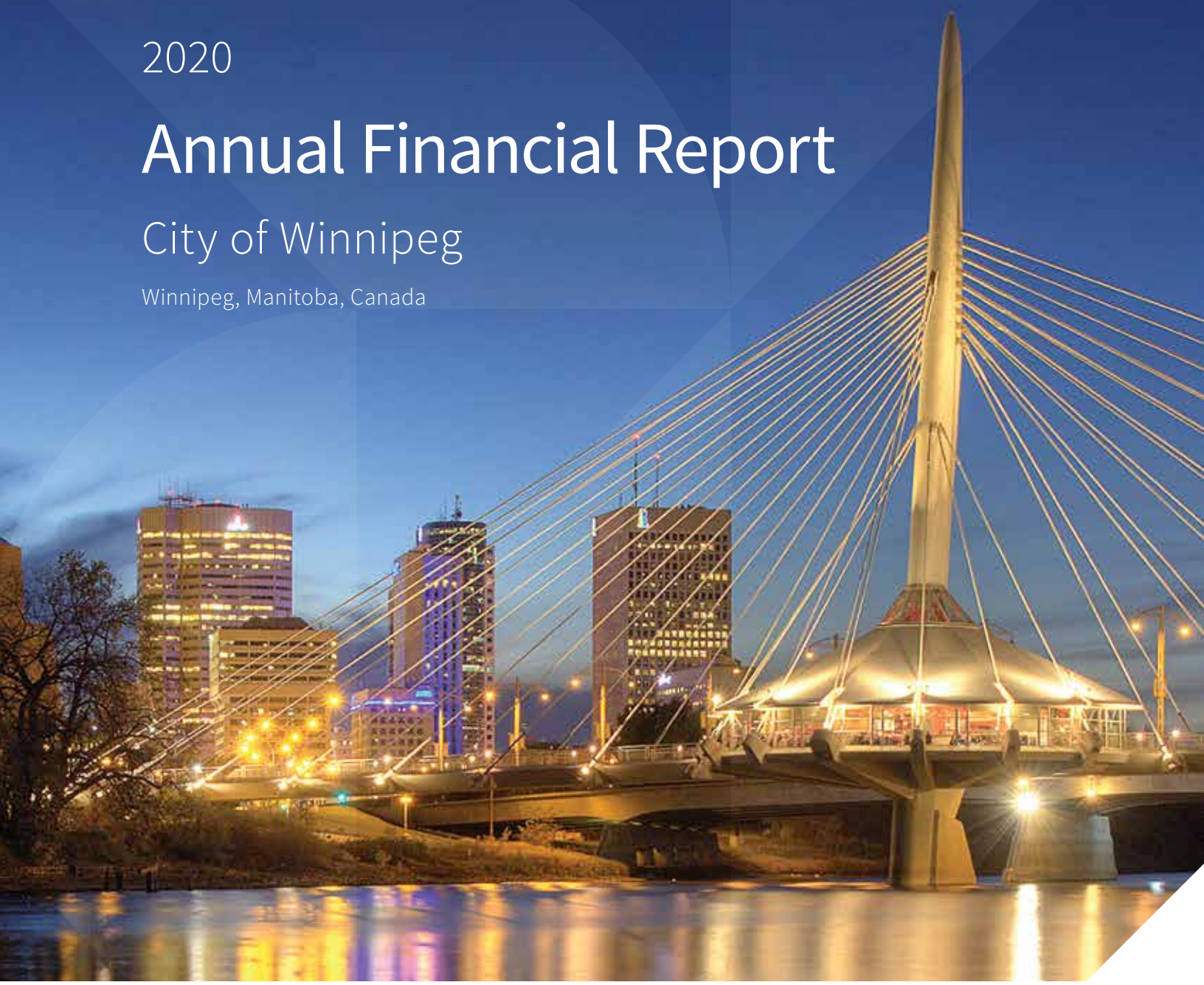
Winnipeg

2020

Annual Financial Report

City of Winnipeg

Winnipeg, Manitoba, Canada



For the fiscal year ended December 31, 2020

City of Winnipeg 2020 Annual Financial Report

Winnipeg, Manitoba, Canada

This annual report for the fiscal year ended December 31, 2020 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.



