*Combined Financial Statements of*

# THE CITY OF WINNIPEG
# CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and
# POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

*(As of August 1, 2015, the Plans are the responsibility of The Civic and Police Employees' Group Life Insurance Plans Corporation, a wholly owned City of Winnipeg municipal corporation)*

December 31, 2021

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Civic and Police Employees' Group Life Insurance Plans Corporation

***Opinion***

We have audited the combined financial statements of the City of Winnipeg Civic Employees' Group Life Insurance Plan and Police Employees' Group Life Insurance Plan (the "Entity"), which comprise the combined statement of financial position as at December 31, 2021, and the combined statement of changes in net assets, the combined statement of changes in benefit obligations and combined statement of changes in surplus, for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its changes in net assets available for benefits, and its changes in pension obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

***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 responsibilities in accordance with these requirements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, 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 has no realistic alternative but to do so.

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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 represents 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.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 9, 2022

# THE CITY OF WINNIPEG
# CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

## COMBINED STATEMENT OF FINANCIAL POSITION

*As at December 31, 2021, with comparative information for 2020*
(in $ thousands)

| | 2021 | 2020 |
|---|---|---|
| ***ASSETS*** | | |
| Investments, at fair value | | |
| Canadian equities | **$ 76,851** | $ 55,373 |
| Bonds and debentures | **65,740** | 69,281 |
| Foreign equities | **64,477** | 65,676 |
| Cash and short-term deposits | **5,939** | 3,923 |
| | **213,007** | 194,253 |
| Accounts receivable - dividends | **581** | 520 |
| Accounts receivable | **19** | 16 |
| Due from The Winnipeg Civic Employees' Pension Plan | **6** | - |
| Participant's contributions receivable | **-** | 1 |
| Total Assets | **213,613** | 194,790 |
| ***LIABILITIES*** | | |
| Accounts payable | **556** | 596 |
| Total Liabilities | **556** | 596 |
| ***NET ASSETS*** *(Note 4)* | **213,057** | 194,194 |
| ***BENEFIT OBLIGATIONS*** | | |
| Civic Employees' Group Life Insurance Plan (Note 5) | **81,806** | 79,682 |
| Police Employees' Group Life Insurance Plan (Note 6) | **22,383** | 21,289 |
| | **104,189** | 100,971 |
| ***SURPLUS*** | **$ 108,868** | $ 93,223 |
| ***SURPLUS COMPRISED OF:*** | | |
| Civic Employees' Group Life Insurance Plan (Note 5) | **$ 87,309** | $ 74,540 |
| Police Employees' Group Life Insurance Plan (Note 6) | **21,559** | 18,683 |
| | **$ 108,868** | $ 93,223 |

*See accompanying notes to the combined financial statements*

# THE CITY OF WINNIPEG
# CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

## COMBINED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

*For the year ended December 31, 2021, with comparative information for 2020*
(in $ thousands)

| | 2021 | 2020 |
|---|---|---|
| ***INCREASE IN ASSETS*** | | |
| Contributions | | |
| Employees - basic | **$ 823** | $ 825 |
| Employees - optional | **297** | 318 |
| | **1,120** | 1,143 |
| City of Winnipeg and participating employers | **821** | 826 |
| Pensioners | **156** | 160 |
| | **2,097** | 2,129 |
| Current period change in fair value of investments | **15,569** | 7,934 |
| Investment income (Note 8) | **3,675** | 3,557 |
| Total increase in assets | **21,341** | 13,620 |
| ***DECREASE IN ASSETS*** | | |
| Benefit payments | **5,890** | 6,062 |
| Administration | **296** | 234 |
| Claims administration and taxes | **250** | 247 |
| Investment management fees | **31** | 6 |
| Actuarial (recoveries) fees | **(19)** | 81 |
| Total decrease in assets | **6,448** | 6,630 |
| **NET INCREASE IN NET ASSETS FOR THE YEAR** | **14,893** | 6,990 |
| **NET ASSETS, BEGINNING OF YEAR** | **154,222** | 147,232 |
| **NET ASSETS, END OF YEAR (NOTE 4)** | **$ 169,115** | $ 154,222 |

*See accompanying notes to the combined financial statements*

# THE CITY OF WINNIPEG
# CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

## COMBINED STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS

*For the year ended December 31, 2021, with comparative information for 2020*
(in $ thousands)

| | 2021 | 2020 |
|---|---|---|
| ***INCREASE IN BENEFIT OBLIGATIONS*** | | |
| Interest accrued on benefits | **$ 3,938** | $ 3,819 |
| Benefits accrued | **2,331** | 2,345 |
| Total increase in benefit obligations | **6,269** | 6,164 |
| ***DECREASE IN BENEFIT OBLIGATIONS*** | | |
| Benefits paid | **4,145** | 3,397 |
| Total decrease in benefit obligations | **4,145** | 3,397 |
| ***NET INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR*** | **2,124** | 2,767 |
| ***BENEFIT OBLIGATIONS, BEGINNING OF YEAR*** | **79,682** | 76,915 |
| ***BENEFIT OBLIGATIONS, END OF YEAR*** | **$ 81,806** | $ 79,682 |

## COMBINED STATEMENT OF CHANGES IN SURPLUS

*For the year ended December 31, 2021, with comparative information for 2020*
(in $ thousands)

| | 2021 | 2020 |
|---|---|---|
| Net increase in net assets for the year | **$ 14,893** | $ 6,990 |
| Net increase in benefit obligations for the year | **(2,124)** | (2,767) |
| ***NET INCREASE IN SURPLUS FOR THE YEAR*** | **12,769** | 4,223 |
| ***SURPLUS, BEGINNING OF YEAR*** | **74,540** | 70,317 |
| ***SURPLUS, END OF YEAR*** | **$ 87,309** | $ 74,540 |

