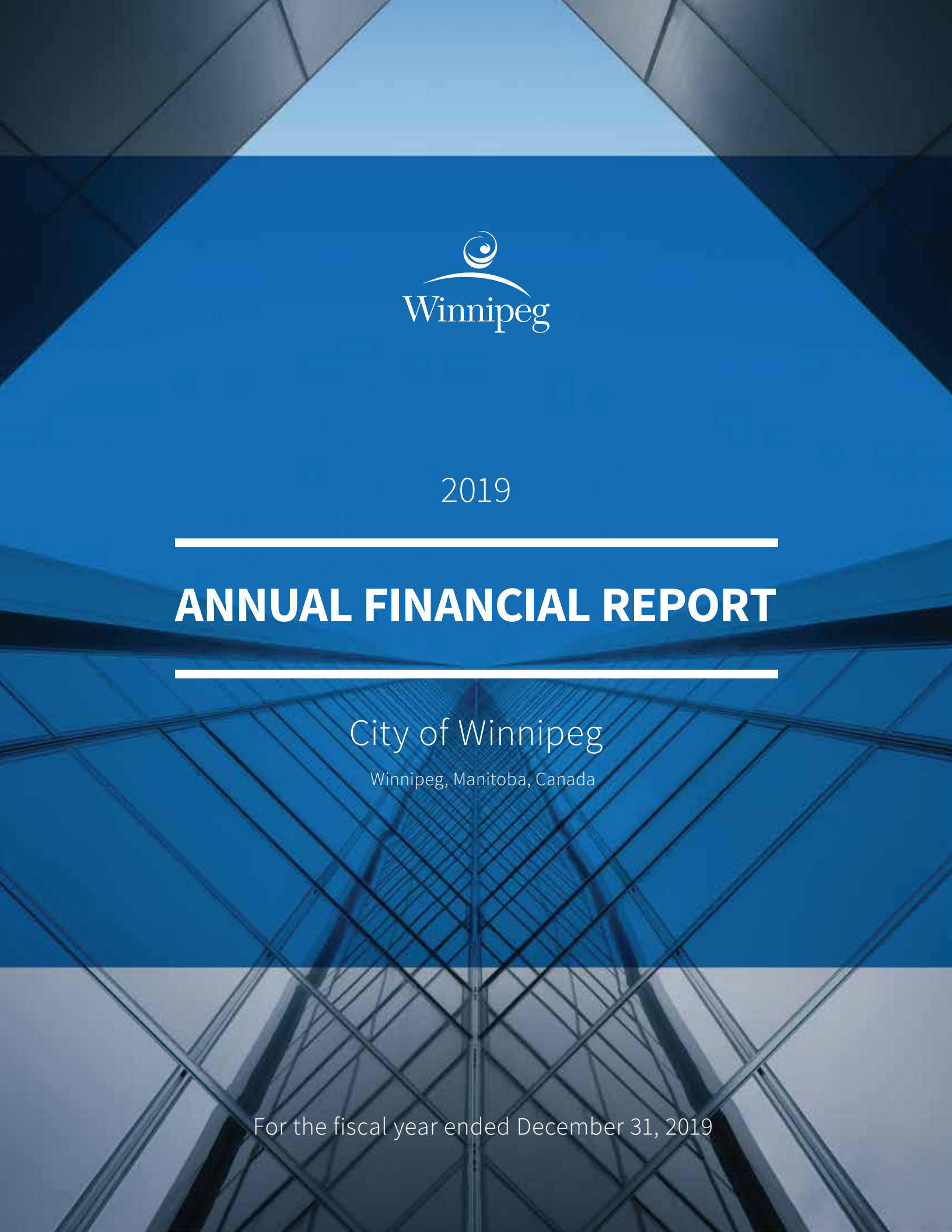


2019

ANNUAL FINANCIAL REPORT

City of Winnipeg

Winnipeg, Manitoba, Canada

For the fiscal year ended December 31, 2019

City of Winnipeg 2019 Annual Financial Report

Winnipeg, Manitoba, Canada

This annual report for the fiscal year ended December 31, 2019 has been prepared and compiled by the City of Winnipeg's Corporate Finance Department.

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Corporate vision

To be a vibrant and healthy city which places its highest priority in quality of life for all its citizens.

Corporate mission

Working together to achieve affordable, responsive and innovative public service.



Table of Contents

INTRODUCTORY SECTION

Winnipeg at a glance 4

Message from the Mayor 5

City Council
- 15th Council of the City of Winnipeg 6

City of Winnipeg governance 8
- Openness & transparency
- Office of the Integrity Commissioner
- Voluntary lobbyist registry

City of Winnipeg administration 10
- Statutory officers
- Senior administration
- 2019 organization chart 11

Message from the Interim Chief Administrative Officer 12

Citizen satisfaction survey highlights 13

City of Winnipeg service highlights 15
- Investing in public transportation 16
- Investing in street renewal 18
- Investing in safe & secure communities 19
  - *Safety & security*
  - *A welcoming community*
  - *A sustainable community* 20
  - *Community amenities*
- Investing in technology 22
- Awarded Excellence

2020 Infrastructure Plan 23

Capital projects 24

October storm event 25

Journey of Reconciliation 26

FINANCIAL SECTION

Report from the Interim Chief Financial Officer 27
- Financial statement discussion & analysis

Responsibility for financial reporting 47

Independent Auditors' report 48

Consolidated financial statements 50

STATISTICAL SECTION

Five-year review 84

CITY CONTACT INFORMATION & PHOTO CREDITS 86

Winnipeg at a glance



763,900¤ | Population

10,500¤ | Annual population change *(2018-2019)*

38.8¤ | Median age

$43.8 billion+ | GDP

2.3%¤ | CPI

$46,300+ | Personal income per capita

469,600+ | Labour force

444,800+ | Employment

5.3%¤ | Unemployment rate

$313,590* | Average home assessment

$1,815* | Average municipal property taxes *(excluding school taxes)*

4,494‡ | Housing starts

294,245¤ | Total households

5,033* | Total residential permits issued

3,461* | Total non-residential permits issued

$1,099 million* | Residential permit values

$1,069 million* | Non-residential permit values

¤ Statistics Canada

+ Conference Board of Canada, Metropolitan Outlook (Spring 2019)

‡ CMHC Starts and Completions Survey (2018)

* City of Winnipeg

Message from the Mayor



Winnipeg can weather any storm. That's the message that has emerged loud and clear, as Winnipeggers have pulled together to help each other through the COVID-19 health and economic crisis. From health care professionals, to front-line service providers, to residents in every neighbourhood – the people of our city have worked in concert to successfully flatten the curve and slow the spread of the virus.

The City of Winnipeg is committed to a recovery that includes everyone. We are focused on protecting public health and safety; maintaining the services Winnipeggers rely upon; and showing our support for Winnipeggers who are hurting.

We've provided temporary relief on penalties for unpaid property and business taxes; we've established the Mayor's COVID-19 Business Task Force to assist local business; and we've proposed a renewed partnership between the Province and the City to immediately develop and implement a post-pandemic plan for economic recovery.

The City of Winnipeg supports the Federation of Canadian Municipalities' call for the Government of Canada to provide targeted emergency operating funding to local governments across the country. The unprecedented economic uncertainty Canadians are facing calls for unprecedented cooperation, and bold new partnerships between all three levels of government.



Mayor Brian Bowman
City of Winnipeg

Winnipeg is not immune to the effects of a global economic crisis, but, with the support of our federal and provincial partners, we will be well-positioned for recovery. Our economy is diverse and balanced. Our workforce is well-educated and creative. We are a centre of innovation and entrepreneurship: the Intelligent Communities Forum has chosen us as one of the world's Smart21 cities in 2018, 2019, and 2020. And, Moody's Investor Service noted in 2019 that, the City of Winnipeg "benefits from disciplined fiscal planning and an ability to produce solid operating results in the face of funding pressures…"

As you read the 2019 Annual Financial Report, you will see evidence of the disciplined planning which defines the Winnipeg approach. The 2019 Adopted Budget was balanced, limited both operating expenditures and property tax increases, and helped the City transition to multi-year budgeting. The 2020-2023 Multi-Year Balanced Operating and Capital Budgets, adopted in March of this year, will help the City achieve its goals for service provision, fiscal stability, and environmental sustainability – as well as helping us invest in the right infrastructure and services to support sustainable growth in our community.

The landmark events of 2019 seem far behind us, now. In 2019, our economy and population continued to grow. We celebrated with the triumphant Blue Bombers as they returned the Grey Cup to Winnipeg after almost three decades. We reflected on the heritage of the Winnipeg General Strike, and what it meant for workers everywhere. We solemnly marked the 75th anniversary of the Battle of Normandy, remembering all the Winnipeggers who gave their lives for our freedom. And we dug ourselves out from a disastrous and dangerous October storm that felled thousands of trees, and power lines all over the city.

In time, when the COVID-19 crisis has passed, we will look back on 2019 as a reminder of the strength of this community. We achieved great things; we were true to our heritage and history; and we overcame every adversity that came our way – just as we are going to overcome this pandemic. We have solid emergency and financial plans; we have a dedicated civic team; and most of all, we have the sheer spirit and energy and will of the people of Winnipeg, who remain undefeated and unbowed.

Together, we will weather the storm.

2018–2022

15th Council of the City of Winnipeg Members and appointments

(As at December 31, 2019)



Mayor Brian Bowman
Chairperson, Executive Policy Committee



Matt Allard
ST. BONIFACE
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works



Jeff Browaty
NORTH KILDONAN



Markus Chambers
ST. NORBERT – SEINE RIVER
Deputy Mayor



Ross Eadie
MYNARSKI



Scott Gillingham
ST. JAMES
Chairperson, Standing Policy Committee on Finance



Cindy Gilroy
DANIEL MCINTYRE
Chairperson, Standing Policy Committee on Water and Waste, Riverbank Management and the Environment



Kevin Klein
CHARLESWOOD – TUXEDO – WESTWOOD



Janice Lukes
WAVERLEY WEST
Deputy Speaker



Brian Mayes
ST. VITAL
Chairperson, Standing Policy Committee on Property and Development, Heritage and Downtown Development

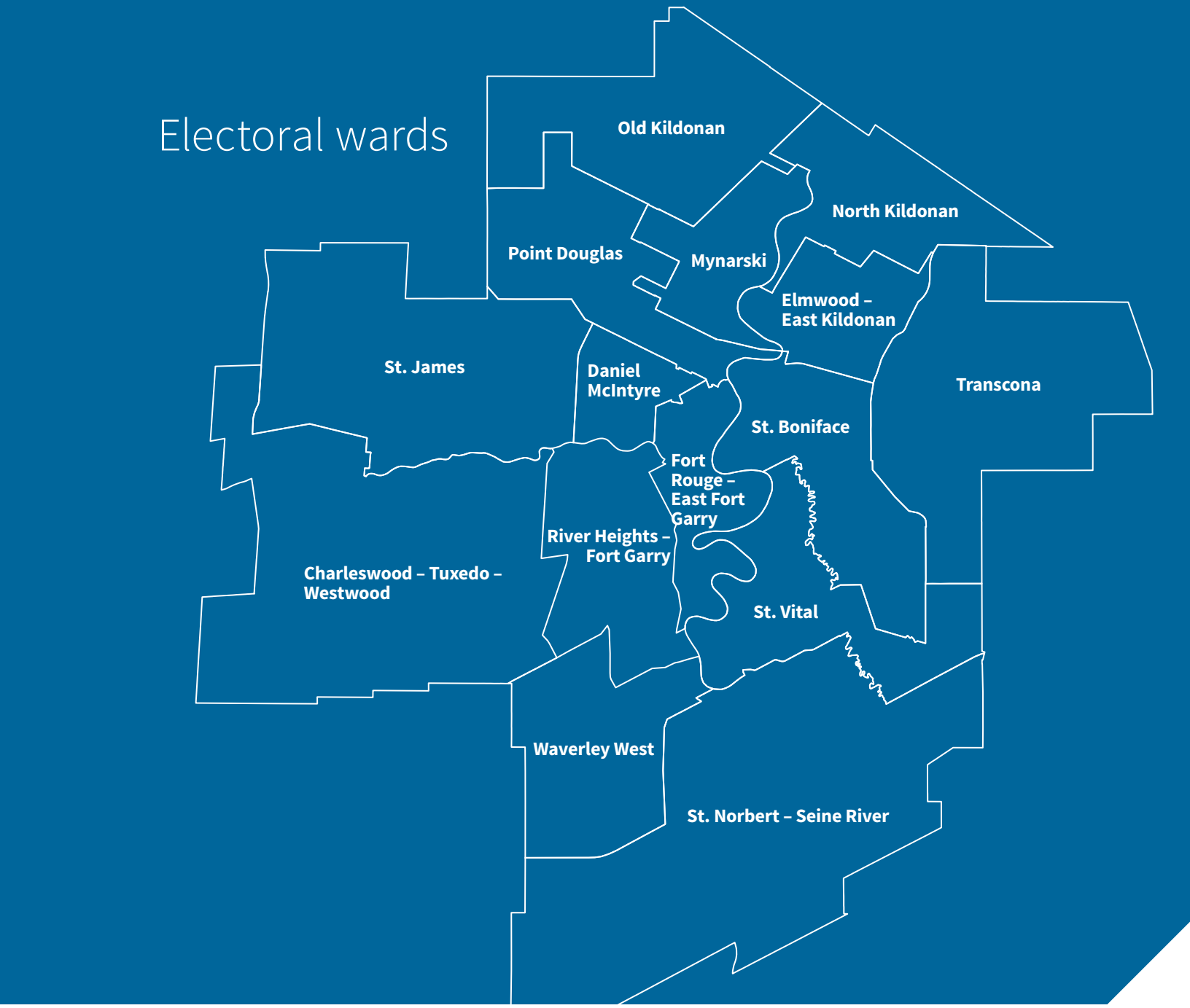


Shawn Nason
TRANSCONA



John Orlikow
RIVER HEIGHTS – FORT GARRY
Chairperson, Standing Policy Committee on Innovation and Economic Development

Electoral wards





Sherri Rollins
FORT ROUGE – EAST FORT GARRY
Chairperson, Standing Policy Committee on Protection, Community Services and Parks



Vivian Santos
POINT DOUGLAS
Acting Deputy Mayor



Jason Schreyer
ELMWOOD – EAST KILDONAN



Devi Sharma
OLD KILDONAN
Speaker

City of Winnipeg governance

City Council ("Council") is the governing body of the City of Winnipeg ("City") and the custodian of its powers, both legislative and administrative. The City may exercise only those powers granted to it by legislation.

Policymaking at the local level is limited and controlled by provincial government statute. *The City of Winnipeg Charter* ("Charter") provides the majority of powers and authority to the City. However, other statutes extend additional authority to Council in its decision-making process.

The composition of Council is legislated under Part 3 of the Charter and consists of 15 Councillors and the Mayor. Each Councillor represents an individual ward while the Mayor is elected by a vote of the city-at-large. Members of Council are accountable to the people of Winnipeg, and hold office for four-year terms.

