891,000	June 1, 2016-2045	CAN	4.000	3.303	657,000	375,541	2,549,098
150/2009	18,700,000	Nov. 15, 2011-2051	CAN	4.500	4.300	804,100	174,717	2,432,002
120/2009	25,000,000	Nov. 15, 2012-2051	CAN	4.500	3.759	939,750	246,392	3,044,884
219/07, 184/08	10,259,000	Nov. 15, 2019-2051	CAN	4.000	3.499	358,962	163,617	513,320
40/2016	13,500,000	Nov. 15, 2019-2051	CAN	3.500	2.667	360,045	235,460	734,619
136/2016	2,817,000	Nov. 15, 2020-2051	CAN	3.000	2.663	75,017	56,337	114,796
	147,043,000					5,462,551	2,138,152	17,731,930
PARKS AND RECREATION								
72/2006, 219/2007	2,775,000	Nov. 15, 2019 - 2051	CAN	4.000	3.499	97,097	44,257	138,850
40/2016	990,000	Nov. 15, 2019 - 2051	CAN	3.500	2.667	26,403	17,267	53,872
136/2016	1,150,000	Nov. 15, 2020 - 2051	CAN	3.000	2.663	30,625	22,999	46,864
	4,915,000					154,125	84,523	239,586
LIBRARIES								
23&149/13, 5/15, 40/16	13,759,000	June 1, 2016-2045	CAN	4.000	3.303	454,460	259,769	1,763,262
40/2016	1,940,000	Nov. 15, 2019-2051	CAN	3.500	2.667	51,740	33,837	105,567
136/2016	2,050,000	Nov. 15, 2020-2051	CAN	3.000	2.663	54,592	40,998	83,540
	17,749,000					560,792	334,604	1,952,369

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2022
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2023 Interest	Annual Charges 2023 Principal	Sinking Fund Reserve at Dec. 31, 2022
FIRE								
5/2015	808,000	June 1, 2015-2045	CAN	4.500	3.828	30,930	13,244	108,998
5/2015 & 40/2016	1,109,000	June 1, 2016-2045	CAN	4.000	3.303	36,630	20,938	142,122
7751/01, 32/2007	3,144,000	Nov. 15, 2019-2051	CAN	4.000	3.499	110,009	50,142	157,313
	5,061,000					177,569	84,324	408,433
POLICE								
93/2011	50,000,000	Nov. 15, 2012-2051	CAN	4.500	3.853	1,926,500	492,783	6,089,769
93/2011	8,586,000	Nov. 15, 2012-2051	CAN	4.500	3.759	322,748	84,621	1,045,735
93/2011	43,992,000	Nov. 15, 2013-2051	CAN	4.500	4.391	1,891,656	457,591	4,970,985
93/11 & 145/13	52,568,000	Nov. 15, 2014-2051	CAN	4.500	3.893	2,046,472	577,408	5,446,811
	155,146,000					6,187,376	1,612,403	17,553,300
ASSINIBOINE PARK - COMMUNITY SERVICES								
23/13 & 149/13	11,626,000	June 1, 2014-2045	CAN	4.500	4.100	476,666	179,546	1,728,365
96/2015	2,000,000	June 1, 2016-2045	CAN	4.000	3.303	66,060	37,760	256,307
6976/97, 7751/01	20,246,000	Nov. 15, 2019-2051	CAN	4.000	3.499	708,408	322,895	1,013,031
40/2016	8,514,000	Nov. 15, 2019-2051	CAN	3.500	2.667	227,068	148,497	463,300
136/2016	2,250,000	Nov. 15, 2020-2051	CAN	3.000	2.663	59,918	44,998	91,690
	44,636,000					1,538,120	733,696	3,552,693

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2022
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2023 Interest	Annual Charges 2023 Principal	Sinking Fund Reserve at Dec. 31, 2022
LOCAL IMPROVEMENTS								
149/2013	519,000	June 1, 2014-2045	CAN	4.500	4.100	21,279	8,015	77,157
149/2013	761,000	June 1, 2014-2045	CAN	4.500	3.713	28,256	11,752	113,133
149/13 & 5/15	1,791,000	June 1, 2015-2045	CAN	4.500	3.828	68,559	29,357	241,602
72/06, 5/15, 40/16	4,603,955	June 1, 2016-2045	CAN	4.000	3.303	152,069	86,922	590,012
72/2006	1,550,000	Nov. 15, 2011-2051	CAN	4.500	4.300	66,650	14,482	201,583
6976/97, 7751/01, 40/16	677,434	Nov. 15, 2019-2051	CAN	3.500	2.667	18,067	11,815	36,863
136/2016	252,000	Nov. 15, 2020-2051	CAN	3.000	2.663	6,710	5,040	10,269
	10,154,389					361,590	167,383	1,270,619
DEVELOPER PAYBACK								
7751/01	6,816,000	Nov. 15, 2019-2051	CAN	4.000	3.499	238,492	108,706	341,046
SPECIAL PROJECTS - COMMUNITY SERVICES								
61/2015	14,000,000	June 1, 2015-2045	CAN	4.500	3.828	535,920	229,482	1,888,573
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	2,582,363
PEDESTRIAN AND CYCLING PROGRAM								
7751/01, 72/2006	2,700,000	Nov. 15, 2019-2051	CAN	4.000	3.499	94,473	43,061	135,100
Tax-Supported Total	**459,830,389**					**17,116,842**	**6,359,441**	**47,656,012**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