*See accompanying notes to the combined financial statements*

# THE CITY OF WINNIPEG
# POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

## COMBINED STATEMENT OF CHANGES IN NET ASSETS

*For the year ended December 31, 2021, with comparative information for 2020*
(in $ thousands)

| | 2021 | 2020 |
|---|---|---|
| ***INCREASE IN ASSETS*** | | |
| Contributions | | |
| Employees - basic | **$ 276** | $ 275 |
| Employees - optional | **107** | 100 |
| | **383** | 375 |
| City of Winnipeg | **275** | 274 |
| Pensioners | **58** | 58 |
| | **716** | 707 |
| Current period change in fair value of investments | **4,035** | 2,557 |
| Investment income (Note 8) | **952** | 897 |
| Total increase in assets | **5,703** | 4,161 |
| ***DECREASE IN ASSETS*** | | |
| Benefit payments | **1,561** | 1,063 |
| Administration | **77** | 75 |
| Claims administration and taxes | **49** | 48 |
| Actuarial fees | **38** | 19 |
| Investment management fees | **8** | 2 |
| Total decrease in assets | **1,733** | 1,207 |
| **NET INCREASE IN NET ASSETS FOR THE YEAR** | **3,970** | 2,954 |
| **NET ASSETS, BEGINNING OF YEAR** | **39,972** | 37,018 |
| **NET ASSETS, END OF YEAR (NOTE 4)** | **$ 43,942** | $ 39,972 |

*See accompanying notes to the combined financial statements*

# THE CITY OF WINNIPEG
# POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

## COMBINED STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS

*For the year ended December 31, 2021, with comparative information for 2020*
(in $ thousands)

| | 2021 | 2020 |
|---|---|---|
| ***INCREASE IN BENEFIT OBLIGATIONS*** | | |
| Interest accrued on benefits | **$ 1,065** | $ 1,013 |
| Benefits accrued | **600** | 597 |
| Total increase in benefit obligations | **1,665** | 1,610 |
| ***DECREASE IN BENEFIT OBLIGATIONS*** | | |
| Benefits paid | **571** | 543 |
| Total decrease in benefit obligations | **571** | 543 |
| ***NET INCREASE IN BENEFIT OBLIGATIONS FOR THE YEAR*** | **1,094** | 1,067 |
| ***BENEFIT OBLIGATIONS, BEGINNING OF YEAR*** | **21,289** | 20,222 |
| ***BENEFIT OBLIGATIONS, END OF YEAR*** | **$ 22,383** | $ 21,289 |

## COMBINED STATEMENT OF CHANGES IN SURPLUS

*For the year ended December 31, 2021, with comparative information for 2020*
(in $ thousands)

| | 2021 | 2020 |
|---|---|---|
| Net increase in net assets for the year | **$ 3,970** | $ 2,954 |
| Net (increase) in benefit obligations for the year | **(1,094)** | (1,067) |
| ***NET INCREASE IN SURPLUS FOR THE YEAR*** | **2,876** | 1,887 |
| ***SURPLUS, BEGINNING OF YEAR*** | **18,683** | 16,796 |
| ***SURPLUS, END OF YEAR*** | **$ 21,559** | $ 18,683 |

*See accompanying notes to the combined financial statements*

## *1. Description of Plans*

The City of Winnipeg sponsors two group life insurance plans: i) the *Civic Employees' Group Life Insurance Plan* for employees of the City of Winnipeg; other than police officers, and certain other employers which participate in the *Plan,* and ii) the *Police Employees' Group Life Insurance Plan* for police officers of the City of Winnipeg (separately, the "*Plan*; together, the "*Plans*").

The *Plans* are constituted pursuant to City of Winnipeg By-Law 80/2015, which took effect on August 1, 2015. The predecessor plans – the *Civic Employees' Group Life Insurance Plan* and *Police Employees' Group Life Insurance Plan,* which operated pursuant to By-Laws 5644/91 and 5643/91, respectively, were continued under By-Law 80/2015, but with amendment and restatement related to their governance and financial structure.

### a) Civic Employees' Group Life Insurance Plan

All employees are eligible to join the *Plan* commencing on their date of employment. All new members of *The Winnipeg Civic Employees' Pension Plan* must become members of the *Plan*. *Plan* members are covered for basic life insurance of one or two times annual earnings. Optional coverage can be purchased under the *Plan* to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. *Plan* members and the City share equally in the cost of the basic life insurance coverage until retirement. Coverage on the life of a disabled member continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

### b) Police Employees' Group Life Insurance Plan

All police officers are required to become members of the *Plan* commencing on their date of employment. *Plan* members are covered for basic life insurance coverage of two times annual earnings. Optional coverage can be purchased under the *Plan* to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. The employees and the City share equally in the cost of basic life insurance until retirement. Coverage on the life of disabled members continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

## *2. Summary of Significant Accounting Policies*

### a) Basis of presentation

These combined financial statements are prepared on a going concern basis and in accordance with Canadian accounting standards for pension plans, which also apply to these benefit plans. In selecting accounting policies not otherwise addressed by Canadian accounting standards for pension plans, Canadian accounting standards for private enterprises ("ASPE") have been applied. The combined financial statements present the aggregate financial position of the *Plans* as separate financial reporting entities, independent of the sponsor and *Plan* members. They are prepared to assist *Plan* members and others in reviewing the activities of the *Plans* for the fiscal period.

The combined financial statements include the accounts of *The Civic and Police Employees' Group Insurance Plans Corporation* (the "*Corporation*"), which as part of its mandate maintains, invests, manages and administers the New Civic Insurance Fund and the New Police Insurance Fund. The combined financial statements also include the accounts of the Old Civic Insurance Fund and the Old Police Insurance Fund, which are administered and held in trust by the *Corporation* in its capacity as trustee (the "*Trustee*") within the Plans' financial structure.