Councillors have a dual role: they are members of Council, where decisions affecting the whole city are made; and members of the Community Committees, where decisions affecting local community issues are made.

Council exercises its powers either by bylaw or resolution passed at a regular or special meeting when a quorum is present.

Pursuant to the Charter, Council has the authority to establish committees of Council, and Council may delegate a power, duty, or function to a committee of Council.

Currently, there are six standing committees of Council whose chairpersons are appointed by the Mayor. These are the Standing Policy Committee on Finance; the Standing Policy Committee on Infrastructure Renewal and Public Works; the Standing Policy Committee on Protection, Community Services and Parks; the Standing Policy Committee on Property and Development, Heritage and Downtown Development; the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment; and the Standing Policy Committee on Innovation and Economic Development.

These standing policy committees provide policy advice to Council, and consider and report to Council through the Executive Policy Committee ("EPC") on matters respecting their areas of jurisdiction.

The standing policy committee chairpersons and the Mayor collectively form EPC, with the Mayor chairing the committee. EPC formulates and presents recommendations to Council respecting policies, plans, budgets, bylaws, and other matters that affect the city as a whole; ensures the implementation of policies adopted by Council; recommends to Council the appointment, suspension, or dismissal of statutory officers; supervises the Chief Administrative Officer; co-ordinates the work of committees of Council; and receives reports of other committees of Council and forwards them to Council with its own recommendations.

OPENNESS & TRANSPARENCY

The *City of Winnipeg Open Government Policy* provides a framework to continue to move towards being more open, transparent, and accountable.

The key objectives of the policy are to:

1. Establish greater trust in government
2. Ensure better outcomes at less cost
3. Raise compliance levels
4. Ensure equity of access to public policy making
5. Foster innovation and new economic activity
6. Enhance effectiveness by leveraging knowledge and resources of residents

Winnipeggers seeking to be more engaged with their local government have more tools than ever at their disposal to access information and become involved in the political process. Council and committee meetings, as well as Board of Revision hearings are live-streamed online and are recorded for later viewing. Hansard and disposition documents created for, and shared through the Decision Making Information System are available in machine-readable format.

Residents are able to register as delegations where they can provide opinions and feedback on matters before committees and Council.

One of the objectives set out in the Open Government Policy is to proactively release information through open data. Open data is information that is widely available in a format that can be read by a computer and is made available for anyone to use, transform, or republish without restriction. It normally only requires that the data source be cited. The practice of providing open data must respect all legislation and regulations regarding freedom of information and protection of privacy. In total, the City released 17 new datasets throughout 2019. The City ranked second on the list of Canada's Most Open Cities for 2019, which is an index that ranks cities based on readiness, implementation, and impact of available open data.

As part of its commitment to greater transparency and accountability, the City also publishes records of interest to the public both proactively and in response to requests submitted under *The Freedom of Information and Protection of Privacy Act* ("FIPPA"). The City processed 1,049 FIPPA applications in 2019, which marked an increase from the 917 processed in 2018.

OFFICE OF THE INTEGRITY COMMISSIONER

The Integrity Commissioner forms an important part of the accountability framework which has been put in place for members of Council.

The Integrity Commissioner reports to Council through the Governance Committee except when presenting investigative reports where a member of Council has been found to have breached the Code of Conduct, in which case the Integrity Commissioner reports directly to Council.

The Office of the Integrity Commissioner was established to provide a transparent, accessible, and open process through which Councillors and members of the public may report, or receive information on perceived conflicts of interest by a sitting member of Council.

The Integrity Commissioner is appointed by Council for a minimum two-year renewable term, and is required to publish an annual report of their activities. Their role is to assist members of Council in understanding their ethical obligations under *The Municipal Council Conflict of Interest Act* and Code of Conduct, to identify areas of possible conflict and to provide Councillors with advice on preventing conflicts and breaches of ethical conduct from occurring.

The Integrity Commissioner is also mandated to investigate complaints made about members of Council which relate to alleged violations of conflict of interest requirements, and any bylaws and policies relating to ethical conduct, including the Code of Conduct.

The authority to investigate matters raised relating to members of Council falls to the Integrity Commissioner; however, they do not have the authority to investigate City employees whose activities are currently covered by the City's *Employee Code of Conduct*.

VOLUNTARY LOBBYIST REGISTRY

The voluntary lobbyist registry was created to publish information on any meetings where an individual representing a financial or business interest, or the financial interest of a not-for-profit with paid staff, communicates with a member of Council or a City employee, to try and influence a decision on governmental matters, outside of the standard process.

The Integrity Commissioner has oversight of the registry and is responsible for reviewing any future changes to the registry process.

City of Winnipeg administration

There are a number of civic departments and special operating agencies ("SOAs") which provide a variety of services, including the areas of public safety, transportation, environment, planning and development, and leisure and wellness.

STATUTORY OFFICERS

Council appoints four statutory officers: Chief Administrative Officer, Chief Financial Officer, City Clerk, and City Auditor. The Chief Administrative Officer is the administrative head of the City, and advises and informs Council on the operation and affairs of the City. Statutory officers also ensure policies and programs are implemented; provide input on behalf of the administration to Council's goals, objectives, and strategies; supervise the City's employees responsible for the care of the City's real property and other assets; and approve and coordinate administrative reports to the standing committees of Council, EPC, and Council, among other responsibilities.

The Chief Financial Officer reports to the Chief Administrative Officer, and monitors the financial status of the City and provides advice on fiscal policy and strategy.

The City Auditor is independent of the City's Public Service. They conduct 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.

Independent of the City's Public Service, the City Clerk supports the work of Council, EPC, standing policy committees, community committees, the Mayor and Mayor's Office, and members of Council, as well as liaises with the Chief Administrative Officer and senior administrators.

SENIOR ADMINISTRATION

The Chief Administrative Officer has six direct reports – the Chief Financial Officer, the Chief Corporate Services Officer, the Chief Asset & Project Management Officer, the Chief Innovation Officer, the Chief Transportation & Utilities Officer, and the Director, Customer Service & Communications.

The Chief Financial Officer supervises the Assessment and Taxation and Corporate Finance departments, monitors the financial status of the City, and provides advice on fiscal policy and strategy.

The Chief Corporate Services Officer is responsible for six departments (Community Services; Human Resource Services; Legal Services; Planning, Property & Development; Winnipeg Fire Paramedic Service; and Winnipeg Police Service), two SOAs (Animal Services Agency and Golf Services), and the Indigenous Relations Division.

The Chief Asset & Project Management Officer co-ordinates and facilitates the review of work by civic departments, consultants, contractors, internal technical, clerical, financial, and department leads involved in all City capital projects completed on behalf of the City.

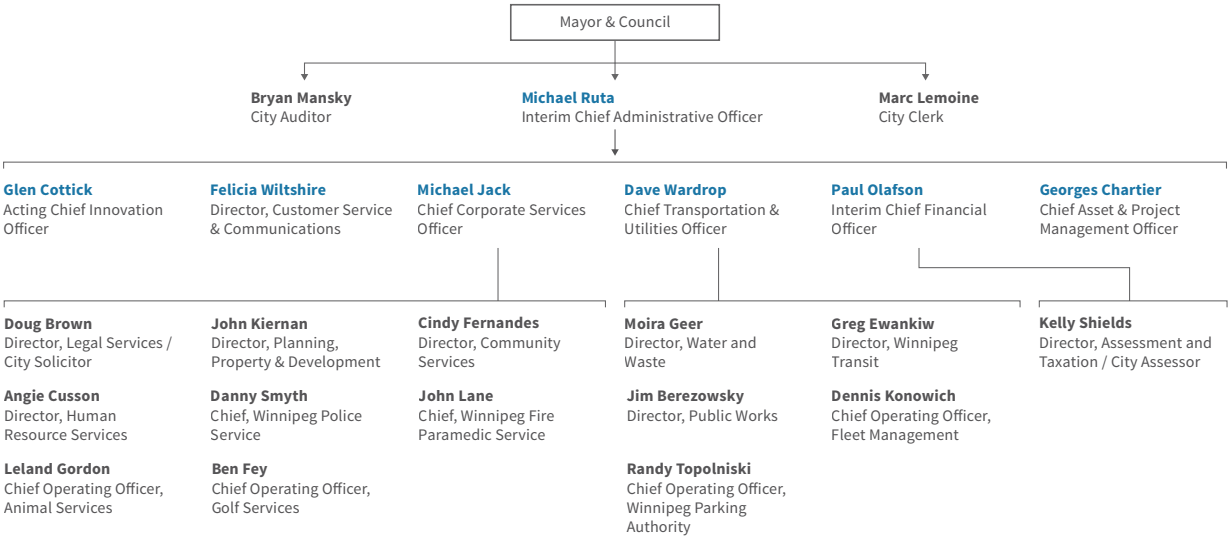
The Chief Innovation Officer sets the strategic direction of organizational innovation through technology to enhance the City's service delivery capabilities. This position provides leadership for service delivery activities and operational transformation activities across the City, ensuring the best possible use of existing technology resources, systems, platforms, and applications, while finding new ways to meet service challenges, planning for future needs, and responding to economic opportunities.

The Chief Transportation & Utilities Officer is responsible for the three large infrastructure departments (Public Works, Water and Waste, and Winnipeg Transit) along with two SOAs (Fleet Management Agency and Winnipeg Parking Authority).

The Director of Customer Service & Communications is responsible for the divisions that communicate with the public and media on behalf of the City (311, Corporate Communications, French Language Services, Marketing & Branding, Office of Public Engagement, and Web & Social Media).

2019 ORGANIZATION CHART

(As at December 31, 2019)



Message from the Interim Chief Administrative Officer



Michael Ruta, FCPA, FCA, M.S.M.
Interim Chief Administrative Officer

The Winnipeg Public Service provides City Council with crucial support for its planning and decision-making processes. It also provides high-quality services to the residents of Winnipeg, each and every day. In 2019, we marked a number of notable achievements and advances in both these areas.

The City of Winnipeg's 2019 Budget was honoured by the Government Finance Officers Association, with the Distinguished Budget Presentation Award. This budget struck a careful balance between fiscal discipline, addressing immediate priorities, and continued investment in key services and infrastructure. Its chief priorities included investments in transit, roads, innovation, and combined sewer overflow mitigation; maintaining front-line services; and reducing the water and sewer dividend rate, while keeping taxes and fees affordable for Winnipeggers.

The 2019 Operating and Capital Budgets also helped lay the foundation for the 2020-2023 Multi-Year Balanced Operating and Capital Budgets. The move to multi-year budgeting represents a major step forward for the City of Winnipeg, helping us focus on long-term issues, and better equipping us to meet our financial and service challenges.

In 2019, the City marked many significant milestones in its delivery of high-quality, cost-effective infrastructure and services to residents. Traffic began flowing through the new Waverley Street Underpass. The Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Project was completed ahead of schedule, and $46 million under budget. Shoal Lake 40 First Nation's historic Freedom Road project, in which the City was a partner, was officially opened.

In 2019, the Transcona Library moved into a brand-new facility, and renovations were completed to make the St. John's Library fully accessible to all its patrons. The Taché Promenade and Belvédère Saint-Boniface received the 2019 Team Achievement Award from Engineers Geoscientists Manitoba. And, unforgettably, in October, the City cleaned up after a massive, unprecedented snow and ice storm that damaged over 30,000 City-owned trees and downed hundreds of power lines.

Now, the Winnipeg Public Service is working on the toughest challenge most of us have ever faced: helping our community get through the COVID-19 pandemic. It has been painful; there have been large reductions in civic revenue, and our COVID-19 crisis cash management plan has had to include reductions in public transit services, and temporary staff lay-offs in Winnipeg Transit and Community Services.

However, we are looking forward with hope and determination to a new normal, and the gradual re-opening and re-introduction of services. Extensive emergency planning and our strong financial management system have helped us adapt and keep pace with a rapidly changing situation. Staff in every department have worked tirelessly to develop a whole new way of doing business, maintaining essential services and keeping Winnipeggers safe through the pandemic.

This is an uncertain time, but the Winnipeg Public Service has risen to the challenge. I would like to thank all City employees for their contributions to our community's well-being, and to the recovery ahead.

Citizen satisfaction survey highlights

The City conducts an annual citizen satisfaction survey to solicit opinions on its performance in the delivery of key services. In 2019, 602 Winnipeggers, aged 18 and older, provided their thoughts on what the City is doing well and what needs improvement.

93% rate **quality of life** as very good or good

81% rate **customer service** as very good or good*

68% rate **value of tax dollar** as very good or good

Citizen satisfaction with City services

88% rate **overall City services** as very good or good



76% are very satisfied or somewhat satisfied with **snow removal**



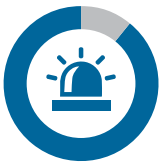
97% are very satisfied or somewhat satisfied with **condition of major parks****



75% are very satisfied or somewhat satisfied with **efforts in crime prevention**



91% are very satisfied or somewhat satisfied with **City-operated recreation programs****



89% are very satisfied or somewhat satisfied with **level of City preparedness to respond, assist**



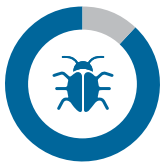
69% are very satisfied or somewhat satisfied with **public transit****



94% are very satisfied or somewhat satisfied with **garbage collection**



83% are very satisfied or somewhat satisfied with **recycling program**



88% are very satisfied or somewhat satisfied with **insect control**

To see more results from the survey, please visit: **winnipeg.ca/citizensatisfaction**