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Winnipeg at a glance



766,894¤ | Population

3,897¤ | Annual population change *(2019-2020)*

38.8¤ | Median age

$41 billion+ | GDP

0.6%¤ | CPI

$46,500+ | Personal income per capita

467,200+ | Labour force

426,000+ | Employment

8.8%¤ | Unemployment rate

$313,590* | Average home assessment

$1,857* | Average municipal property taxes *(excluding school taxes)*

4,350‡ | Housing starts

294,245¤ | Total households

4,632* | Total residential permits issued

2,808* | Total non-residential permits issued

$991.7 million* | Residential permit values

$662.2 million* | Non-residential permit values

¤ Statistics Canada

+ Conference Board of Canada, Metropolitan Outlook (Spring 2021)

‡ CMHC Starts and Completions Survey (2020)

* City of Winnipeg

Message from the Mayor



When I reflect on 2020, with all its trials and all its pain, I feel a sense of gratitude for the people of our community – for their grit, character, and sheer determination. In 2020, our goal at the City of Winnipeg was a clear one: to stay focused on the fundamentals, and help our community weather the storm.

The City of Winnipeg has worked hard to be a conscientious and effective partner with Manitoba Health in public health messaging, enforcement, and facilitating the work of immunization clinics. We pivoted rapidly to ensure the safety of city services like public transit, and amenities like our public library system. We developed new opportunities for active transportation, and we welcomed the public to city parks in greatly increased numbers.

In 2020, Council acted swiftly to assist individuals and businesses who are suffering financially, by waiving penalties for unpaid property taxes and business taxes, with the waivers ultimately being extended to November 30, 2020. In the 2021 Balanced Budget Update, we acted once again to waive penalties for unpaid property and business taxes, for up to three months following the due dates.



Mayor Brian Bowman
City of Winnipeg

City Council also established the Winnipeg COVID-19 Economic Support Grant Program, which offered non-repayable grants of $1,500 to small businesses and not-for-profit organizations impacted by COVID-19 public health restrictions that went into effect on November 12, 2020. This year, we have opened up a second round of the program, in response to the public health restrictions that came into effect on May 9, 2021, and thereafter.

Winnipeg was in a better position to address 2020's pandemic-related uncertainties than many cities, thanks to the adoption of our first Multi-Year Balanced Budget. Our commitment to sound financial management and our proven track record as a city that plans, were once again reaffirmed in our 2020 ratings from S&P Global and Moody's Investors Service, at "AA" and "Aa2 stable", respectively. Moody's observed that our key strengths include "economic diversity, providing [a] buffer against coronavirus-related pressures and volatility in economic cycles", and our "strong governance and management structure and mature institutional framework."

The financial devastation wrought by COVID-19 has far exceeded municipalities' resources. However, the City was able to address the significant shortfalls we faced last year, through a combination of the strategic actions we took in the COVID-19 Crisis Cash Flow Management Plan, and allocation of federal funds through the Safe Restart Agreement.

Because we are a city that plans, even in the midst of the third wave's health and safety concerns, we have not forgotten the need to prepare for our eventual recovery. Our 2021 Balanced Budget Update provides for a robust, $2.3 billion capital plan, that will invest in roads, recreation centres, public transit, and water and wastewater infrastructure – while creating over 10,000 person years of employment. We are growing toward a million residents, and it is our responsibility not to lose sight of our future.

Even in the midst of this terrible third wave, there are glimmers of hope. More and more Winnipeggers are being vaccinated. People in the community are stepping up to help and support one another, through community organizations and charities and one-on-one. And, our city's Journey of Reconciliation with Indigenous people and anti-racism efforts, so crucial to an equitable recovery, continue to gather momentum.

This is our Winnipeg team: a team with compassion, character, and staying power. I want to encourage every Winnipegger to hang in there, get vaccinated, and show your support for our health and essential workers. I want everyone who reads this report to know, Winnipeg is battling back, and we will prevail: because that is who we are.