The combined financial statements also include contributions and related insurance premiums which are directly applied at source by the *Corporation,* acting in a trust capacity. Inter-fund transactions and balances are eliminated for *Plan* reporting purposes.

Under the insurance contract, the *Plans* bear the full claims experience, together with related claims administration expenses. Insurance premiums in amounts equal to insurance claims and related claims administration expenses are reclassified for *Plan* reporting purposes as benefits and claims administration expenses, respectively. Any excess premiums arising in the year are ultimately refunded and are recognized as an amount due from the Canada Life Assurance Company. Similarly, any premium shortfalls must ultimately be settled and are recognized as amounts due to the Canada Life Assurance Company.

The benefit obligations presented in the combined financial statements of the *Plan* relate to the obligations of the City of Winnipeg under By-law 80/2015.

These combined financial statements include the operating results for the year ended December 31, 2021, with comparatives for the year ended December 31, 2020.

A supplementary schedule is attached to these financial statements, which provides financial information about the New Insurance Funds and Old Insurance Funds which comprise the *Plans*.

## *2. Summary of Significant Accounting Policies (continued)*

### b) Investments and investment income

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. The fixed income investments are valued either using published market prices or by applying valuation techniques that utilize observable market inputs. The equity investments are valued using published market prices. Short-term deposits are recorded at cost, which together with accrued interest income, approximates fair value. Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

### c) Financial instruments other than investments

Financial instruments other than investments include accrued contributions receivable, premiums payable and accounts payable. Financial assets other than investments and financial liabilities are recognized in the *Plans'* Combined Statement of Financial Position when the Plans become a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at fair value.

The *Plans'* contributions receivables are measured at amortized cost, where the amortized cost equals the amount at which the receivable is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The *Plans'* financial liabilities are measured subsequently at amortized cost.

### d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the year end. Income and expenses, and the purchase and sale of investments, are translated into Canadian dollars at the exchange rates prevailing on the transaction dates.

### e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans, which also apply to these benefit plans, requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets, obligations, and surplus during the year. Actual results could differ from those estimates.

### *3. Financial Structure*

The *Plans'* financial structure is in accordance with the requirements of City of Winnipeg By-law 80/2015.

As of August 1, 2015, the *Plans* are the responsibility of the *Corporation*, incorporated pursuant to *The Corporations Act* (Manitoba) as a corporation with share capital. All of the issued and outstanding shares in the capital of the *Corporation* are owned by the City of Winnipeg.

The *Corporation* was established to maintain, manage and administer the *Plans* (including their related funds) sponsored by the City of Winnipeg, in both its own capacity and in its capacity as *Trustee*. The *Corporation's* mandate is in accordance with the requirements of City of Winnipeg By-Law 80/2015, which took effect on August 1, 2015.

On August 1, 2015, pursuant to restructure, the net assets of the predecessor *Plans* were conveyed to the *Trustee* on behalf of the Old Civic Insurance Fund and Old Police Insurance Fund, respectively. The conveyed assets were subsequently sold to the *Corporation* at fair market value. In exchange for the investments sold, the *Trustee* received non-interest-bearing promissory notes, which are held and accounted for within the Old Civic Insurance Fund and Old Police Insurance Fund. The conveyed assets acquired by the *Corporation*, as referenced above, are held and accounted for within the New Civic Insurance Fund and New Police Insurance Fund, respectively.

Each of the New Civic Insurance Fund and New Police Insurance Fund is held within the *Corporation.* Each of the Old Civic Insurance Fund and Old Police Insurance Fund is held in trust by the *Corporation* in its capacity as the *Trustee.* In addition, the *Corporation,* acting in an informal trust capacity, collects the portion of the *Plans*' contributions to be remitted on a first applied basis to the *Plans'* insurance company, and accordingly*,* may at any point hold in trust contributions equal to unremitted premiums.

The assets of the Old Civic Insurance Fund and the Old Police Insurance Fund are available to fund a portion of the premiums for retirees under the *Plans*. These assets will diminish as they are used to fund insurance premiums for retired members in accordance with the respective *Plans*.

Effective August 1, 2015, all contributions to the *Plans* which are not first applied to insurance premiums are credited to the New Civic Insurance Fund and New Police Insurance Fund, as applicable. All investment earnings on and after August 1, 2015 which relate to the assets of the New Civic Insurance Fund and New Police Insurance Fund are credited to the New Civic Insurance Fund and New Police Insurance Fund, respectively.

### *3. Financial Structure (continued)*

All *Plan* administration and corporate operating costs on and after August 1, 2015 related to the *Plans* are charged to the New Civic Insurance Fund and New Police Insurance Fund, respectively.

The assets of the New Civic Insurance Fund and New Police Insurance Fund are available to fund a portion of the premiums for retirees under the respective *Plans.*

The By-Law permits the *Corporation* to transfer ownership of funds from the New Civic Insurance Fund to the Old Civic Insurance Fund and from the New Police Insurance Fund to the Old Police Insurance Fund, if it is determined by the Directors of the *Corporation* to be in the overall best interests of the *Plan* members.

The *Corporation* has arranged for the Program Administration staff of *The Winnipeg Civic Employees' Benefits Program* to perform the day-to-day administration, excluding investments. The *Plans'* investments are managed by the City of Winnipeg, with RBC Investor and Treasury Services acting as the *Plans'* custodian. The Canada Life Assurance Company is responsible for claims adjudication and processing of payments.

### *4. Net Assets*

The *Plans'* net assets represent reserves that are available to finance the portion of the post-retirement insurance expected to be provided in the future to the members of the *Plans* that are not financed by retiree contributions. The reserves are also available to finance the related future insurer charges and *Plans'* administration costs.