* Those who indicated they have contacted the City

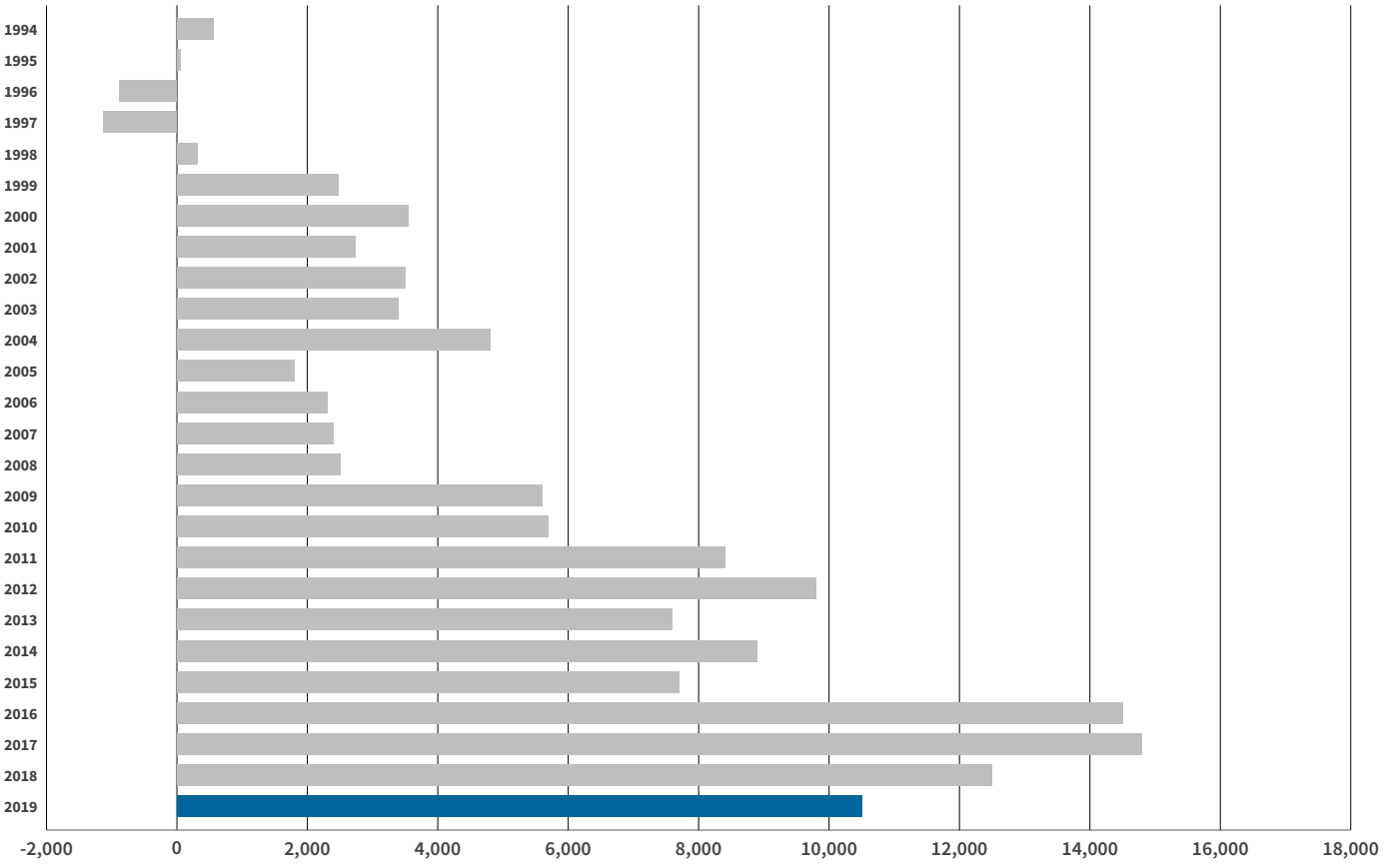
**Those who indicated they have used the service



City of Winnipeg service highlights

Winnipeg is growing. The city is in a cycle of strong growth, a pace not seen for decades as evidenced by the table below.

City of Winnipeg annual population change



Source: Statistics Canada

According to the *2016 City of Winnipeg Population, Housing, and Economic Forecast*, Winnipeg's average annual population growth over 25 years is estimated to increase by 8,200 people per year. It also notes that the city's Census Metropolitan Area population is predicted to exceed 1 million people by 2034/2035 and surpass 1,055,000 by 2040.

Winnipeg itself is expected to grow to a population of approximately 922,600 by 2040. In 2019, Winnipeg's population was 763,900*. Furthermore, the number of households is expected to increase by around 32 percent, or approximately 100,000, to a total of 391,100 by 2040.

Investments in key services and infrastructure are critical to support a growing, thriving, modern city, now and into the future. As such, the City's 2019 Budget, based in part on residents' priorities identified through the budget consultation process, focused on the following areas:

- Investing in public transportation
- Investing in street renewal
- Investing in safe & secure communities
- Investing in technology

* Source: Statistics Canada



INVESTING IN PUBLIC TRANSPORTATION

Public transportation

The city is served by Winnipeg Transit, which provides a network of 640 buses servicing 93 routes and 5,173 bus stops throughout the city. Ensuring this service meets the needs of its users and remains accessible remains the utmost priority of the City of Winnipeg.

Affordability

In an effort to maintain affordability and accessibility for users, the City also froze transit fares in 2019 at the previous year's levels, which marked the first time since 2007 that transit fares had been frozen. Work on the implementation of a low income bus pass was underataken.

Route planning

The City brought forward the first concepts of its new Winnipeg Transit Master Plan in 2019, requesting input from residents and stakeholders on a new network design that proposes a shift to a network of frequent transit routes, including several rapid transit corridors. The proposed new network emphasizes frequent, reliable transit on major streets throughout Winnipeg, and includes several rapid transit corridors as the backbone of the transit system. In a parallel study, a recommended alignment for the Eastern Rapid Transit Corridor through the Point Douglas neighbourhood is being developed. Following this phase of public engagement, work on the Transit Master Plan will continue throughout 2020, with an anticipated completion date by the end of the year.

Development of a rapid transit system is a key component of the City's Transportation Master Plan, to provide residents with a viable alternative to the automobile, to reduce road congestion, and to build a transportation system that serves future generations.

The final stages of the Southwest Rapid Transitway (Stage 2 and Pembina Highway Underpass) project were finished throughout 2019 and the project, which began in 2016, was formally completed in October.

Electrification of bus fleet

In 2019, the City took the next step in the future electrification of its transit fleet by proposing a $1 million investment to study how best to facilitate its implementation, including a budget estimate for the purchase of 12 to 20 battery-electric buses. The study is needed to determine how best to transform a longstanding system, designed around diesel buses, to a new system of planning, operation, and maintenance based on new electric bus and charging technologies.

2019 Winnipeg Transit statistics



640
Number of buses in fleet

640
Number of easy access buses in fleet

100%
Percentage of easy access buses in fleet

93
Number of routes

1,579,377
Bus hours operated

30,795,935
Bus kilometers operated

5,173
Number of bus stops

171,079
(AVERAGE WEEKDAY)
Passengers carried

48,770,208
(ANNUAL)
Passengers carried

2019 Vehicles for Hire statistics



5,435,454
Total number of trips by all service providers

19
Personal Transportation Providers

15
Limousine and Luxury Vehicles

10
Taxi Dispatchers

Vehicles for hire

The City began to administer regulation of vehicles for hire within Winnipeg through the Winnipeg Parking Authority on February 28, 2018. This includes regulatory oversight for taxicabs, limousines, accessible transport vehicles, and Personal Transportation Providers. The policies and regulations in the new Vehicles for Hire Bylaw maintain four objectives and set minimum standards in Winnipeg for passenger safety; driver safety; consumer protection; and, accessibility.

As the regulator for vehicles for hire in Winnipeg, the City is committed to improving safety for passengers and drivers in the vehicle for hire industry. In an effort to reduce fare disputes between taxi drivers and passengers, the City introduced a mandatory pre-payment pilot that is enforced during specific times each day. The City consulted with vehicles for hire stakeholders and gathered input from over 900 survey participants to develop the mandatory taxi pre-payment pilot project.

Complaints issued to the Winnipeg Parking Authority concerning safety are taken very seriously and every complaint received is investigated and followed up on. There were 86 vehicles for hire complaints filed with the City throughout 2019 using the designated vehicles for hire complaint process.

INVESTING IN STREET RENEWAL

A well-maintained transportation system promotes economic vitality and a positive city image. As such, the City dedicated $105.7 million towards the Regional and Local Streets Renewal programs in 2019. Twenty-four (24) regional street renewal projects worth $64.5 million commenced or were undertaken in 2019, and the remaining $41.4 million went towards local street renewals, including granular roadway improvements, sidewalk and active transportation renewals, and the renewal of 38 streets.

Providing greater access and options for walking and cycling leads to improved health, increased personal mobility, more livable and socially active communities, and reduced impacts on the environment and our climate.

In 2019, a series of walk-bike projects were initiated, providing walking and cycling opportunities throughout Winnipeg that are safe and accessible for people of all ages and abilities. Furthermore, the City made progress in accommodating pedestrians through infrastructure improvements and renewal, the addition of new active transportation paths, and the expansion of the City's sidewalk network. In total, four Active Transportation paths were incorporated into related street renewal projects that were undertaken, with the overall street renewal projects budgeted at $8.8 million.

2019 roadway construction & maintenance statistics



47.2
(LANE-KM)
Capital rehabilitation of local streets

15.0
(LANE-KM)
Capital reconstruction of regional streets

17.2
(LANE-KM)
Capital rehabilitation of regional streets

15.0
(LANE-KM)
Capital reconstruction of local streets

1.6
(KM)
Capital addition of surfaced alleys

25.1
(LANE-KM)
Roadway transferred from developers



5,938
(METERS)
New pedestrian/ cycle pathways

745
(METERS)
Capital reconstruction of regional sidewalks

542
(METERS)
Capital addition of regional sidewalks

3,578
(METERS)
Capital addition of non-regional sidewalks



INVESTING IN SAFE & SECURE COMMUNITIES

OurWinnipeg is the City's 25-year development plan, which guides the physical, social, environmental, and economic development of our city. OurWinnipeg was originally adopted by Council in 2011 and was created with the input of more than 42,000 Winnipeggers through one of the most creative and collaborative processes ever undertaken in our city – SpeakUp Winnipeg. The review and update of OurWinnipeg was publicly launched in 2017 and is ongoing.

As part of the multi-year undertaking, Winnipeggers were invited to participate in the review and update to help shape the City's strategic priorities and development plans. Residents were encouraged to get involved and speak up about what matters to them about the city in order to make Winnipeg an even better place to live, work, and play.

Safety & security

To be sustainable and livable a city needs to be safe, and the quality of life offered by a city depends in many ways on its safety and security. Safety is a basic requirement of a competitive city. When people feel safe they can fully participate in social and economic life – they can enjoy their neighbourhoods, work without injury, and travel and use public spaces without fear.

Significant investments were made to the Winnipeg Police Service in the order of $301.4 million, and $201.5 million to the Winnipeg Fire Paramedic Service in 2019.

In 2019, 11 members of the Winnipeg Fire Paramedic Service successfully completed the advanced care paramedic program. The graduates undertook a challenging three-year program consisting of classroom, hospital, and field training to achieve the highest level of paramedic training available in Manitoba. Graduates gained a number of specialized skills throughout the program, including a broader understanding and appreciation of disease and trauma, advanced airway management, chest decompression, symptomatic cardiac dysrhythmia management, and greater pharmaceutical responsibility. Including these graduates, the WFPS employs 158 advanced care paramedics.

A sustainable community

Social, environmental and economic sustainability are essential to Winnipeg's long-term well-being. The City has a role to play in planning for sustainability, in continuing to value and respect our natural environment, and in supporting the conservation of our heritage resources.

Sustainability is part of how the City does business, reflected in policies and programs that respect and value the natural and built environments – protecting our city's natural areas and heritage resources. We act as a corporate role model for social, environmental and economic sustainability, and measure and report progress in key corporate and community sustainability areas.

Community amenities

The City is a leader in delivering recreation services that build healthy communities. The City's role as a recreation and wellness leader and facilitator includes working to address age, gender, ability, cultural, and socio-economic barriers to participation.

Recreation, active living, and leisure programs and services strengthen families, build healthy communities, and support the healthy development of children. Opportunities to participate in recreation activities enhance life skills, community leadership development, and overall quality of life for residents, particularly among youth in our neighbourhoods.

The Seven Oaks Pool underwent a major renovation in 2019 with the addition of the City's first indoor splash pad, among other added features at the facility. The project also included updated family change rooms, universally -accessible washrooms, an enhanced public lobby, a new meeting space, and a small accessible teach pool.

The Library Services Division provides residents of Winnipeg with valuable supports for literacy, healthy recreation, and lifelong learning. A wide range of free programs for children, families, teens, and adults are offered at branches across the city. The pre-school program with highest public demand is Baby Rhyme Time, a parent-child early literacy program. Library employees strive to build community connections by participating in various community events and by developing partnerships with local organizations.

Library Services made several exciting announcements over the past year that included opening new and renovated facilities, as well as launching a new musical instrument lending program.

The new Transcona Library officially opened in March 2019. Construction for the new Transcona Library was identified as a priority in the Library Redevelopment Strategy, replacing the former Transcona Library, which had been built in 1961. The new 13,831 square foot facility features an open and accessible floorplan with meeting and study spaces, a family literacy playground and children's area, new shelving and furniture, and an outdoor reading deck and garden.

The 104-year-old St. John's Library reopened in July 2019 after receiving a 943-square foot addition. The major renovation added a bright, open reading area, an accessible entrance and washroom, a lift, and a 24-hour book return to the historic library.

In October 2019, Winnipeg Libraries announced the launch of the Sun Life Musical Instrument Lending Library program at the Millennium Library. The free program is the first of its kind for the Winnipeg Public Library, allowing residents to access a range of musical instruments that can be borrowed with a library card.

Following the announcement of the site of the Bill & Helen Norrie Library in 2018, the City held public engagement on the proposed design of the new library throughout the summer of 2019. As part of this process, the City also consulted with Rooster Town families in order to ensure the history of the land was recognized in the project. Construction on the Bill & Helen Norrie Library began in fall 2019 and is anticipated to be open in late 2020.

Community development

In 2019, Community Services undertook several initiatives to support and facilitate community development and improve access to services by vulnerable residents. In April 2019, a report on Poverty Reduction in Winnipeg was presented to Executive Policy Committee. This report included a snapshot of poverty in Winnipeg based on the 2016 Canadian Census, and a catalogue of all City of Winnipeg activities related to poverty reduction. EPC further requested the development of a Poverty Reduction Strategy, which is being led by Community Services on behalf of the Public Service and will be presented to EPC in early 2021.

In the fall of 2019, a number of initiatives were undertaken to advance community development, including establishing the Community Development Division, which conducted stakeholder engagement on a Newcomer Welcome and Inclusion Policy, and initial analysis and mapping of higher needs areas as part of an administrative report on Methamphetamine and Illicit Drugs – Action Plan. In addition, Community Services also provides emergency social services and regular ongoing support in the community through the efforts of community development workers.

2019 recreation, leisure, library, & community liveability statistics



8,498
Number of paid aquatics courses

3,518
Number of recreation and leisure paid courses

21,739
Number of hours of wading pool free programming

22,700
Number of hours of spray pad free programming

129,297
Number of public swim visits to outdoor pools



5,006,407
Number of library items circulated

2,418,588
Number of library in-person visits

3,886
Number of library programs offered

101,371
Number of library program attendees



35,727
Number of property standards inspections/visits

406
Number of community crisis & development worker responses

17
Number of community grants administered

INVESTMENT IN TECHNOLOGY

Starting in September 2019, the Winnipeg Fire Paramedic Service (WFPS) launched use of the PulsePoint Respond app, which empowers residents to help save the lives of those experiencing sudden cardiac arrest. Using the WFPS 911 system, app technology, and GPS on smartphones, PulsePoint alerts CPR-trained bystanders about sudden cardiac arrest incidents in public locations within 500 metres of their location. It can also alert users to the location of the nearest Automated External Defibrillator (AED).

In the past, vendors were not able to respond electronically to City of Winnipeg bid opportunities and were required to submit paper documentation. Through the Materials Management division, the City has upgraded its internal bid tracking system to allow vendors to submit bids electronically via MERX, a Canadian e-tendering service. Electronic bid submission is expected to improve efficiencies for vendors, increase awareness of opportunities to do business with the City, and will have a positive environmental impact through significant reduction in paper usage.