2018–2022

15th Council of the City of Winnipeg Members and appointments

(As at December 31, 2020)



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
Chairperson, Standing Policy Committee on Innovation and Economic Development



Markus Chambers
ST. NORBERT – SEINE RIVER



Ross Eadie
MYNARSKI
Deputy Speaker



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



Cindy Gilroy
DANIEL MCINTYRE
Chairperson, Standing Policy Committee on Property and Development, Heritage and Downtown Development



Kevin Klein
CHARLESWOOD – TUXEDO – WESTWOOD



Janice Lukes
WAVERLEY WEST



Brian Mayes
ST. VITAL
Chairperson, Standing Policy Committee on Water and Waste, Riverbank Management and the Environment

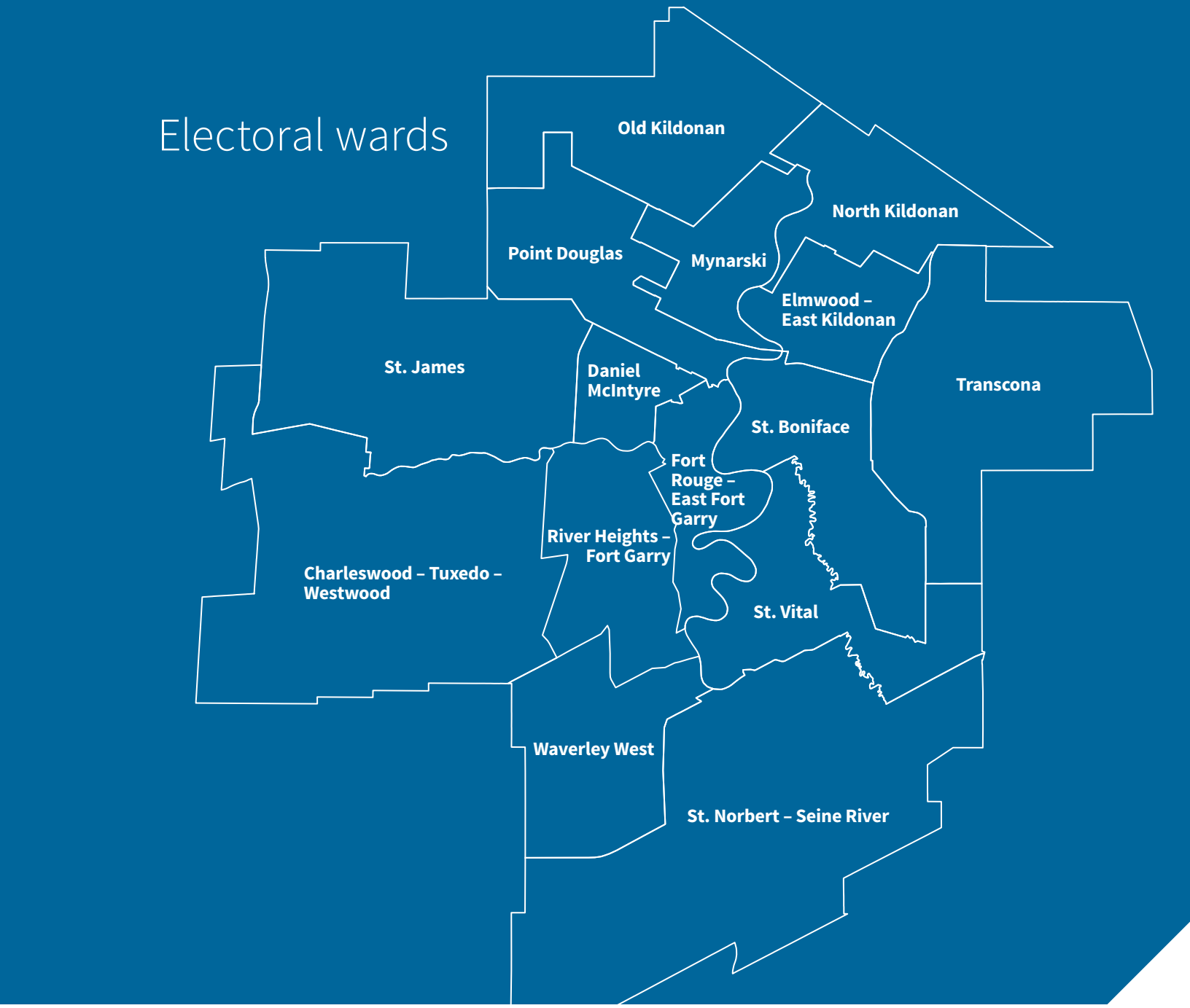


Shawn Nason
TRANSCONA



John Orlikow
RIVER HEIGHTS – FORT GARRY
Deputy Mayor

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 Council-approved 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. Information on how to appear as a delegation is available online.

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 23 new datasets throughout 2020. The City ranked third in the list of Canada's Most Open Cities for 2020, 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 846 FIPPA applications in 2020.