The *Plan's* net assets are allocated as follows:

| | **2021 Fair Value** | 2020 Fair Value |
|---|---|---|
| Net Assets – Civic Employees' Group Life Insurance Plan | **$ 169,115** | $ 154,222 |
| Net Assets – Police Employees' Group Life Insurance Plan | **43,942** | 39,972 |
| | **$ 213,057** | $ 194,194 |

### *5. Obligation for Post-Retirement Basic Life Insurance Benefits – Civic Employees' Group Life Insurance Plan*

An actuarial valuation of the *Plan* was performed as of December 31, 2019 by Eckler Ltd. The results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2021, to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2021. For the comparative 2020 figures, the results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2020, to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2020.

The assumptions used were approved by the *Corporation*. The economic assumptions used in determining the actuarial value of accrued post-retirement basic life insurance benefits were developed by reference to expected long term economic and investment market conditions. Significant long-term actuarial assumptions used in preparing the financial statements included a discount rate of 5.00% (2020 – 5.00%) per year and general increases in pay of 3.25% (2020 – 3.25%) per year. The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The triennial actuarial valuation as at December 31, 2019 disclosed an actuarial surplus of $46,146 (2016 – $39,610) and a contingency reserve in the amount of $11,537 (2016 – $10,989). The next actuarial valuation of the *Plan* is expected to be prepared as at December 31, 2022.

In determining the surplus or deficiency for actuarial valuation purposes, and to be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets was determined from fair values. The actuarial value placed on the assets smooths out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years.

The effect of using a smoothed value of assets of the *Plan* in determining the estimated actuarial surplus or deficiency is as follows:

| | | **2021** | | 2020 |
|---|---|---|---|---|
| Surplus for financial statement reporting purposes | **$** | **87,309** | $ | 74,540 |
| Fair value changes not reflected in actuarial value of assets | | **(17,374)** | | (10,999) |
| Surplus for actuarial valuation purposes, as estimated | **$** | **69,935** | $ | 63,541 |

### *6. Obligation for Post-Retirement Basic Life Insurance Benefits – Police Employees' Group Life Insurance Plan*

An actuarial valuation of the *Plan* was performed as of December 31, 2019 by Eckler Ltd. The results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2021, to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2021. For the comparative 2020 figures, the results of the December 31, 2019 actuarial valuation were extrapolated to December 31, 2020, to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed in the Combined Statement of Financial Position as at December 31, 2020.

The assumptions used were approved by the *Corporation*. The economic assumptions used in determining the actuarial value of accrued post-retirement basic life insurance benefits were developed by reference to expected long term economic and investment market conditions. Significant long-term actuarial assumptions used in preparing the financial statements included a discount rate of 5.00% (2020 – 5.00%) per year and general increases in pay of 3.25% (2020 – 3.25%) per year. The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The triennial actuarial valuation as at December 31, 2019 disclosed an actuarial surplus of $11,429 (2016 – $7,478) and a contingency reserve in the amount of $3,033 (2016 – $2,841). The next actuarial valuation of the *Plan* is expected to be prepared as at December 31, 2022.

In determining the surplus or deficiency for actuarial valuation purposes, and to be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets was determined from fair values. The actuarial value placed on the assets smooths out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years.

The effect of using a smoothed value of assets of the *Plan* in determining the estimated actuarial surplus or deficiency is as follows:

| | | **2021** | | 2020 |
|---|---|---|---|---|
| Surplus for financial statement reporting purposes | **$** | **21,559** | $ | 18,683 |
| Fair value changes not reflected in actuarial value of assets | | **(4,735)** | | (3,134) |
| Surplus for actuarial valuation purposes, as estimated | **$** | **16,824** | $ | 15,549 |

## *7. Management of Financial Risk*

In the normal course of business, the Plans' investment activities expose it to a variety of financial risks. The Plans seek to minimize potential adverse effects of these risks on the Plans' performance by hiring professional, experienced portfolio managers, by regular monitoring of the Plans' position and market events and by diversifying the investment portfolio within the constraints of the investment policy and objectives. Significant risks that are relevant to the Plans are discussed below.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As of the date of the financial statements, the measures taken to contain the spread of COVID-19 remains dynamic with responses varying from cities and countries around the world. As a result of COVID-19, the global and Canadian financial markets have experienced significant volatility, changes in interest rate and fluctuations in foreign currency exchange rates. Given the extent of the pandemic, the uncertainty surrounding the economic impact of COVID-19 will remain elevated. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the *Plans* in future periods.

### a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the *Plans*, and is concentrated in the *Plans'* investment in bonds and debentures and short-term deposits. At December 31, 2021, the *Plans'* credit risk exposure related to bonds and debentures and short-term deposits totaled $71,679 (2020 - $73,204).

The *Plans'* concentration of credit risk as at December 31, 2021, related to bonds and debentures, is categorized amongst the following types of issuers:

| **Type of Issuer** | **2021 Fair Value** | 2020 Fair Value |
|---|---|---|
| Provincial and Provincial guaranteed | **$ 20,097** | $ 21,234 |
| Government of Canada and Government of Canada guaranteed | **19,012** | 19,721 |
| Canadian cities and municipalities | **585** | 617 |
| Corporations and other institutions | **26,046** | 27,709 |
| | **$ 65,740** | $ 69,281 |

## *7. Management of Financial Risk (continued)*

### a) Credit risk (continued)

The *Plans* limit credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy Guideline monitoring process.