The City changed how it shares data on snow clearing with the launch of winnipeg.ca/snow. For the first time, the City was able to provide a live snow clearing map that showed residents which routes were currently being plowed. Map updates even included snow clearing progress updates. The site also consolidated information on parking bans, snow clearing damage claims, and weather updates.

The storm event that took place in October 2019 affected nearly all Winnipeg residents and required an extensive operational response from the City of Winnipeg. That response was aided significantly by the City's ability to instantly analyze data in the Emergency Operations Centre and share critical information with the public through maps and up-to-date information on winnipeg.ca. Data collection was critical in the City's efforts to manage its response to the October storm event, and in communicating the progress of cleanup operations using an interactive progress update map.

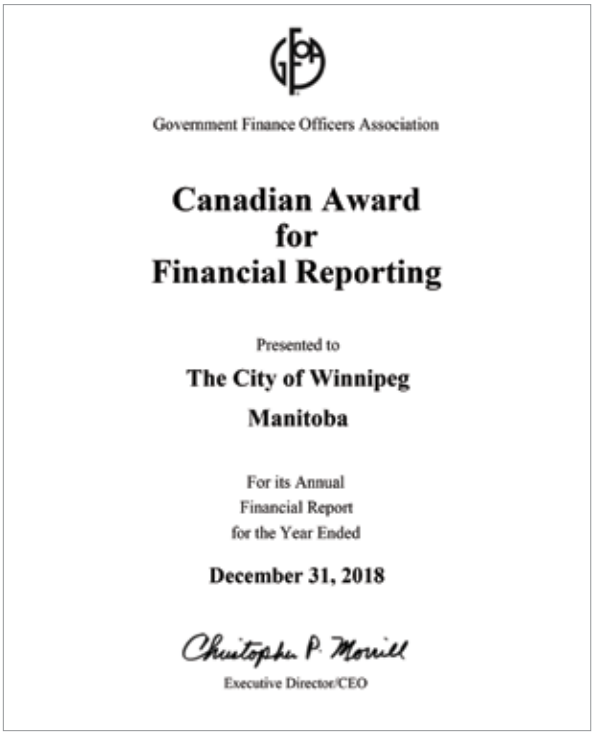
Digital security is vital to the integrity of any connected workplace. Phishing scams and data security threats are exceedingly common and have become increasingly hard to detect. In an effort to prevent incidences of data security breaches, the City took important steps to educate all of its employees and enhance digital security measures. The City tested employees on their awareness of phishing tactics, developed an Incident Response Plan in conjunction with McAfee antivirus software, and collaborated with other public sector organizations to coordinate an incident response team.

Since 2011, the City of Winnipeg has offered unlimited free Wi-Fi at 21 civic facilities. That service was expanded in July 2019 to include 50 civic facilities. The areas of expanded service now includes libraries, pools, golf courses, select community centres, certain areas of Winnipeg Police Service stations, the Living Prairie Museum, Old Market Square, and Winnipeg Transit's Osborne Station. This expansion is in addition to the existing Shaw Guest Wi-Fi service already available in more than 130 civic facilities.

AWARDED EXCELLENCE

Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Canadian Award for Financial Reporting to the City for its annual financial report for the fiscal year ended December, 31, 2018. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.


Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

The City of Winnipeg

Manitoba

For its Annual Financial Report for the Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO



2020 Infrastructure Plan

The City of Winnipeg released the 2020 Infrastructure Plan in December, presenting a 10-year outlook of the City's capital priorities in support of the development of the multi-year capital budget. The Infrastructure Plan is the first document of its kind for the City of Winnipeg and builds on the information outlined in the 2018 City Asset Management Plan, 2018 State of the Infrastructure Report, and Unfunded Major Capital Projects report.

The first version of the Infrastructure Plan encompasses all City services and applies to all funded and unfunded capital projects with a cost of over $5 million. This criteria applies to 45 projects with a combined total cost of $5.8 billion, capturing approximately 50 percent of the City's total capital needs from 2020-2029. It is anticipated that future iterations of the Infrastructure Plan will include all projects and programs representing the total capital needs over a 10-year period.

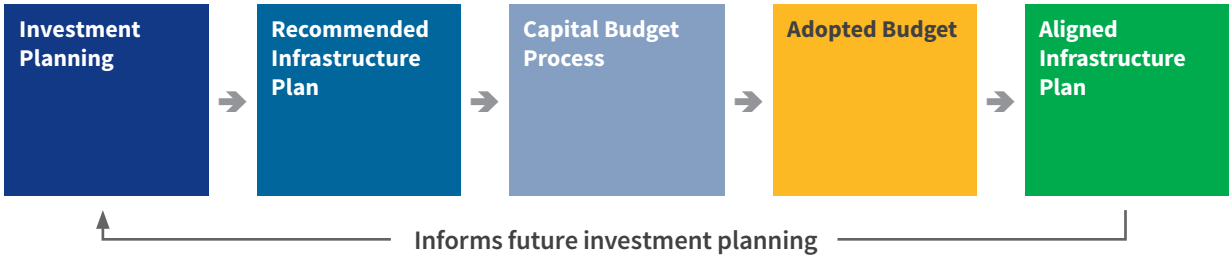
The Infrastructure Plan presents a prioritized listing of capital investments that represents the most value to the City based on the cost benefit points ratio, which factors in the overall benefits of a capital project with its financial impact to the City in order to capture the true value of the proposed investment.

The following figure outlines the recommended process flow to integrate the Infrastructure Plan with capital budgeting:

With additional insight and a broad overview of the City's infrastructure needs and financial reality, the Infrastructure Plan is intended to be a blueprint for how the City is able to maintain sustainable and affordable service delivery for residents, by incorporating the information from the Plan into the City's investment planning cycle and multi-year budget process on an annual basis.

Departments will use the Infrastructure Plan on an annual basis to guide their investment planning efforts based on aligned capital priorities and budget availability. The Infrastructure Plan is meant to inform the capital planning process and ensure alignment with long-term City objectives as set out in OurWinnipeg, Council priorities, and departmental master/strategic plans.

For more information, see:
winnipeg.ca/infrastructure



Capital projects

6-year capital investment plan of $2,305.8 million (2019 Budget & 5 year forecast)



$1,003.0
Public Works & local improvements

$411.2
Sewer projects

$232.6
Winnipeg Transit

$201.9
Water & solid waste projects

$178.6
Community Services, Planning, Property & Development, Municipal Accommodations

$73.0
Public safety

$205.5
Land drainage, flood control & other

(In millions of dollars)



October storm event

The City of Winnipeg has a great deal of experience responding to winter snow events, but the storm event that took place in October 2019 created unique and unprecedented conditions that posed significant challenges for residents of Winnipeg, utility providers, and the City.

The storm conditions that largely unfolded between October 9-13, 2019, leading into the Thanksgiving weekend, included strong gusting winds up to 80 km/h and an accumulation of up to 35 centimeters of wet and heavy snowfall. The conditions wreaked havoc on Winnipeg's hydro grid and had a devastating effect on Winnipeg's extensive tree canopy, which largely had not yet lost its leaves for the winter. In addition to causing serious safety risks to residents, fallen trees and branches caused extensive damage to hydro lines and led to many reports of property damage. 311 received more than 5,500 reports from residents relating to tree damage and debris, and the Winnipeg Fire Paramedic Service received 2,600 storm-related 911 calls during the event, which is roughly double the regular volume.

The City's response was swift and collaborative, calling on many City departments to play key roles in supporting and maintaining services for residents while also working with Manitoba Hydro to help restore power to customers experiencing outages. Residents were advised to only travel when necessary as response efforts continued around the clock. As a result of the damages, the City declared a State of Emergency on October 13, 2019, and applied for provincial disaster financial assistance to support response efforts. The State of Emergency allowed the City to access private property to clean up fallen trees and to acquire additional resources as needed.

The City's Forestry Branch went to work immediately on safely removing fallen branches and trees that had damaged hydro infrastructure or blocked roadways. In total, approximately 30,000 City-owned trees were impacted by the storm. The task of addressing the damaged tree canopy presented a significant undertaking. Fortunately, the City received offers of support from municipal counterparts in Saskatoon, Regina, Calgary, and Toronto, who each sent forestry staff to help with storm damage cleanup. A number of local contractors were also procured to help manage the debris. While clearing roads and public walkways was prioritized, it is expected that cleanup efforts will carry on for years as crews continue to repair the extensive damage to the tree canopy.

Responding to the storm event had significant financial impacts to the City. In total, the storm cost, including operational and utility costs, $7.2 million for 2019. Mainly as a result of the October storm event, the City was not able to eliminate the deficit in the General Revenue Fund throughout the course of 2019 and was required to transfer $1.1 million from the Financial Stabilization Reserve Fund at the fiscal year-end.



Journey of Reconciliation

In January 2016, Mayor Brian Bowman declared 2016 the Year of Reconciliation in Winnipeg. Working with Council and the Mayor's Indigenous Advisory Circle, the Mayor committed to developing an Indigenous Accord and supported the implementation of the Truth and Reconciliation Commission ("TRC") Calls to Action directed at municipalities.

The City, through the Indigenous Relations Division, supported these commitments and coordinated work with several civic departments, the National Centre for Truth and Reconciliation, The University of Winnipeg, Knowledge Keepers, cultural teachers, Elders, and other groups involved in the process of reconciliation both locally and nationally.

That declaration was just the first step in the City's ongoing Journey of Reconciliation.

WINNIPEG'S INDIGENOUS ACCORD

In March 2017, Council unanimously approved a motion calling for the establishment of Winnipeg's Indigenous Accord ("Accord") to guide our shared commitment to the Journey of Reconciliation. Our shared commitment is rooted in the TRC's 94 Calls to Action and is guided by the commitments and principles contained in the Accord. Embedded in the TRC's 94 Calls to Action is the importance of committing ourselves as a city to the ongoing, long-term process of reconciliation.

As a living document, the Accord is not a one-time event, but an ongoing responsibility accepted by signatories, who through becoming partners to the Accord, agree to report the success of their commitment to reconciliation and their future goals on an annual basis.

On June 18, 2019, 28 organizations, businesses, groups, and individuals joined the City and all other signatories in their commitment to the ongoing Journey of Reconciliation in Winnipeg by formally becoming partners to the Accord, bringing the total to 163.

Collaboration with other organizations and groups, across sectors, and with Indigenous organizations, governments, and individuals is essential to the ongoing Journey of Reconciliation in Winnipeg to make our city a better place to live based on mutual respect, equal opportunity, and hope.

WELCOMING WINNIPEG

The City launched Welcoming Winnipeg; Reconciling our History, an aspect of this initiative responds to the national dialogue in Canada to re-examine historical markers and place names to resolve the absence of Indigenous perspectives, experiences, and contributions in the stories remembered and commemorated in Canadian cities. As an important aspect of the reconciliation process the City has committed to, this initiative will help ensure that the contributions, experiences, and perspectives of First Nations, Métis, and Inuit are reflected truthfully in Winnipeg's stories, historical markers, and place names. The City engaged with members of the public and Indigenous organizations to help develop a process and policy for decision-making throughout 2019.

For more information, see:
winnipeg.ca/journeyofreconciliation

Report from the Interim Chief Financial Officer

FINANCIAL STATEMENT DISCUSSION & ANALYSIS



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

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

FINANCIAL REPORTING MODEL

The objective of financial statements is to describe to the user the organization's financial position, the results of its operations and the methods by which the economic resources for its various activities have been derived and consumed. The Statements provide information about the economic resources, obligations and accumulated surplus of the City. Government financial statements are different from private sector organizations, in that they account for the unique aspects of their operations.

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

FUNDS, ENTITIES AND INVESTMENT IN GOVERNMENT BUSINESSES

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

Funds

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

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

There are four SOA Funds included within the City's organization. Animal Services (established in 2000), Winnipeg Golf Services (2002), Fleet Management (2003) and Winnipeg Parking Authority (2005) deliver services as special operating units of the City.

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

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

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

Entities and Investment in Government Businesses

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

As at December 31, the City reports:

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

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

Cash Resources

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

Net Financial Position

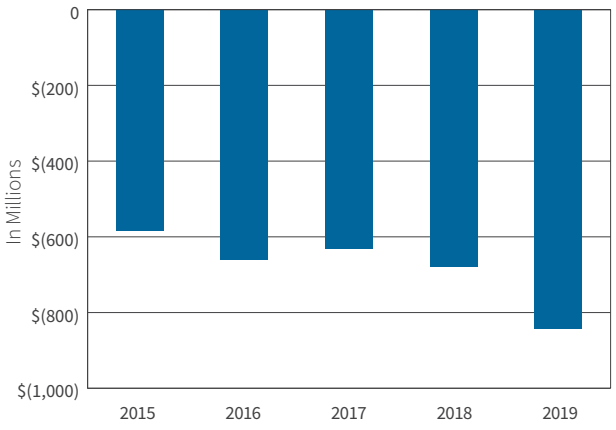
Net financial position is the difference between financial assets and liabilities, which indicate the affordability of additional spending. As at December 31, 2019, the City was in a net financial liability position of $841.8 million (2018 – $678.9 million). The change in net financial position during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

Non-Financial Assets

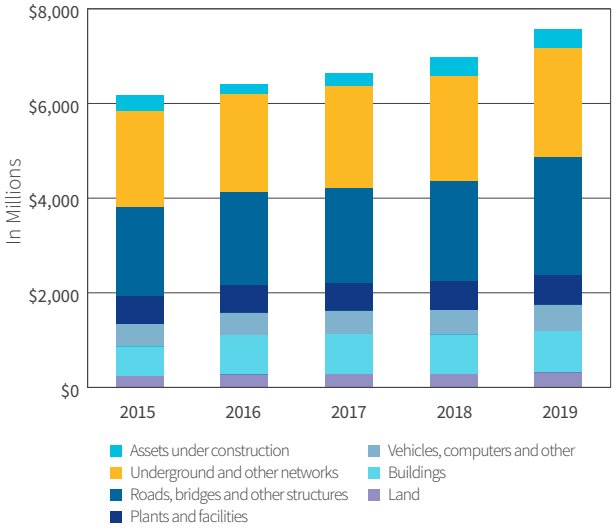
Non-financial assets of the City are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed and leased tangible capital assets, inventories of supplies and prepaid expenses. Tangible capital assets are the most significant component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

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

NET FINANCIAL POSITION



TANGIBLE CAPITAL ASSETS (NET BOOK VALUE)



Some of the projects included in the 2019 capital budget are:

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

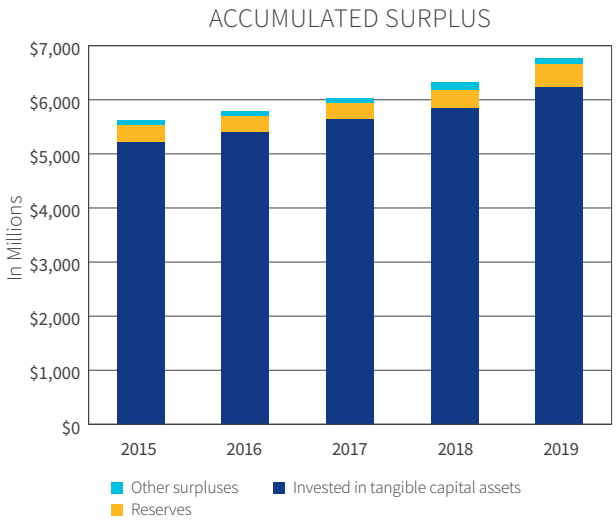
Also included in the capital investment plan over the six-year period (2019 to 2024) is anticipated funding of $360.2 million cash to capital funding, $392.8 million of anticipated federal funding under the Federal Gas Tax Agreement and New Building Canada Fund and $108.6 million provincial funding.