TAX-SUPPORTED AND OTHER FUNDS DEBENTURE DEBT BY PURPOSE (continued)

As at December 31, 2022
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2023 Interest	Annual Charges 2023 Principal	Sinking Fund Reserve at Dec. 31, 2022
TRANSIT SYSTEM								
183/2008	60,000,000	June 3, 2010-2041	CAN	4.500	5.150	3,090,000	926,607	14,701,833
23/2013	3,619,000	June 1, 2015-2045	CAN	4.500	3.828	138,535	59,321	488,196
183/2008	29,750,000	Nov. 15, 2011-2051	CAN	4.500	4.300	1,279,250	277,959	3,869,094
40/2016	10,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	266,700	174,415	544,162
40/16 & 133/17	3,956,000	Nov. 15, 2020-2051	CAN	3.000	2.663	105,349	79,115	161,212
	107,325,000					4,879,834	1,517,417	19,764,497
MUNICIPAL ACCOMMODATIONS								
23/2013	3,000,000	June 1, 2015-2045	CAN	4.500	3.828	114,840	49,175	404,694
138/2011	41,414,000	Nov. 15, 2012-2051	CAN	4.500	3.759	1,556,752	408,163	5,044,034
84/2013	16,008,000	Nov. 15, 2013-2051	CAN	4.500	4.300	688,344	166,510	1,808,864
40/2016	2,380,000	Nov. 15, 2019-2051	CAN	3.500	2.667	63,475	41,511	129,511
136/2016	3,675,000	Nov. 15, 2020-2051	CAN	3.000	2.663	97,866	73,496	149,761
	66,477,000					2,521,277	738,855	7,536,864
Total Tax Supported and Other Funds	**633,632,389**					**24,517,953**	**8,615,713**	**74,957,373**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE

As at December 31, 2022
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2023 Interest	Annual Charges 2023 Principal	Sinking Fund Reserve at Dec. 31, 2022
SEWAGE DISPOSAL SYSTEM								
5/2015	24,000,000	June 1, 2016-2045	CAN	4.000	3.303	792,720	453,118	3,075,680
219/07,184/08,150/09	80,000,000	Nov. 15, 2019-2051	CAN	3.500	2.667	2,133,600	1,395,320	4,353,297
5/15, 183/04, 150/09	59,034,000	Nov. 15, 2020-2051	CAN	3.000	2.663	1,572,074	1,180,618	2,405,713
	163,034,000					4,498,394	3,029,056	9,834,690
WATERWORKS SYSTEM								
183/04 & 72/06	60,000,000	July 17, 2006-2036	CAN	4.500	5.200	3,120,000	984,000	22,816,112
72/06 & 32/07	100,000,000	July 17, 2008-2036	CAN	4.500	5.200	5,200,000	1,852,000	35,784,165
	160,000,000					8,320,000	2,836,000	58,600,277
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	1,106,867
136/2016	2,450,000	Nov. 15, 2019-2051	CAN	4.500	3.499	85,726	39,074	122,588
133/2017	1,998,566	Nov. 15, 2019-2051	CAN	3.500	2.667	53,302	34,858	108,754
	13,085,611					424,310	236,999	1,338,209
Utility Total	**336,119,611**					**13,242,704**	**6,102,055**	**69,773,176**

THE CITY OF WINNIPEG
TAX-SUPPORTED AND CITY-OWNED UTILITIES

CITY-OWNED RESERVE FUNDS DEBENTURE DEBT BY PURPOSE

As at December 31, 2022
(unaudited)

By-law Number	Amount of Debt	Term of Debt	Payable	Interest Rates % Sinking Fund	Interest Rates % Debt	Annual Charges 2023 Interest	Annual Charges 2023 Principal	Sinking Fund Reserve at Dec. 31, 2022
DESTINATION MARKETING RESERVE								
100/2012	28,368,000	Jun. 1, 2014-2045	CAN	4.500	3.713	1,053,304	438,100	4,217,294
100/2012	12,632,000	Jun. 1, 2015-2045	CAN	4.500	3.828	483,553	207,058	1,704,033
	41,000,000					1,536,857	645,158	5,921,327
LOCAL STREETS RENEWAL RESERVE								
23/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	4.100	410,000	154,435	1,486,638
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,434	1,486,638
5/2015	6,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	229,680	98,349	809,389
40/2016	1,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	33,030	18,880	128,153
136/16, 149/13, 5/15	9,816,000	Nov. 15, 2020-2051	CAN	3.000	2.663	261,399	196,308	400,015
	36,816,000					1,305,409	622,406	4,310,833
REGIONAL STREETS RENEWAL RESERVE								
149/2013	10,000,000	Jun. 1, 2014-2045	CAN	4.500	3.713	371,300	154,435	1,486,638
5/2015	10,000,000	Jun. 1, 2015-2045	CAN	4.500	3.828	382,800	163,915	1,348,981
40/2016	5,000,000	Jun. 1, 2016-2045	CAN	4.000	3.303	165,150	94,400	640,766
	25,000,000					919,250	412,750	3,476,385
Reserve Funds Total	**102,816,000**					**3,761,516**	**1,680,314**	**13,708,545**
Grand Total	**$ 1,072,568,000**					**$ 41,522,173**	**$ 16,398,082**	**$ 158,439,094**

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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