As at December 31, bonds and debentures analyzed by credit rating are as follows:

| | **2021** | | 2020 | |
|---|---|---|---|---|
| **Credit Rating** | **Percent of Total Bonds** | **Percent of Net Assets** | Percent of Total Bonds | Percent of Net Assets |
| AAA | **29.4%** | **9.1%** | 31.7% | 11.3% |
| AA | **37.3** | **11.5** | 41.7 | 14.8 |
| A | **33.2** | **10.2** | 26.6 | 9.6 |
| OTHER | **0.1** | **0.1** | 0.0 | 0.0 |
| | **100.0%** | **30.9%** | 100.0% | 35.7% |

### *b)* Liquidity risk

Liquidity risk is the risk that the *Plans* will encounter difficulty in meeting obligations associated with financial liabilities. The *Plans* ensure they retain sufficient cash and short-term investment positions to meet their cash flow commitments, including the ability to fund benefit payments and to fund investment commitments. The *Plans* invest solely in securities that are traded in active markets and can be readily disposed.

### c) Interest rate risk

Interest rate risk is the risk that the fair value of the *Plans'* interest-bearing investments will fluctuate due to changes in market interest rates. The *Plans'* exposure to interest rate risk is concentrated in its investment in bonds and debentures and short-term investments.

The *Plans'* actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of salary escalation. The *Plans'* primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet the *Plans'* obligations.

## *7. Management of Financial Risk (continued)*

### c) Interest rate risk (continued)

The *Plans* have approximately 31% (2020 – 36%) of their assets invested in fixed income securities as at December 31, 2021. The returns on fixed income securities are particularly sensitive to changes in nominal interest rates.

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

| Term to Maturity | 2021 Fair Value | 2020 Fair Value |
|---|---|---|
| One to five years | **$ 31,615** | $ 34,994 |
| Greater than five years | **34,125** | 34,287 |
| | **$ 65,740** | $ 69,281 |

As at December 31, 2021, had prevailing interest rates raised or lowered by 0.5% (2020 0.5%) assuming a parallel shift in the yield curve, with all other variables held constant, the fair value of investments in bonds and debentures would have decreased or increased, respectively, by approximately $2,495 (2020 - $2,601), approximately 1.2% of total net assets (2020 – 1.3%). The *Plans'* sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be material.

### d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency exposure arises from the *Plans'* holdings of foreign equity investments and short-term deposits. The *Plans'* investment managers may, from time to time, hedge some of this exposure using forward contracts. The table below indicates the *Plans'* net foreign currency exposure after giving effect to the net related economic hedge as at December 31, 2021.

The table also illustrates the potential impact to the *Plans'* net assets, all other variables held constant, as a result of a 10% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

## *7. Management of Financial Risk (continued)*

### d) Foreign currency risk (continued)

| | 2021 | | | | 2020 | |
|---|---|---|---|---|---|---|
| | **Gross Exposure** | **Net Foreign Currency Hedge** | **Net Exposure** | **Impact on Net Assets** | Net Exposure | Impact on Net Assets |
| United States | **$ 39,351** | **$ -** | **$ 39,351** | **$ 3,935** | $ 37,423 | $ 3,742 |
| Euro Countries | **8,166** | **-** | **8,166** | **817** | 7,315 | 732 |
| Japan | **7,323** | **-** | **7,323** | **732** | 7,608 | 761 |
| United Kingdom | **4,777** | **-** | **4,777** | **478** | 4,294 | 429 |
| Switzerland | **3,053** | **-** | **3,053** | **305** | 2,657 | 266 |
| Australia | **2,320** | **-** | **2,320** | **232** | 2,171 | 217 |
| Sweden | **1,417** | **-** | **1,417** | **142** | 1,170 | 117 |
| Hong Kong | **824** | **-** | **824** | **82** | 894 | 89 |
| Other | **3,820** | **-** | **3,820** | **382** | 3,507 | 351 |
| | **$ 71,051** | **$ -** | **$ 71,051** | **$ 7,105** | $ 67,039 | $ 6,704 |

### e) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. All securities present a risk of loss of capital. The *Plans'* policy is to invest in a diversified portfolio of investments. As well, the Plans investment manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment policy and strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For these *Plans*, the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 15%, with all other variables held constant, net assets would have increased or decreased by approximately $21,199 (2020 – $18,157), approximately 9.9% of total net assets (2020 – 9.3%). In practice, the actual results may differ and the difference could be material.

### *7. Management of Financial Risk (continued)*

#### f) Fair value hierarchy

Financial instruments recorded at fair value on the Combined Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following tables present the investment assets recorded at fair value in the Combined Statement of Financial Position as at December 31, 2021 and December 31, 2020, classified using the fair value hierarchy described above:

**2021 Total Investment Assets**

| | Level 1 | Level 2 | Level 3 | at Fair Value |
|---|---|---|---|---|
| Canadian equities | **$ 76,851** | **$ -** | **$ -** | **$ 76,851** |
| Bonds and debentures | **65,740** | **-** | **-** | **65,740** |
| Foreign equities | **64,477** | **-** | **-** | **64,477** |
| Cash and short term deposits | **5,939** | **-** | **-** | **5,939** |
| | **$ 213,007** | **$ -** | **$ -** | **$ 213,007** |

2020 Total Investment Assets

| | Level 1 | Level 2 | Level 3 | at Fair Value |
|---|---|---|---|---|
| Bonds and debentures | $ 69,281 | $ - | $ - | $ 69,281 |
| Foreign equities | 65,676 | - | - | 65,676 |
| Canadian equities | 55,373 | - | - | 55,373 |
| Cash and short term deposits | 3,923 | - | - | 3,923 |
| | $ 194,253 | $ - | $ - | $ 194,253 |

### *8. Investment Income*

| | | **2021** | | 2020 |
|---|---|---|---|---|
| Canadian equities | **$** | **1,687** | $ | 1,671 |
| Bonds and debentures | | **1,560** | | 1,636 |
| Foreign equities | | **1,549** | | 1,183 |
| Cash, short-term deposits and other | | **(169)** | | (36) |
| | **$** | **4,627** | $ | 4,454 |
| Allocated to: | | | | |
| Civic Employees' Group Life Insurance Plan | **$** | **3,675** | $ | 3,557 |
| Police Employees' Group Life Insurance Plan | | **952** | | 897 |
| | **$** | **4,627** | $ | 4,454 |

### *9. Investment Transaction Costs*

During the period, the *Plans* incurred investment transaction costs in the form of brokerage commissions, in the amount of $2 (2020 – $1). Investment transaction costs are included in the current period change in market value of investments.