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

Accumulated Surplus

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

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

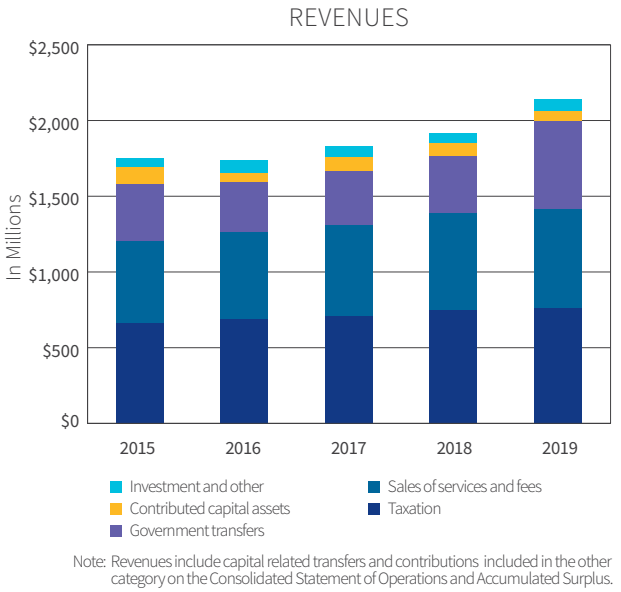


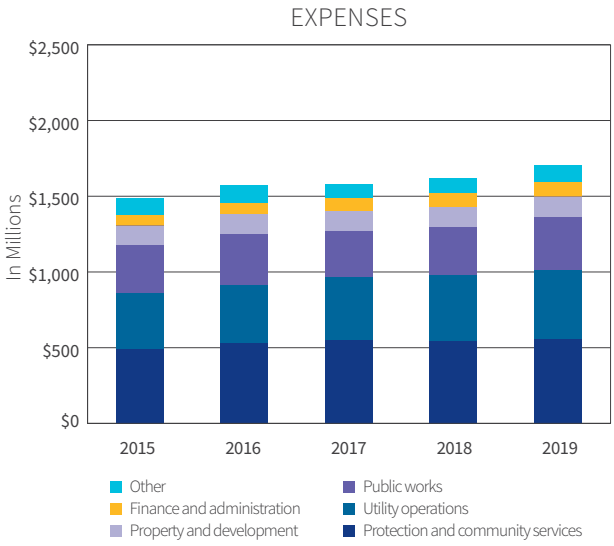
The City's accumulated surplus, through its investment in tangible capital assets, has grown over the period, indicating a strong foundation upon which services will continue to be delivered in the future.

CONSOLIDATED STATEMENT OF OPERATIONS

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

Beyond government transfers, the City has a good balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has defined indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability measure a government's risk of over-dependency on sources of funding outside its control or exposure to risks that could impair its ability to meet financial and service commitments. In this regard, over the five year period presented, government transfers as a percentage of total revenue has ranged from 19% to 27%. In 2019, the City received significant government transfers related to the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass projects.





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

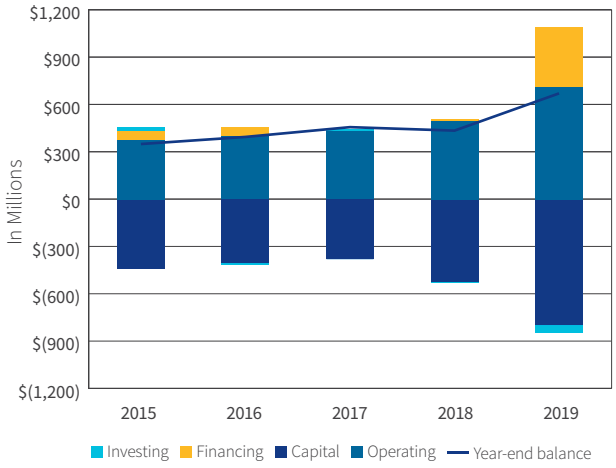
As the table on the right indicates, the City's combined protection and community services and public works expenses have increased over the five-year period presented, indicating City Council's priorities of public safety and roads.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

CASH FLOWS

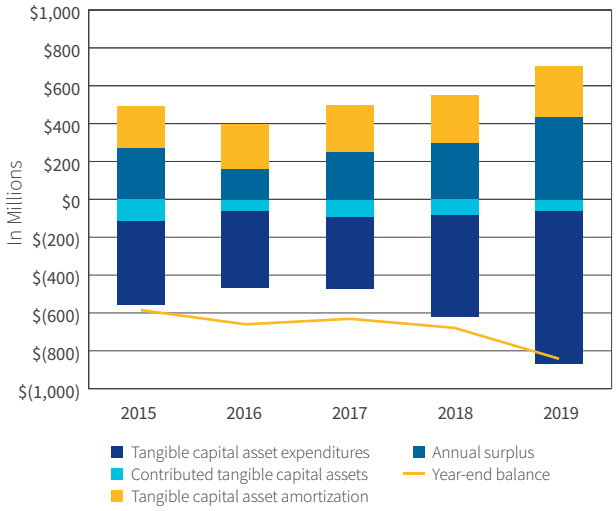


CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

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

CHANGE IN NET FINANCIAL LIABILITIES



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

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

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

Another indicator of financial condition introduced by PSAB measures flexibility. Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. Even with the assumption of more debt, the City's interest expense-to-revenues has remained constant over the past several years at 3%. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates on debt, which reflects not only the current market but also the City's strong credit rating.

ANALYSIS OF STATEMENTS

The following analysis provides enhanced detail on the Statements.

Accounts Receivable

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

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

Taxes Receivable

As at December 31 (in thousands of dollars)	**2019**	2018	2017	2016	2015
Taxes receivable	**$ 60,120**	$ 56,704	$ 52,599	$ 51,550	$ 58,121
Allowance for tax arrears	**(1,207)**	(813)	(756)	(330)	(4,255)
	$ 58,913	$ 55,891	$ 51,843	$ 51,220	$ 53,866

Investments

As at December 31 (in thousands of dollars)	**2019**	2018
Marketable securities		
Municipal bonds	**$ 119,684**	$ 72,577
Provincial bonds and bond coupons	**13,859**	8,416
Bank and trust companies	**6,585**	2,003
	140,128	82,996
Manitoba Hydro long-term receivable	**220,238**	220,238
Other	**(1,822)**	4,833
	$ 358,544	$ 308,067
Market value of marketable securities	**$ 148,774**	$ 85,516

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

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

Debt

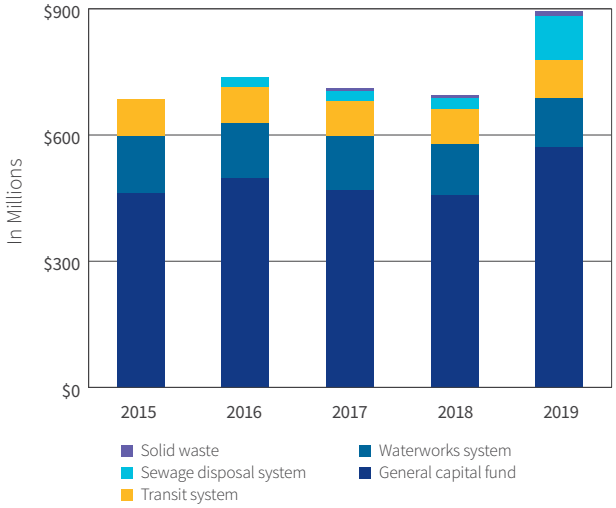
As at December 31 (in thousands of dollars)	**2019**	2018
Sinking fund debentures	**$ 987,568**	$ 767,568
Equity in sinking funds	**(98,849)**	(82,065)
	888,719	685,503
Service concession arrangement obligations	**284,612**	183,839
Bank loans and other	**177,677**	157,003
Capital lease obligations	**21,565**	22,519
Serial and installment debt	**–**	4,848
	1,372,573	1,053,712
Unamortized premium on debt	**85,489**	29,946
	$ 1,458,062	$ 1,083,658

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

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

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

NET SINKING FUND DEBENTURES, SERIAL AND INSTALMENT DEBT



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

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

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

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

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

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

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

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

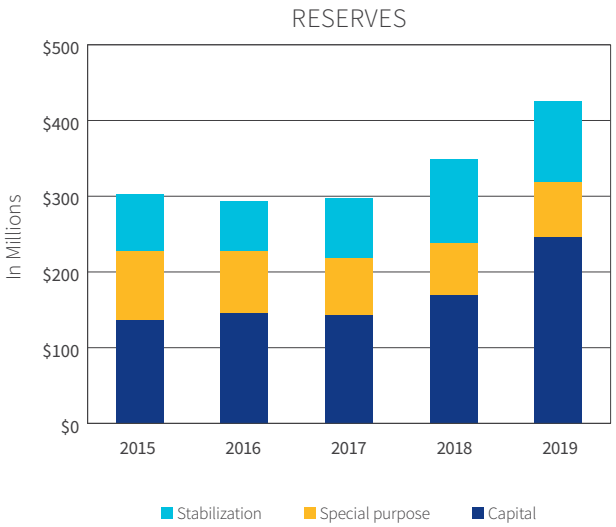
Total City Liquidity Ratio	**2019**	2018	2017	2016	2015
Free Cash, Liquid Assets and Committed Credit/ Consolidated Operating Expenses less Amortization	**61.3%**	46.4%	47.7%	43.8%	40.6%

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

Reserves

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

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



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

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

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

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

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

Consolidated Revenue and Expense Comparisons

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2019 on a comparative basis. The Statements indicate the City increased its accumulated surplus during the year because annual revenues exceeded expenses. The Statements include a consolidated budget, which provides additional transparency and accountability.

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

Consolidated revenues before government transfers, developer contributions-in-kind and other capital contributions totaled $1.683 billion (2018 – $1.633 billion). As a result, the City reported a deficit of $20.6 million (2018 surplus of $13.8 million) before these other items. This deficit includes the results of accruing for unfunded liabilities such as landfill liabilities and future-oriented employee benefit liabilities. These future-oriented employee benefits, such as unused vacation and sick leave, are recorded in these Statements on an accrual basis but are budgeted on a pay-as-you-go basis. Similarly, amortization is recorded over the life of the tangible capital asset; however, the budget is developed to consider the cash flows associated with constructing the asset and servicing any associated debt.

Consolidated Revenues

For the years ended December 31 (in thousands of dollars)	**Budget 2019**		**Actual 2019**		Actual 2018		Budget to Actual Variance	Actual to Actual Variance
Taxation	**$ 756,921**	39%	**$ 764,588**	40%	$ 746,089	41%	$ 7,667	$ 18,499
Sales of services and regulatory fees	**637,921**	33%	**653,079**	34%	645,356	35%	15,158	7,723
Government transfers – Operating	**216,802**	10%	**198,936**	10%	193,088	11%	(17,866)	5,848
Investment, land sales and other revenues	**57,935**	3%	**66,670**	3%	48,346	3%	8,735	18,324
Revenue before Other	**1,669,579**		**1,683,273**		1,632,879		13,694	50,394
Government transfers – Capital	**293,877**	15%	**375,694**	20%	181,757	9%	81,817	193,937
Developer contributions-in-kind	**71,050**	4%	**69,648**	4%	82,654	5%	(1,402)	(13,006)
Other capital contributions	**5,500**	0%	**11,640**	1%	17,010	1%	6,140	(5,370)
	370,427		**456,982**		281,421		86,555	175,561
	$ 2,040,006		**$ 2,140,255**		$ 1,914,300		$ 100,249	$ 225,955

Revenues were $226.0 million higher in 2019 due to several factors. One of the major reasons was increased taxation revenues over the prior year by $18.5 million. The increase in taxation revenues are due to assessment roll growth and a 2.33% increase in property tax rates. The increase in property taxes is attributable to an annual 1% increase for each of the Local and Regional Street Renewal programs, and a 0.33% increase dedicated for payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass project.

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

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

Consolidated Expenses

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

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

- Utility and protection and community services expenses increases totalling $35 million is primarily due to collective agreement and merit increases for salary and benefits costs. Other expenses increased as well. Utility expenses are under budget primarily due to savings in salaries and benefits as a result of a delay in hiring and challenges with recruitment.
- Public works expenses have increased by $34 million over 2018. The increase is primarily the result of costs associated with the historic snowfall in February 2019 and an October storm event. The October event was a major, unprecedented storm that dumped a month's worth of wet, heavy snow over a two-day period inflicting tremendous damage on the City's urban forest. The majority of the expenditures were for tree and branch clean-up and snow and ice control.

Consolidated Expenses by Object

For the years ended December 31 (in thousands of dollars)	**2019**		2018		Variance
Salaries and benefits	**$ 898,682**	53%	$ 860,556	53%	$ 38,126
Goods and services	**463,660**	27%	420,798	26%	42,862
Amortization	**266,623**	16%	257,362	16%	9,261
Interest	**59,017**	3%	51,962	3%	7,055
Other expenses	**15,897**	1%	28,352	2%	(12,455)
	$ 1,703,879		$ 1,619,030		$ 84,849

- Increases in salaries and benefits expenses resulted primarily from contractual pay increases to employees.
- The goods and services expenses increase resulted primarily from costs associated with the October Storm event and utility expenses.
- The decrease to other expenses is primarily a result of a completion of a 5-year agreement with the Federal Government for the Homelessness Partnering Strategy ("HPS").

RISKS AND RISK MITIGATION

Financial Sustainability

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

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

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

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

Comprehensive Asset Management

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

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

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

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

- **Asset Management Administrative Standard**: This document establishes the City's approach to managing the City's physical assets.
- **Investment Planning Manual**: This manual provides a methodology to develop a consistent, efficient and effective process to develop Investment Plans (Capital Budget).
- **Project Management Manual**: This manual provides consistency in project delivery in the City. It is to be used by all business units in all departments for delivery of capital projects in the City. This manual is largely based on the Project Management Body of Knowledge ("PMBOK"), which is generally considered to be best practices for project management in North America. The fourth version is set to be released shortly.
- **Templates**: Templates such as a Business Case Template and a Basis of Estimate Template were created to ensure consistency throughout the Public Service when working on investment planning or project management.