### 10. *Income Tax Status*

On February 28, 2013, the Canada Revenue Agency ("CRA") verbally informed the City of Winnipeg that, in its view, the assets held in the Plans constituted assets that were being held in trust funds and should be reported for income tax purposes as such. CRA further informed that it was prepared to accept the trusts commencing their income tax reporting on a prospective basis starting with the 2013 year, such that years prior to 2013 would not need to be reported. On November 26, 2013, CRA informed the City of Winnipeg in writing that it has extended this administrative relief to December 31, 2013 and on April 27, 2015, CRA again extended relief to December 31, 2015.

Effective August 1, 2015, the *Plans'* assets which earn investment income are held in the New Civic Insurance Fund and New Police Insurance Fund within the *Corporation.* The *Corporation* is wholly owned by the City of Winnipeg. The *Corporation* is considered to be non-taxable as part of municipal government.

Also, effective August 1, 2015, the *Plans'* non-interest bearing assets are held within the Old Civic Insurance Fund and Old Police Insurance Fund, for each of which the *Corporation* is the trustee. The Old Civic Insurance Fund and Old Police Insurance Fund were continued from the predecessor *Plans*. As noted above, CRA has previously informed the City of Winnipeg that it was prepared to accept these trusts commencing their income tax reporting

**10. *Income Tax Status (continued)***

on a prospective basis starting in 2016, such that years prior to 2016 would not need to be reported. As currently structured, these trusts will not have any taxable income to report.

**THE CITY OF WINNIPEG**
**CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and**
**POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN**
**SCHEDULE 1**

**SCHEDULE OF STATEMENT OF FINANCIAL POSITION BY PLANS AND FUNDS**
**As at December 31**
**(in $ thousands)**

| | | 2021 Allocated as: | | | | | |
|---|---|---|---|---|---|---|---|
| | | Civic Employees' Plan | | | Police Employees' Plan | | |
| | Civic and Police Employees' Group Life Insurance Plans | Old Civic Insurance Fund | New Civic Insurance Fund | Total | Old Police Insurance Fund | New Police Insurance Fund | Total |
| ***ASSETS*** | | | | | | | |
| Investments, at fair value | | | | | | | |
| Canadian equities | $ 76,851 | | | | | | |
| Bonds and debentures | 65,740 | | | | | | |
| Foreign equities | 64,477 | | | | | | |
| Cash and short-term deposits | 7,096 | | | | | | |
| | 214,164 | $ - | $ 169,901 | $ 169,901 | $ - | $ 44,263 | $ 44,263 |
| Funds on deposit - Canada Life Assurance Company | (1,157) | - | (817) | (817) | - | (340) | (340) |
| | 213,007 | - | 169,084 | 169,084 | - | 43,923 | 43,923 |
| Accounts receivable - dividends | 581 | - | 462 | 462 | | 119 | 119 |
| Accounts receivable | 19 | 130 | (112) | 18 | 26 | (25) | 1 |
| Due from The Winnipeg Civic Employees' Pension Plan | 6 | - | 5 | 5 | - | 1 | 1 |
| Total Assets | 213,613 | 130 | 169,439 | 169,569 | 26 | 44,018 | 44,044 |
| ***LIABILITIES*** | | | | | | | |
| Accounts payable | 305 | - | 250 | 250 | - | 55 | 55 |
| Premium Payable | 251 | 130 | 74 | 204 | 26 | 21 | 47 |
| Total Liabilities | 556 | 130 | 324 | 454 | 26 | 76 | 102 |
| **LOAN BETWEEN INSURANCE FUNDS** | - | 169,115 | (169,115) | - | 43,942 | (43,942) | - |
| ***NET ASSETS*** | $ 213,057 | $ 169,115 | $ - | 169,115 | $ 43,942 | $ - | 43,942 |
| **BENEFIT OBLIGATIONS** | | | | 81,806 | | | 22,383 |
| **SURPLUS** | | | | $ 87,309 | | | $ 21,559 |

**THE CITY OF WINNIPEG**
**CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and**
**POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN**
**SCHEDULE 1**

**SCHEDULE OF STATEMENT OF FINANCIAL POSITION BY PLANS AND FUNDS**
**As at December 31**
**(in $ thousands)**

| | | 2020 Allocated as: | | | | | |
|---|---|---|---|---|---|---|---|
| | | Civic Employees' Plan | | | Police Employees' Plan | | |
| | Civic and Police Employees' Group Life Insurance Plans | Old Civic Insurance Fund | New Civic Insurance Fund | Total | Old Police Insurance Fund | New Police Insurance Fund | Total |
| ***ASSETS*** | | | | | | | |
| Investments, at fair value | | | | | | | |
| Bonds and debentures | $ 69,281 | | | | | | |
| Foreign equities | 65,676 | | | | | | |
| Canadian equities | 55,373 | | | | | | |
| Cash and short-term deposits | 4,300 | | | | | | |
| | 194,630 | $ - | $ 154,727 | $ 154,727 | $ - | $ 39,903 | $ 39,903 |
| Funds on deposit - Canada Life Assurance Company | (377) | - | (449) | (449) | - | 72 | 72 |
| | 194,253 | - | 154,278 | 154,278 | - | 39,975 | 39,975 |
| Accounts receivable - dividends | 520 | - | 415 | 415 | - | 105 | 105 |
| Accounts receivable | 16 | 125 | (109) | 16 | 25 | (25) | - |
| Participants' contributions receivable | 1 | - | 1 | 1 | - | - | - |
| Total Assets | 194,790 | 125 | 154,585 | 154,710 | 25 | 40,055 | 40,080 |
| ***LIABILITIES*** | | | | | | | |
| Accounts payable | 353 | - | 289 | 289 | - | 64 | 64 |
| Premium Payable | 243 | 125 | 74 | 199 | 25 | 19 | 44 |
| Total Liabilities | 596 | 125 | 363 | 488 | 25 | 83 | 108 |
| **LOAN BETWEEN INSURANCE FUNDS** | - | 154,222 | (154,222) | - | 39,972 | (39,972) | - |
| ***NET ASSETS*** | $ 194,194 | $ 154,222 | $ - | 154,222 | $ 39,972 | $ - | 39,972 |
| **BENEFIT OBLIGATIONS** | | | | 79,682 | | | 21,289 |
| **SURPLUS** | | | | $ 74,540 | | | $ 18,683 |

**THE CITY OF WINNIPEG**
**CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and**
**POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN**
**SCHEDULE 2**

**SCHEDULE OF STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY PLANS AND FUNDS**
**For the year ended December 31**
**(in $ thousands)**

| | | 2021 Allocated as: | | | | | |
|---|---|---|---|---|---|---|---|
| | | Civic Employees' Plan | | | Police Employees' Plan | | |
| | Civic and Police Employees' Group Life Insurance Plans | Old Civic Insurance Fund | New Civic Insurance Fund | Total | Old Police Insurance Fund | New Police Insurance Fund | Total |
| ***INCREASE IN ASSETS*** | | | | | | | |
| Contributions | | | | | | | |
| Employees - basic | $ 1,099 | $ - | $ 823 | $ 823 | $ - | $ 276 | $ 276 |
| Employees - optional | 404 | - | 297 | 297 | - | 107 | 107 |
| | 1,503 | - | 1,120 | 1,120 | - | 383 | 383 |
| The City of Winnipeg and participating employers | 1,096 | - | 821 | 821 | - | 275 | 275 |
| Pensioners | 214 | - | 156 | 156 | - | 58 | 58 |
| | 2,813 | - | 2,097 | 2,097 | - | 716 | 716 |
| Current period change in fair value of investments | 19,604 | - | 15,569 | 15,569 | - | 4,035 | 4,035 |
| Investment income | 4,627 | - | 3,675 | 3,675 | - | 952 | 952 |
| Total increase in assets | 27,044 | - | 21,341 | 21,341 | - | 5,703 | 5,703 |
| ***DECREASE IN ASSETS*** | | | | | | | |
| Benefit payments | 7,451 | 3,335 | 2,555 | 5,890 | 676 | 885 | 1,561 |
| Administration | 373 | - | 296 | 296 | - | 77 | 77 |
| Claims administration and taxes | 299 | - | 250 | 250 | - | 49 | 49 |
| Investment management fees | 39 | - | 31 | 31 | - | 8 | 8 |
| Actuarial fees | 19 | - | (19) | (19) | - | 38 | 38 |
| Total decrease in assets | 8,181 | 3,335 | 3,113 | 6,448 | 676 | 1,057 | 1,733 |
| **NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR** | 18,863 | (3,335) | 18,228 | 14,893 | (676) | 4,646 | 3,970 |
| **NET ASSETS, BEGINNING OF YEAR** | 194,194 | 154,222 | - | 154,222 | 39,972 | - | 39,972 |
| **TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR** | - | 18,228 | (18,228) | - | 4,646 | (4,646) | - |
| **NET ASSETS, END OF YEAR** | $ 213,057 | $ 169,115 | $ - | $ 169,115 | $ 43,942 | $ - | $ 43,942 |

**THE CITY OF WINNIPEG**
**CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and**
**POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN**
**SCHEDULE 2**

**SCHEDULE OF STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY PLANS AND FUNDS**
**For the year ended December 31**
**(in $ thousands)**

| | | 2020 Allocated as: | | | | | |
|---|---|---|---|---|---|---|---|
| | | Civic Employees' Plan | | | Police Employees' Plan | | |
| | Civic and Police Employees' Group Life Insurance Plans | Old Civic Insurance Fund | New Civic Insurance Fund | Total | Old Police Insurance Fund | New Police Insurance Fund | Total |
| ***INCREASE IN ASSETS*** | | | | | | | |
| Contributions | | | | | | | |
| Employees - basic | $ 1,100 | $ - | $ 825 | $ 825 | $ - | $ 275 | $ 275 |
| Employees - optional | 418 | - | 318 | 318 | - | 100 | 100 |
| | 1,518 | - | 1,143 | 1,143 | - | 375 | 375 |
| The City of Winnipeg and participating employers | 1,100 | - | 826 | 826 | - | 274 | 274 |
| Pensioners | 218 | - | 160 | 160 | - | 58 | 58 |
| | 2,836 | - | 2,129 | 2,129 | - | 707 | 707 |
| Current period change in fair value of investments | 10,491 | - | 7,934 | 7,934 | - | 2,557 | 2,557 |
| Investment income | 4,454 | - | 3,557 | 3,557 | - | 897 | 897 |
| Total increase in assets | 17,781 | - | 13,620 | 13,620 | - | 4,161 | 4,161 |
| ***DECREASE IN ASSETS*** | | | | | | | |
| Benefit payments | 7,125 | 3,327 | 2,735 | 6,062 | 655 | 408 | 1,063 |
| Administration | 309 | - | 234 | 234 | - | 75 | 75 |
| Claims administration and taxes | 295 | - | 247 | 247 | - | 48 | 48 |
| Actuarial fees | 100 | - | 81 | 81 | - | 19 | 19 |
| Investment management fees | 8 | - | 6 | 6 | - | 2 | 2 |
| Total decrease in assets | 7,837 | 3,327 | 3,303 | 6,630 | 655 | 552 | 1,207 |
| **NET INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR** | 9,944 | (3,327) | 10,317 | 6,990 | (655) | 3,609 | 2,954 |
| **NET ASSETS, BEGINNING OF YEAR** | 184,250 | 147,232 | - | 147,232 | 37,018 | - | 37,018 |
| **TRANSFER OF ASSETS BETWEEN INSURANCE FUNDS AT END OF YEAR** | - | 10,317 | (10,317) | - | 3,609 | (3,609) | - |
| **NET ASSETS, END OF YEAR** | $ 194,194 | $ 154,222 | $ - | $ 154,222 | $ 39,972 | $ - | $ 39,972 |