- **Asset Management Strategy Documents**:
  - **Departmental Asset Management Plan:** This plan contains critical asset information pertaining to inventory, replacement value, condition, age and performance. It outlines tactical and financial strategies for managing assets throughout their life cycle.
  - **City Asset Management Plan ("CAMP"):** This plan provides a summary of asset information, strategies and funding deficits related to the entire portfolio of new and existing infrastructure. It presents a cross-comparison of major City services and facilitates broader decision making across the organization. The plan also outlines corporate strategies and improvement initiatives focusing on people, process, technology and assets across City departments and functional teams.
  - **State of the Infrastructure Report:** This report provides a high level summary of the CAMP and it reports on 13 major infrastructure elements that the City manages in order to deliver services. The report provides a comparison of asset condition, capital budget allocations and a service area's overall contribution to the deficit based on new and existing infrastructure needs.
  - **Infrastructure Plan:** The Infrastructure Plan is meant to capture the City's 10-year investment strategy, which outlines capital priorities and the limited availability of funding to support the development of a multi-year capital budget. Enhanced decision-making is facilitated through capital optimization and continuous monitoring of the City's infrastructure deficit, debt capacity, and financing sources.

    The City Infrastructure Plan will guide the City's investment planning efforts based on aligned capital priorities and budget availability. The Plan is meant to inform the capital planning process and ensure alignment with long-term City objectives as set out in OurWinnipeg, Council priorities, and departmental plans.

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

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

Capital Project Management

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

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

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

Financial Management Plan

The latest Financial Management Plan (the "Plan") was adopted by City Council on March 20, 2020. The Plan outlines the City's strategy for guiding financial decision-making, meeting long-term obligations and improving its economic position and financial stability. It sets forth guidelines upon which current and future financial performance can be measured. The goals and targets have been refreshed from the previous plan adopted in 2011. A new goal added to the Plan supports long-term financial planning, with the target of transitioning to multi-year balanced tax-supported operating budgets. This target will help address the City's financial sustainability. One of the eight targets also included in the Plan is ensuring that debt issuance and outstanding debt levels are in accordance with the Debt Management Policy and Debt Strategy. A review of forecasted net debt and servicing costs, including the financial implications of service concession arrangements, is conducted on an ongoing basis.

Debt Strategy

To help manage the City's debt responsibly and transparently, on October 28, 2015, City Council approved an updated debt strategy for the City. The following table provides the City Council approved limits; the debt metrics as at December 31, 2019; and the forecasted peak based on the City Council approved borrowing, the 2020 Capital Budget and Five-Year Forecast.

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

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

Loan Guarantees

The City has unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2019 is $32.9 million (2018 – $34.0 million). Included in the outstanding balance on guaranteed loans is a $10 million guarantee related to financing provided by the Federation of Canadian Municipalities to the private Fort Rouge Yards project. The City is fully indemnified for this guarantee through an indemnity agreement with First National Financial LP.

Some of the capital projects related to guarantees are in progress at year-end, meaning that the full line of credit has not been used. The full line of credit, or at risk amount, is $36.1 million (2018 – $36.7 million). The used line of credit of $32.9 million, mentioned above, is a part of the full line of credit. The City does not anticipate incurring future payments on these guarantees.

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

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

Employee Benefit Programs

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

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

Pension Plans

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

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

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

The future service cost of the Winnipeg Civic Employees' Benefits Program in 2019 was 23.95% of pensionable earnings.

The Winnipeg Police Pension Plan (the "Plan") is a defined benefit plan to which the members contribute 8% of pensionable earnings, with the City being responsible for any unfunded liabilities. As at December 31, 2019, the market value of this pension fund's assets was $1,724.9 million (2018 – $1,527.5 million), which is $104.0 million more (2018 – $10.6 million more) than the accrued pension obligation.

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

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

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

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

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

Group Life Insurance Plans

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

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

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

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

Environmental Matters

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

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

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

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

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

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

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

Labour Negotiations

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

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

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

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

Corporate Risk Management Division

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

FINANCIAL ACCOUNTABILITY

Audit Department

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

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

External Auditor

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

Budget Process

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

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

LOOKING FORWARD

2020-2023 Multi-year Balanced Operating and Capital Budgets

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

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

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

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

The multi-year budget plan decreases business tax rates from 4.97% to 4.84%. The program provides a full municipal business tax rebate to businesses with a rental value of $35,700 or less in 2020 (2019 – $33,900 or less), impacting 47% of Winnipeg businesses. The multi-year budget focuses on key priorities of transformative service delivery, sustainability – roads, transit, tree protection and enhancement, community safety, affordability and expenditure control, strategic

investments and long-term vision. Section 284(1) of The City of Winnipeg Charter requires City Council to approve the operating budget before March 31 of each fiscal year.

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

General Revenue Fund – Adopted Budget

For the years ended December 31 (in thousands of dollars)	2019 Restated	**2020 Budget**	2021 Projection*	2022 Projection*	2023 Projection*
Revenues					
Property tax	$ 617,869	**$ 641,748**	$ 664,717	$ 688,205	$ 712,535
Property tax credits	(10,132)	**(7,186)**	(6,207)	(7,479)	(7,442)
Government transfers	143,834	**146,552**	147,587	148,600	149,541
Street renewal frontage levy	63,245	**63,795**	64,176	64,558	64,940
Sale of goods and services	53,935	**54,389**	54,199	54,855	55,425
Business tax	63,333	**63,378**	63,378	63,378	63,378
Business tax credits	(6,416)	**(5,462)**	(5,462)	(5,462)	(5,462)
Transfer from other funds	30,932	**12,794**	4,706	16,258	36,163
Regulation fees	74,854	**76,975**	77,640	77,826	78,817
Utility dividend	34,212	**34,587**	35,681	36,693	37,721
Other taxation	25,978	**27,376**	28,125	28,850	29,693
Interest	6,136	**7,198**	7,111	6,929	6,713
Other	27,172	**28,307**	23,207	23,339	23,501
	1,124,952	**1,144,451**	1,158,858	1,196,550	1,245,523
Expenses					
Police service	289,353	**294,560**	299,588	304,087	313,135
Public works	152,082	**151,931**	152,251	154,065	156,372
Fire paramedic service	199,473	**205,480**	210,675	213,441	216,765
Community services	105,149	**106,786**	107,146	109,316	110,893
Corporate	78,781	**70,363**	58,214	69,483	87,170
Planning, property and development	41,934	**42,419**	42,549	42,377	42,398
Innovation, transformation and technology	22,139	**22,450**	21,768	21,072	20,450
Water and waste	23,226	**23,542**	24,448	24,340	25,312
Assessment and taxation	21,078	**18,418**	18,550	18,760	19,186
City clerk's	13,471	**12,821**	12,016	11,988	12,198
Street lighting	13,116	**12,445**	13,681	14,350	15,052
Customer service and communications	8,538	**7,122**	6,995	7,056	7,228
Corporate finance	8,342	**8,218**	8,396	8,604	8,793
Human resource services	6,055	**6,027**	6,144	6,248	6,348
Other departments	18,138	**19,147**	19,297	19,336	19,487
Operational expenditures	1,000,875	**1,001,729**	1,001,718	1,024,523	1,060,787
Capital related expenses (e.g. transfers to street renewal reserves and debt and finance charges)	124,077	**142,722**	157,140	172,027	184,736
Balanced Budget	$ –	**$ –**	$ –	$ –	$ –

* Subject to annual Council approval

COVID-19 Pandemic

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

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

Accounting Pronouncements

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

- In June 2011, PSAB approved two new standards: section 3450 Financial Instruments and section 2601 Foreign Currency Translation. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2021. Upon adoption, the City must also adopt the related financial statement presentation changes in Section 1201 Financial Statement Presentation and Section 3041 Portfolio Investments.
- In June 2015, PSAB issued section 3430 Restructuring Transactions. This standard addresses recognition, measurement and disclosure of restructuring transactions, including amalgamations and transfers of programs/operations. The new standard is effective for fiscal years beginning on or after April 1, 2018.
- In March 2018, PSAB issued section 3280 Asset Retirement Obligations. This standard addresses recognition, measurement and disclosure of asset retirement costs. The new standards are effective for fiscal years beginning on or after April 1, 2021.
- In November 2018, PSAB issued section PS 3400 Revenues. This standard addresses revenue recognition principles that apply to revenues common in the public sector other than government transfers and tax revenue. The new standard is effective for fiscal years beginning on or after April 1, 2022.

REQUEST FOR INFORMATION

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



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

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The City of Winnipeg. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Consolidated Financial Statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to City Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee. The Consolidated Financial Statements contained herein were approved by Audit Committee on May 22, 2020. In addition, the Audit Committee meets periodically with management and with both the City's internal and external auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Audit Committee is readily accessible to external and internal auditors.

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



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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of The City of Winnipeg (the "Entity"), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial liabilities for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial liabilities and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2019 Annual Financial Report".

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

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

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2019 Annual Financial Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
May 22, 2020
Winnipeg, Canada

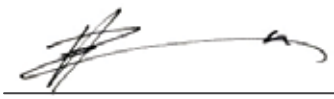
KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity. KPMG Canada provides services to KPMG LLP.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)	**2019**	2018
Financial Assets		
Cash and cash equivalents (Note 3)	**$ 670,801**	$ 433,985
Accounts receivable (Note 4)	**313,662**	318,224
Land held for resale	**7,190**	4,408
Investments (Note 5)	**358,544**	308,067
Investment in government businesses (Note 6)	**23,113**	25,383
	1,373,310	1,090,067
Liabilities		
Accounts payable and accrued liabilities (Note 7)	**287,687**	271,785
Deferred revenue (Note 8)	**100,006**	55,547
Debt (Note 9)	**1,458,062**	1,083,658
Other liabilities (Note 10)	**129,931**	129,699
Accrued employee benefits and other (Note 11)	**239,410**	228,293
	2,215,096	1,768,982
Net Financial Liabilities	**(841,786)**	(678,915)
Non-Financial Assets		
Tangible capital assets (Note 13)	**7,577,419**	6,983,343
Inventories	**23,944**	19,623
Prepaid expenses and deferred charges	**7,518**	6,668
	7,608,881	7,009,634
Accumulated Surplus (Note 14)	**$ 6,767,095**	$ 6,330,719
Commitments and contingencies (Notes 10, 15 and 16) Subsequent event (Note 26)		

See accompanying notes and schedules to the consolidated financial statements.

Approved on behalf of the Audit Committee:



Mayor Brian Bowman



Councillor Scott Gillingham
Chairperson, Standing Policy Committee on Finance

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

See accompanying notes and schedules to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31 (in thousands of dollars)	**2019**	2018
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Annual surplus	**$ 436,376**	$ 295,270
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**266,623**	257,362
Developer contributions-in-kind related to capital (Note 13)	**(69,648)**	(82,654)
Change in other liabilities and employee benefits	**11,349**	(2,564)
Loss on sale of tangible capital assets	**5,811**	3,224
Other	**2,270**	4,830
	652,781	475,468
Net change in non-cash working capital balances related to operations	**58,242**	19,937
Cash provided by operating activities	**711,023**	495,405
Capital		
Acquisition of tangible capital assets	**(804,394)**	(533,505)
Proceeds on disposal of tangible capital assets	**6,260**	8,115
Cash used in capital activities	**(798,134)**	(525,390)
Financing		
Service concession arrangements financed	**100,774**	33,406
Increase in sinking fund investments	**(16,784)**	(14,597)
Debenture and serial debt issued (retired)	**215,152**	(4,848)
Increase (decrease) in bank loans and other debt	**20,673**	(2,071)
Other	**54,589**	(1,871)
Cash provided by financing activities	**374,404**	10,019
Investing		
Increase in investments	**(50,477)**	(2,127)
Cash used in investing activities	**(50,477)**	(2,127)
Increase (decrease) in cash and cash equivalents	**236,816**	(22,093)
Cash and Cash Equivalents, Beginning of Year	**433,985**	456,078
Cash and Cash Equivalents, End of Year	**$ 670,801**	$ 433,985

See accompanying notes and schedules to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

For the years ended December 31 (in thousands of dollars)	**Budget 2019** (Note 21)	**Actual 2019**	Actual 2018
Annual Surplus	**$ 334,248**	**$ 436,376**	$ 295,270
Amortization of tangible capital assets	**269,075**	**266,623**	257,362
Proceeds on disposal of tangible capital assets	**4,324**	**6,260**	8,115
Loss on disposal of tangible capital assets	**1,098**	**5,811**	3,224
Change in inventories, prepaid expenses and deferred charges	**946**	**(3,899)**	4,059
Tangible capital assets received as contributions (Note 13)	**(71,050)**	**(69,648)**	(82,654)
Acquisition of tangible capital assets	**(908,363)**	**(804,394)**	(533,505)
Increase in Net Financial Liabilities	**(369,722)**	**(162,871)**	(48,129)
Net Financial Liabilities, Beginning of Year	**(678,915)**	**(678,915)**	(630,786)
Net Financial Liabilities, End of Year	**$ (1,048,637)**	**$ (841,786)**	$ (678,915)

See accompanying notes and schedules to the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

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

1. STATUS OF THE CITY OF WINNIPEG

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

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

i) Consolidated entities

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

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

ii) Government businesses

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

iii) Employees' pension funds

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

iv) Group life insurance funds

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

v) Partnerships

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

b) Basis of accounting

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Cash equivalents

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

d) Land held for resale

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

e) Investments

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

f) Unamortized premium on debt

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

g) Solid waste landfills

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

h) Contaminated sites

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

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

i) Deferred revenue

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

j) Employee benefit plans

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

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

k) Non-financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Tangible capital assets

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

Buildings	10 to 50 years
Vehicles	
Transit buses	18 years
Other vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Other	
Machinery and equipment	3 to 40 years
Land improvements	5 to 100 years
Water and waste plants and facilities	
Underground networks	50 to 100 years
Sewage treatment plants and lift stations	50 to 75 years
Water pumping stations and reservoirs	50 to 75 years
Flood stations and other infrastructure	20 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and other structures	25 to 75 years

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

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

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

a) Contributions of tangible capital assets

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

b) Leases

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

c) Service concession arrangements

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

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

ii) Inventories

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Tax revenues

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

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

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

m) Government transfers

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

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

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

n) Loan guarantees

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

o) Estimates

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

p) Budget

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

3. CASH AND CASH EQUIVALENTS

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

The average effective interest rate for cash equivalents at December 31, 2019 is 1.90% (2018 – 2.31%).

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

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

4. ACCOUNTS RECEIVABLE

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

5. INVESTMENTS

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

a) Marketable securities

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

b) Manitoba Hydro long-term receivable

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

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

6. INVESTMENT IN GOVERNMENT BUSINESSES

a) North Portage Development Corporation

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

b) Park City Commons

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

c) River Park South Developments Inc.