**THE CITY OF WINNIPEG**
**CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and**
**POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN**
**SCHEDULE 3**

**SCHEDULE OF STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS BY PLANS**
**For the year ended December 31**
**(in $ thousands)**

| | | 2021 Allocated as: | |
|---|---|---|---|
| | Civic and Police Employees' Group Life Insurance Plans | Civic Employees' Plan | Police Employees' Plan |
| ***INCREASE IN BENEFIT OBLIGATIONS*** | | | |
| Interest on benefit obligations | $ 5,003 | $ 3,938 | $ 1,065 |
| Benefits accrued | 2,931 | 2,331 | 600 |
| Total increase in benefit obligations | 7,934 | 6,269 | 1,665 |
| ***DECREASE IN BENEFIT OBLIGATIONS*** | | | |
| Benefits paid | 4,716 | 4,145 | 571 |
| Total decrease in benefit obligations | 4,716 | 4,145 | 571 |
| **NET INCREASE IN BENEFIT OBLIGATIONS** | 3,218 | 2,124 | 1,094 |
| **ACCRUED BENEFIT OBLIGATIONS, BEGINNING OF YEAR** | 100,971 | 79,682 | 21,289 |
| **ACCRUED BENEFIT OBLIGATIONS, END OF YEAR** | $ 104,189 | $ 81,806 | $ 22,383 |

**THE CITY OF WINNIPEG**
**CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and**
**POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN**
**SCHEDULE 3**

**SCHEDULE OF STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS BY PLANS**
**For the year ended December 31**
**(in $ thousands)**

| | | 2020 Allocated as: | |
|---|---|---|---|
| | Civic and Police Employees' Group Life Insurance Plans | Civic Employees' Plan | Police Employees' Plan |
| ***INCREASE IN BENEFIT OBLIGATIONS*** | | | |
| Interest on benefit obligations | $ 4,832 | $ 3,819 | $ 1,013 |
| Benefits accrued | 2,942 | 2,345 | 597 |
| Total increase in benefit obligations | 7,774 | 6,164 | 1,610 |
| ***DECREASE IN BENEFIT OBLIGATIONS*** | | | |
| Benefits paid | 3,940 | 3,397 | 543 |
| Total decrease in benefit obligations | 3,940 | 3,397 | 543 |
| **NET INCREASE IN BENEFIT OBLIGATIONS** | 3,834 | 2,767 | 1,067 |
| **BENEFIT OBLIGATIONS, BEGINNING OF YEAR** | 97,137 | 76,915 | 20,222 |
| **BENEFIT OBLIGATIONS, END OF YEAR** | $ 100,971 | $ 79,682 | $ 21,289 |

**THE CITY OF WINNIPEG**
**CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN and**
**POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN**
**SCHEDULE 4**
**COMBINED SCHEDULE OF ADMINISTRATIVE EXPENSES**
**(in $ thousands)**

| | **2021 Budget** | **2021 Actual** | 2020 Budget | 2020 Actual |
|---|---|---|---|---|
| **PROFESSIONAL SERVICES** | | | | |
| ***Incurred Directly*** | | | | |
| Actuarial | **$ 23** | **$ 19** | $ 136 | $ 100 |
| Audit | **18** | **24** | 17 | 20 |
| Investment Performance Measurement Fees | **10** | **9** | 10 | 9 |
| Investment Management Fees | **8** | **39** | 8 | 8 |
| Legal | **5** | **-** | 5 | **-** |
| Subtotal - Professional Services Incurred Directly | **64** | **91** | 176 | 137 |
| ***Cost Shared with Other Plans*** | | | | |
| Consulting | **23** | **-** | 21 | (12) |
| Subtotal - Professional Services | **87** | **91** | 197 | 125 |
| **OFFICE AND ADMINISTRATION - Cost Shared with Other Plans** | | | | |
| Rent | **31** | **27** | 29 | 26 |
| Equipment Maintenance - Information Technology | **6** | **6** | 6 | 6 |
| Postage | **4** | **4** | 4 | 2 |
| Stationary & Printing | **3** | **2** | 3 | 2 |
| Conferences, Seminars & Training - Staff | **3** | **1** | 3 | 1 |
| Records Management | **3** | **-** | 3 | **-** |
| Other | **2** | **2** | 2 | 1 |
| Telephone | **1** | **1** | 1 | 1 |
| Bank Charges | **1** | **1** | 1 | 1 |
| Subtotal - Office and Administration | **54** | **44** | 52 | 40 |
| **SALARIES AND BENEFITS - Cost Shared with Other Plans** | **337** | **293** | 317 | 248 |
| **FURNITURE AND COMPUTER HARDWARE & SOFTWARE - Cost Shared with Other Plans** | **8** | **3** | 18 | 4 |
| **TOTAL BUDGETED & ACTUAL ADMINSTRATIVE EXPENSES** | **$ 486** | **$ 431** | $ 584 | $ 417 |