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

Summary of investment in government businesses

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

Summary of results of operations

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

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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

8. DEFERRED REVENUE

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

9. DEBT

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	2019	2018
2006–2036	Jul. 17	5.200	VZ	183/04 and 72/06 72/06B	**$ 60,000**	$ 60,000
2008–2036	Jul. 17	5.200	VZ	and 32/07	**100,000**	100,000
2010–2041	Jun. 3	5.150	WB	183/08 72/06, 183/08	**60,000**	60,000
2011–2051	Nov. 15	4.300	WC	and 150/09	**50,000**	50,000
2012–2051	Nov. 15	3.853	WC	93/11 120/09, 93/11	**50,000**	50,000
2012–2051	Nov. 15	3.759	WC	and 138/11 93/11	**75,000**	75,000
2013–2051	Nov. 15	4.391	WC	and 84/13 144/11, 23/13	**60,000**	60,000
2014–2045	Jun. 1	4.100	WD	and 149/13 100/12, 23/13	**60,000**	60,000
2014–2045	Jun. 1	3.713	WD	and 149/13 93/11	**60,000**	60,000
2014–2051	Nov. 15	3.893	WC	and 145/13 144/11, 100/12, 23/13, 149/13,	**52,568**	52,568
2015–2045	Jun. 1	3.828	WD	5/15 and 61/15 72/06, 23/13, 149/13, 5/15,	**60,000**	60,000
2016–2045	Jun. 1	3.303	WD	96/15 and 40/16	**80,000**	80,000
2019-2051	Nov. 15	3.499	WC	6520/94, 6774/96, 6973/97, 6976/97, 7751/01, 72/06, 32/07, 219/07, 184/08, 136/16	**100,000**	–
2019-2051	Nov. 15	2.667	WC	6976/97, 7751/01, 219/07, 184/08, 150/09, 40/16, 133/17	**120,000**	–
					987,568	767,568
Equity in The Sinking Funds (Notes 9a and b)					**(98,849)**	(82,065)
Net sinking fund debentures outstanding					**888,719**	685,503
Other debt outstanding						
Serial and instalment debt issued by the City matured in 2019. The weighted average interest rate in 2018 was 4.50%.					**–**	4,848
Bank loans and other with varying maturities up to 2046 and a weighted average interest rate of 2.78% (2018 – 2.94%)					**177,677**	157,003
Obligations for leased tangible capital assets (Note 9c)					**21,565**	22,519
Service concession arrangement obligations (Notes 9d and 15d)					**284,612**	183,839
					1,372,573	1,053,712
Unamortized premium on debt (Note 9e)					**85,489**	29,946
					$ 1,458,062	$ 1,083,658

9. DEBT (CONTINUED)

Debt segregated by fund/organization:

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

Debt to be retired over the next five years:

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

a) As at December 31, 2019, sinking fund assets have a market value of $199.7 million (2018 – $116.4 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $69.6 million (2018 – $39.1 million) and a market value of $74.6 million (2018 – $40.5 million).

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

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

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

9. DEBT (CONTINUED)

d) Service concession arrangement obligations are as follows:

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

Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass

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

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

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

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

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

Disraeli Bridges

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

The $195.0 million project will have been financed through sinking fund debentures (Series WC) of $25.0 million, a $109.4 million service concession arrangement obligation to PRW, Federal gas tax revenue of $50.0 million, and cash consideration paid by the City of $10.6 million. As at December 31, 2019, $195.0 million was capitalized for commissioned works (Note 13). Monthly capital and interest performance-based payments totaling $9.8 million annually, for the service concession arrangement obligation to PRW commenced in October 2012, commensurate with commissioning the project and are payable to termination of the contract with PRW.

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

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

Chief Peguis Trail Extension

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

The $107.7 million project will have been financed through a grant of $23.9 million from PPP Canada, a Provincial government transfer of $9.0 million, sinking fund debentures (Series WC) of $18.7 million, a $50.0 million service concession arrangement obligation to DBF2 and cash consideration paid by the City of $6.1 million. As at December 31, 2019, $107.4 million was capitalized (Note 13). Monthly capital and interest performance-based payments totaling $4.5 million annually, for the service concession arrangement obligation to DBF2 commenced in January 2012, commensurate with commissioning the project and are payable to termination of the contract with DBF2.

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

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

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

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

g) On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro. As part of the purchase agreement, The City of Winnipeg Sinking Fund Trustees are required to hold Manitoba Hydro Electric Bonds issued by Manitoba Hydro to the City of Winnipeg in connection with the Winnipeg Hydro portion of the City's debt. The bonds were issued for the purpose of enabling the City to repay the Winnipeg Hydro portion of the City's debt, and were issued with identical terms and conditions as to par value, interest and date of maturity as the Winnipeg Hydro portion of the City's debt. The bonds are guaranteed by the Province of Manitoba and are non-transferable and non-redeemable prior to maturity. This debt has been defeased under this arrangement, and accordingly, is not reported in the Consolidated Statement of Financial Position. The book value of this debt as at December 31, 2019 is $60.0 million (2018 – $60.0 million).

10. OTHER LIABILITIES

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

Included in landfill liabilities is the estimated total landfill closure and post-closure care expenses. The estimated liability for these expenses is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for future closure and post-closure care activities discounted at the City's average, long-term borrowing rate of 4.0% (2018 – 4.5%). Amounts to be accrued in future years as the landfill's capacity is consumed are estimated at $21.9 million.

Landfill closure and post-closure care requirements have been defined in accordance with The Environment Act and include final covering and landscaping of the landfill, pumping of ground, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 108-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

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

10. OTHER LIABILITIES (CONTINUED)

The Landfill Rehabilitation Reserve was established for the purpose of providing funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for active and closed landfills maintained under the responsibility of the City. It is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill. As at December 31, 2019, the reserve had a balance of $8.0 million (2018 – $7.8 million) (Schedule 3).

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

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

11. ACCRUED EMPLOYEE BENEFITS AND OTHER

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

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

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

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

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

11. ACCRUED EMPLOYEE BENEFITS AND OTHER (CONTINUED)

Retirement allowance expense consists of the following:

		2019		2018
Current service cost	**$**	**4,959**	$	4,964
Interest cost		**2,747**		2,608
Amortization of net actuarial (gain) loss		**(40)**		95
	$	**7,666**	$	7,667

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

	2019	2018
Discount rate on liability	**2.60%**	3.25%
General increases in pay	**2.50–3.00%**	2.50–3.00%

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

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

12. PENSION COSTS AND OBLIGATIONS

a) Winnipeg Civic Employees' Benefits Program

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

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

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

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

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

b) Winnipeg Police Pension Plan

The Winnipeg Police Pension Plan (the "Plan") is a contributory defined benefit plan, providing pension benefits to police officers. Members are required to make contributions at the rate of 8% of pensionable earnings. The City is required to finance the cost of the plan's benefits other than cost-of-living adjustments and to contribute 2% of pensionable earnings in respect of cost-of-living adjustments. A contribution stabilization reserve has been established by the Plan to maintain the City's contribution rate at 8% of pensionable earnings, when permitted under provincial pension legislation.

12. PENSION COSTS AND OBLIGATIONS (CONTINUED)

The Plan incorporates a risk-sharing arrangement under which actuarial surpluses are first allocated to maintain the rate of cost-of-living adjustments to pensions at 75% of the inflation rate and maintain the contribution stabilization reserve. Thereafter actuarial surpluses are 8shared equally between the City and Plan members. Funding deficiencies are resolved through reductions in the Plan's contribution stabilization reserve and the rate of cost-of-living adjustments to pensions.

An actuarial funding valuation of the Plan was prepared as of December 31, 2018. The valuation revealed a funding surplus, which, in accordance with the terms of the Plan, was resolved by an increase in the contribution stabilization reserve and by increasing the rate of cost-of-living adjustments to pensions from 52.8% to 55.4% of the inflation rate.

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

The results of the December 31, 2018 actuarial valuation of the Plan were extrapolated to December 31, 2019. In accordance with the terms of the Plan, extrapolated surpluses and deficiencies are resolved through transfers to and from the contribution stabilization reserve and increases or reductions in the rate of cost-of-living adjustments to pensions. The principal long-term assumptions on which the extrapolation was based were: discount rate of 4.95% per year (2018 – 5.25%); inflation rate of 2.00% per year (2018 – 2.00%); and general pay increases of 3.25% per year (2018 – 3.25%). The accrued pension obligation was valued using the projected benefit method pro-rated on services.

12. PENSION COSTS AND OBLIGATIONS (CONTINUED)

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

	2019	2018
Plan assets:		
Fair value, beginning of year	**$ 1,527,489**	$ 1,537,642
Employer contributions	**29,862**	29,364
Employee contributions and transfers	**13,877**	13,293
Benefits and expenses paid	**(56,536)**	(54,807)
Net investment income	**210,245**	1,997
Fair value, end of year	**1,724,937**	1,527,489
Actuarial adjustment	**(104,033)**	(10,577)
Actuarial value, end of year	**$ 1,620,904**	$ 1,516,912
Accrued pension obligation:		
Beginning of year	**$ 1,464,401**	$ 1,413,621
Interest on accrued pension obligation	**76,626**	73,958
Current period benefit cost	**46,813**	45,002
Actuarial loss (gain)	**57,964**	(13,373)
Benefits and expenses paid	**(56,536)**	(54,807)
End of year	**$ 1,589,268**	$ 1,464,401
Funded status	**$ 31,636**	$ 52,511
Less: city account	**–**	(305)
Less: contribution stabilization reserve	**(31,636)**	(52,206)
Actuarial surplus	**$ –**	$ –
Expenses related to pensions:		
Current period benefit cost	**$ 46,813**	$ 45,002
Amortization of actuarial gains	**(398)**	(1,086)
Less: employee contributions and transfers	**(13,877)**	(13,293)
Pension benefit expense	**32,538**	30,623
Interest on accrued benefit obligation	**76,626**	73,958
Expected return on plan assets	**(79,302)**	(75,217)
Pension interest income	**(2,676)**	(1,259)
Total expenses related to pensions	**$ 29,862**	$ 29,364

The actuarial value of the Plan's assets is determined by averaging over five years differences between the pension fund's net investment income and expected investment income based on the expected rate of return.

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

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

12. PENSION COSTS AND OBLIGATIONS (CONTINUED)

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

c) Councillors' Pension Plan

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

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

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

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

d) Group Life Insurance Plan

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

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

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

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

13. TANGIBLE CAPITAL ASSETS

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

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

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

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

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

14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

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

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

15. COMMITMENTS AND CONTINGENCIES

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

a) Operating leases

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

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

b) Legal obligations

As part of the normal course of operations, lawsuits are pending against the City. The final outcome with respect to actions that will arise from these lawsuits as at December 31, 2019 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements. Where the occurrence of future events is considered undeterminable, no amount has been accrued in the financial statements.

c) Loan guarantees

The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2019 is $32.9 million (2018 – $34.0 million). The City does not anticipate incurring future payment on these guarantees, and has no balance related to this contingent liability on its financial statements.

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

d) Service concession arrangements

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

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

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

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

e) Veolia agreement

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

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

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

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

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

Compensation to Veolia under the Agreement includes the following components:

1. Reimbursement of Veolia’s actual direct costs related to the Program (“Direct Costs”);
2. An agreed-upon margin percentage which is applied to Direct Costs of the Program. The quantum of the margin percentage is dependent on the nature of the cost (“Fee”);
3. For capital projects and operations under the Program, a target cost is to be set. Veolia is to receive a share of the savings when actual operating costs and/or capital costs are below target costs (“Gainshare”). Veolia is to receive a share of the expense when actual operating costs and/or capital costs are above target costs (“Painshare”);
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”); and
5. Positive interest adjustment to the Earnings at Risk Account (“EARA”).

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

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

Veolia’s withdrawals of amounts from the EARA are subject to certain limits and security posting requirements. In 2019, Veolia withdrew $1.6 million (2018 – $9.4 million) from EARA and replaced this at risk amount with a standby letter of credit.

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

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

f) Forgivable loans

The City has received funding from the federal and provincial governments for the purchase of certain properties. Repayment of this funding is not required as long as the properties operate as an affordable housing complex or offer services for the homeless. As at December 31, 2019, the forgivable loans totaled $2.4 million (2018 – $2.7 million).

16. TAXATION

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

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

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

17. SALES OF SERVICES AND REGULATORY FEES

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

18. GOVERNMENT TRANSFERS

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

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

19. LAND SALES AND OTHER REVENUE

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

20. EXPENSES BY OBJECT

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

21. BUDGET

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

22. PROPERTY AND LIABILITY INSURANCE

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

23. SEGMENTED INFORMATION

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

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

Protection

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

23. SEGMENTED INFORMATION (CONTINUED)

Community Services

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

Planning

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

Public Works and Garbage Collection

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

Transit System Fund

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

Water and Waste Funds

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

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

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

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

24. CONTRACTUAL RIGHTS

Developer contributions

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

25. COMPARATIVE FIGURES

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

26. SUBSEQUENT EVENT

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

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

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

CONSOLIDATED SCHEDULE OF GOVERNMENT BUSINESSES Schedule 1

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

	North Portage Development Corporation		Park City Commons[1]		River Park South Developments Inc.		Total	
	March 31		December 31		December 31			
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
FINANCIAL POSITION								
Assets								
Current	**$ 5,893**	$ 5,892	**$ 4,071**	$ 7,134	**$ 2,781**	$ 2,957	**$ 12,745**	$ 15,983
Capital	**75,805**	74,787	**–**	–	**–**	–	**75,805**	74,787
Other	**766**	914	**–**	–	**–**	–	**766**	914
	$ 82,464	$ 81,593	**$ 4,071**	$ 7,134	**$ 2,781**	$ 2,957	**$ 89,316**	$ 91,684
Liabilities								
Current	**$ 4,263**	$ 3,651	**$ 864**	$ 1,237	**$ 1,962**	$ 2,444	**$ 7,089**	$ 7,332
Long-term	**19,665**	20,325	**–**	–	**–**	–	**19,665**	20,325
	23,928	23,976	**864**	1,237	**1,962**	2,444	**26,754**	27,657
Net equity	**58,536**	57,617	**3,207**	5,897	**819**	513	**62,562**	64,027
	$ 82,464	$ 81,593	**$ 4,071**	$ 7,134	**$ 2,781**	$ 2,957	**$ 89,316**	$ 91,684
City share (Note 6)	**$ 19,512**	$ 19,206	**$ 3,191**	$ 5,921	**$ 410**	$ 256	**$ 23,113**	$ 25,383
RESULTS OF OPERATIONS								
Revenues	**$ 15,989**	$ 15,594	**$ –**	$ –	**$ –**	$ 4	**$ 15,989**	$ 15,598
Expenses	**15,070**	14,903	**16**	–	**(471)**	(47)	**14,615**	14,856
Net income	**$ 919**	$ 691	**$ (16)**	$ –	**$ 471**	$ 51	**$ 1,374**	$ 742
City share (Note 6)	**$ 307**	$ 231	**$ (8)**	$ –	**$ 236**	$ 26	**$ 535**	$ 257

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

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS Schedule 2

As at December 31 (in thousands of dollars)

	General					Infrastructure					Totals	
	Land[1]	Buildings	Vehicles	Computer	Other	Plants and Facilities	Roads	Under-ground and Other Networks	Bridges and Other Structures	Assets Under Construc-tion	2019	2018
Cost												
Balance, beginning of year	$ 286,421	$ 1,283,614	$ 440,661	$ 181,198	$ 538,081	$ 937,178	$ 2,800,287	$ 3,389,665	$ 866,296	$ 408,064	$ 11,131,465	$ 10,569,818
Add: Additions during the year	39,131	77,606	47,906	6,604	50,009	36,170	364,983	132,644	115,697	2,021	872,771	613,849
Less: Disposals during the year	9,507	6,164	21,917	3,034	2,766	–	1,175	6,497	–	–	51,060	52,202
Balance, end of year	316,045	1,355,056	466,650	184,768	585,324	973,348	3,164,095	3,515,812	981,993	410,085	11,953,176	11,131,465
Accumulated amortization												
Balance, beginning of year	–	448,721	235,475	138,174	265,053	336,247	1,275,075	1,165,066	284,311	–	4,148,122	3,931,623
Add: Amortization	–	35,380	28,913	10,577	33,201	17,576	76,663	48,935	15,378	–	266,623	257,362
Less: Accumulated amortization on disposals	–	5,022	20,899	2,780	2,774	–	1,113	6,400	–	–	38,988	40,863
Balance, end of year	–	479,079	243,489	145,971	295,480	353,823	1,350,625	1,207,601	299,689	–	4,375,757	4,148,122
Net Book Value of Tangible Capital Assets	$ 316,045	$ 875,977	$ 223,161	$ 38,797	$ 289,844	$ 619,525	$ 1,813,470	$ 2,308,211	$ 682,304	$ 410,085	$ 7,577,419	$ 6,983,343

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

CONSOLIDATED SCHEDULE OF RESERVES Schedule 3

As at December 31 (in thousands of dollars)		**2019**		2018
RESERVES				
Capital Reserves				
Environmental Projects	**$**	**165,991**	$	106,383
Impact Fee		**30,375**		16,702
SWRT Payment		**15,866**		10,325
Sewer System Rehabilitation		**9,938**		6,496
Landfill Rehabilitation		**8,027**		7,788
Waste Diversion		**5,221**		5,188
Watermain Renewal		**3,908**		258
SWRT Corridor		**2,172**		2,144
Transit Bus Replacement		**1,417**		11,026
Federal Gas Tax Revenue		**1,311**		491
Computer Replacement		**1,293**		1,589
Regional Street Renewal		**124**		118
Local Streets Renewal		**104**		98
		245,747		168,606
Special Purpose Reserves				
Perpetual Maintenance Fund – Brookside Cemetery		**17,637**		17,210
Land Operating*		**12,393**		2,832
Destination Marketing		**11,254**		14,834
Land Dedication		**8,094**		8,763
Commitment		**3,913**		3,648
Workers Compensation		**3,325**		3,173
Economic Development Investment		**3,172**		2,482
Insurance (Note 22)		**3,076**		4,758
Insect Control Urgent Expenditures		**3,001**		3,000
Permit		**2,000**		1,376
Housing Rehabilitation Investment		**1,556**		3,134
Perpetual Maintenance Fund – St.Vital Cemetery		**1,276**		1,224
Perpetual Maintenance Fund – Transcona Cemetery		**900**		854
Multi-Family Dwelling Tax Investment		**391**		1,469
General Purpose		**171**		173
Heritage Investment		**(190)**		62
		71,969		68,992
Stabilization Reserve				
Financial Stabilization		**107,766**		110,961
TOTAL RESERVES	**$**	**425,482**	$	348,559

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

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

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE—SERVICE Schedule 4

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

	GENERAL REVENUE FUND									
	PROTECTION	COMMUNITY SERVICES	PLANNING	PUBLIC WORKS AND GARBAGE COLLECTION	FINANCE AND ADMIN-ISTRATION	TRANSIT SYSTEM FUND	WATER AND WASTE FUNDS	OTHER FUNDS AND CORPORA-TIONS	ELIMINA-TIONS	CONSOLI-DATED
REVENUES										
TAXATION	$ 324,960	$ 80,510	$ –	$ 240,000	$ 109,060	$ –	$ –	$ 26,684	$ (16,626)	$ 764,588
SALES OF SERVICES AND REGU-LATORY FEES	46,959	15,881	34,955	11,580	24,171	90,512	368,098	126,356	(65,433)	653,079
GOVERNMENT TRANSFERS (NOTE 18)	97,813	9,395	–	19,710	16,446	280,335	16,873	168,982	(34,925)	574,630
TRANSFER FROM OTHER FUNDS	6,324	1,860	8,297	6,766	9,713	92,590	97,599	503,674	(726,823)	–
OTHER	27,463	6,545	2,474	15,713	18,818	1,417	59,069	64,013	(47,554)	147,958
	503,519	114,191	45,726	293,769	178,208	464,854	541,639	889,709	(891,361)	2,140,255
EXPENSES (NOTE 20)										
SALARIES AND BENEFITS	427,002	43,768	28,110	78,753	57,227	119,198	75,333	63,601	5,690	898,682
GOODS AND SERVICES	45,577	9,495	4,124	128,235	17,363	56,747	136,037	131,313	(65,232)	463,660
INTEREST	7,476	3,124	19	4,044	7,246	6,637	11,371	44,882	(25,782)	59,017
TRANSFER TO OTHER FUNDS	19,656	37,000	14,472	95,931	75,275	13,989	199,538	283,930	(739,791)	–
OTHER	3,808	20,804	(999)	(13,194)	21,097	26,130	62,975	228,201	(66,302)	282,520
	503,519	114,191	45,726	293,769	178,208	222,701	485,254	751,927	(891,417)	1,703,879
ANNUAL SURPLUS	$ –	$ –	$ –	$ –	$ –	$ 242,153	$ 56,385	$ 137,782	$ 56	$ 436,376

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE—SERVICE Schedule 4

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

	GENERAL REVENUE FUND									
	PROTECTION	COMMUNITY SERVICES	PLANNING	PUBLIC WORKS AND GARBAGE COLLECTION[1]	FINANCE AND ADMIN-ISTRATION	TRANSIT SYSTEM FUND	WATER AND WASTE FUNDS[1]	OTHER FUNDS AND CORPORA-TIONS[1]	ELIMINA-TIONS	CONSOLI-DATED
REVENUES										
TAXATION	$ 319,421	$ 46,179	$ –	$ 210,923	$ 154,976	$ –	$ –	$ 26,000	$ (11,410)	$ 746,089
SALES OF SERVICES AND REGU-LATORY FEES	53,279	14,994	30,493	9,816	22,927	89,490	369,702	119,631	(64,976)	645,356
GOVERNMENT TRANSFERS (NOTE 18)	89,865	9,219	–	20,141	15,687	102,490	27,138	153,715	(43,410)	374,845
TRANSFER FROM OTHER FUNDS	1,932	1,359	8,617	3,070	9,820	80,305	911,409	413,876	(1,430,388)	–
OTHER	26,743	6,200	2,248	15,407	19,830	948	66,142	60,862	(50,370)	148,010
	491,240	77,951	41,358	259,357	223,240	273,233	1,374,391	774,084	(1,600,554)	1,914,300
EXPENSES (NOTE 20)										
SALARIES AND BENEFITS	412,176	41,636	26,624	75,534	52,646	114,408	72,525	60,348	4,659	860,556
GOODS AND SERVICES	48,586	9,126	3,711	103,882	26,019	53,372	130,155	110,104	(64,157)	420,798
INTEREST	7,139	2,483	16	4,229	840	4,946	10,280	42,037	(20,008)	51,962
TRANSFER TO OTHER FUNDS	15,595	3,414	11,852	91,328	122,336	8,878	122,337	1,054,966	(1,430,706)	–
OTHER	7,744	21,292	(845)	(15,616)	21,399	24,313	61,857	229,499	(63,929)	285,714
	491,240	77,951	41,358	259,357	223,240	205,917	397,154	1,496,954	(1,574,141)	1,619,030
ANNUAL SURPLUS	$ –	$ –	$ –	$ –	$ –	$ 67,316	$ 977,237	$ (722,870)	$ (26,413)	$ 295,270

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

CONSOLIDATED FINANCIAL STATEMENTS FIVE-YEAR REVIEW

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	**2019**	2018	2017	2016	2015
1. Population (as restated per Statistics Canada)	**763,900**	753,400	740,900	726,100	711,600
Unemployment rate (as restated per Statistics Canada)					
- Winnipeg	**5.3%**	6.3%	5.8%	6.6%	6.0%
- National average	**5.7%**	5.8%	6.3%	7.0%	6.9%
2. Average annual headcount	**10,638**	10,490	10,444	10,426	10,253
3. Number of taxable properties	**236,380**	234,098	231,360	228,941	226,736
Payments-in-lieu of taxes					
Number of properties	**1,432**	1,410	1,433	1,469	1,195
4. Assessment (see note)					
- Residential	**$ 70,993,769**	69,872,623	67,339,104	66,197,564	60,492,101
- Commercial and industrial	**19,385,942**	19,288,744	17,649,138	17,637,524	15,295,925
- Farm and golf	**427,772**	436,161	356,731	369,954	330,042
	$ 90,807,483	89,597,528	85,344,973	84,205,042	76,118,068
Assessment per capita (in dollars)	**$ 118,874**	118,924	115,191	115,302	105,955
Commercial and industrial as a percentage of assessment	**21.35%**	21.53%	20.68%	20.95%	20.09%
5. Tax arrears	**$ 58,102**	$ 56,704	$ 52,599	$ 51,550	$ 58,121
6. Tax arrears – per capita (in dollars)	**$ 76.06**	$ 75.26	$ 70.99	$ 71.00	$ 80.90
7. Municipal mill rate	**13.290**	12.987	13.063	12.766	13.682
- Adjustment for tax increase	**2.3%**	2.3%	2.3%	2.3%	2.3%
- Adjustment for general assessment	**0.0%**	-2.8%	0.0%	-8.8%	0.0%
8. Tax Levies					
- Municipal property taxes	**$ 588,365**	568,274	539,043	516,034	501,989
- Payments-in-lieu of taxes	**21,349**	20,338	20,652	20,864	20,087
- Local improvement and frontage levies	**64,256**	65,006	63,120	63,129	50,149
- Business taxes and license-in-lieu of business taxes	**55,442**	57,634	55,844	57,254	55,766
- Electricity and other taxes	**35,176**	34,837	33,550	33,735	32,332
Total taxes levied for municipal purposes	**764,588**	746,089	712,209	691,016	660,323
Taxes levied on behalf of others					
Province and school divisions	**713,974**	699,765	667,369	645,823	606,821
Total taxes levied	**$ 1,478,562**	1,445,854	1,379,578	1,336,839	1,267,144
9. Winnipeg consumer price index (per Statistics Canada – annual average)					
- 2002 base year 100	**136.4**	133.3	130.2	128.1	126.6
- Percentage increase	**2.3%**	2.4%	1.6%	1.2%	1.3%
10. Consolidated revenues					
- Taxation	**$ 764,588**	746,089	712,209	691,016	660,323
- User charges	**653,079**	645,356	599,342	569,641	545,637
- Government transfers	**574,630**	374,845	351,258	333,793	372,987
- Interest and other revenue	**147,958**	148,010	171,388	140,396	176,338
	$ 2,140,255	1,914,300	1,834,197	1,734,846	1,755,285
11. Consolidated expenses by function					
- Municipal operations	**$ 1,165,131**	1,111,811	1,094,370	1,118,943	1,053,957
- Public utilities	**456,805**	433,215	417,361	383,922	370,219
- Civic corporations	**81,943**	74,004	71,604	69,847	61,810
	$ 1,703,879	1,619,030	1,583,335	1,572,712	1,485,986

CONSOLIDATED FINANCIAL STATEMENTS FIVE-YEAR REVIEW Cont.

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)		**2019**	2018	2017	2016	2015
12. Growth in accumulated surplus	$	**436,376**	295,270	250,862	162,134	269,299
13. Consolidated expenses by object						
Salaries and benefits	$	**898,682**	860,556	845,087	836,857	805,889
Goods and services		**463,660**	420,798	404,044	414,575	387,853
Amortization		**266,623**	257,362	245,941	235,235	221,358
Interest		**59,017**	51,962	52,834	51,799	56,130
Other expenses		**15,897**	28,352	35,429	34,246	14,756
	$	**1,703,879**	1,619,030	1,583,335	1,572,712	1,485,986
14. Payments to school authorities	$	**713,974**	699,765	667,369	645,823	606,821
15. Debt						
Tax-supported	$	**799,319**	685,939	702,014	725,602	688,484
Transit		**281,747**	147,444	112,019	93,594	93,669
City-owned utilities		**296,062**	214,687	214,010	216,250	185,789
Other		**94,294**	87,706	82,126	78,144	81,135
Total gross debt		**1,471,422**	1,135,776	1,110,169	1,113,590	1,049,077
Less: Sinking Funds		**98,849**	82,065	67,468	65,677	53,116
Total net long-term debt	$	**1,372,573**	1,053,711	1,042,701	1,047,913	995,961
Percentage of total assessment		**1.51%**	1.18%	1.22%	1.24%	1.31%
Debt per capita	$	**1,797**	1,399	1,407	1,443	1,400
16. Additions of tangible capital assets	$	**872,771**	613,849	475,911	475,619	558,409
17. Net financial liabilities	$	**841,786**	678,915	630,786	660,468	584,798
18. Accumulated surplus						
Invested in tangible capital assets	$	**6,235,368**	5,836,664	5,638,975	5,396,951	5,217,274
Reserves						
Capital		**245,746**	168,606	143,413	145,970	135,829
Stabilization		**107,766**	110,961	79,764	67,410	75,632
Special Purpose		**71,970**	68,992	74,608	81,244	91,471
		425,482	348,559	297,785	294,624	302,932
Surpluses						
Manitoba Hydro long-term receivable		**220,238**	220,238	220,238	220,238	220,238
Other surpluses		**188,124**	220,806	169,443	153,880	140,001
Unfunded expenses		**(302,117)**	(295,548)	(290,992)	(281,106)	(257,992)
		106,245	145,496	98,689	93,012	102,247
	$	**6,767,095**	6,330,719	6,035,449	5,784,587	5,622,453
19. Government-specific indicators						
Assets-to-liabilities		**4.05**	4.58	4.46	4.34	4.47
Financial assets-to-liabilities		**0.62**	0.62	0.64	0.62	0.64
Public debt charges-to-revenues		**0.03**	0.03	0.03	0.03	0.03
Own-source revenues-to-taxable assessment		**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues		**0.27**	0.20	0.19	0.19	0.21

Note: Current provincial legislation requires that a general assessment be performed every two years. A general assessment occurred in 2014, 2016, and 2018. In the year of a general assessment, the mill rate is adjusted to offset the effect of market value changes of the entire assessment base.



City Contact Information

Information on the City of Winnipeg is available at **winnipeg.ca**
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