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 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.

The Integrity Commissioner's activities are fully described in their Annual Reports, available at **winnipeg.ca/integritycommissioner**

City of Winnipeg administration

Following an internal review, the Public Service initiated a realignment of reporting structures within the Senior Management Team that included expanding the number of direct reports to the Chief Administrative Officer, changing a number of executive level positions, amending position titles, and revising the reporting structures for certain divisions and Special Operating Agencies (SOAs). This realignment, instituted in September 2020, improves cohesion, efficiency across departments, and the flow of information interdepartmentally and with Council.

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. They 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 and approve and coordinate administrative reports to the Standing Policy Committees, EPC, and Council, among other responsibilities.

The Chief Financial Officer reports to the Chief Administrative Officer, the Mayor, and City Council. In addition to supervising the operations of Corporate Finance and Assessment and Taxation, the CFO monitors the financial status of the City and provides advice on fiscal policy and strategy.

The role of the City Clerk is to support the work of Council, Executive Policy Committee, Standing Committees, Community Committees, the Mayor and Mayor's Office, and members of Council, as well as liaise with the Chief Administrative Officer and senior administrators.

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.

Following the internal administrative realignment, two senior executive officers report directly to the CAO – the Chief Financial Officer and Deputy Chief Administrative Officer.

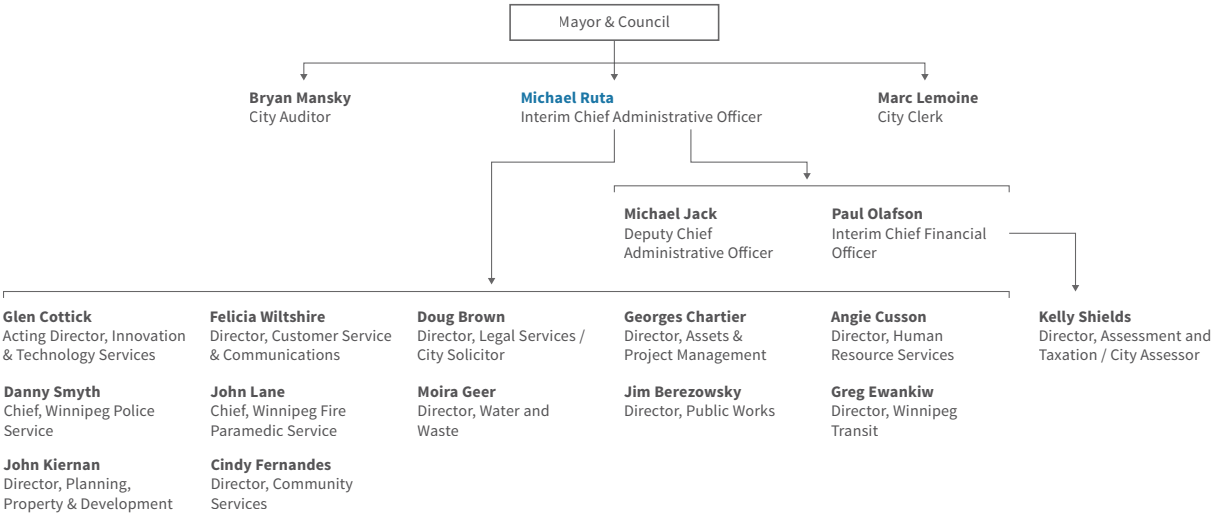
The Deputy Chief Administrative Officer supports the overall responsibilities of the CAO and is also responsible for the delivery of special projects impacting several operational areas within the Public Service. These include affordable housing and supporting Winnipeg most vulnerable residents; integration of City services with external stakeholders; and, acting as a direct support to the City's emergency measures.

The following departments are now direct reports of the CAO: Assets & Project Management; Community Services; Customer Service & Communications; Human Resource Services; Information, Transformation & Technology; Legal Services; Planning, Property & Development; Public Works; Water & Waste; Winnipeg Fire Paramedic Service; and, Winnipeg Transit.

The Chief of the Winnipeg Police Service reports directly to the Winnipeg Police Board and has a working relationship with the City of Winnipeg in respect of administrative matters, such as financial, human resource, and asset management.

2020 ORGANIZATION CHART

(As at December 31, 2020)



Message from the Interim Chief Administrative Officer



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

The sustained service and financial challenges the City of Winnipeg faced in 2020 clearly demonstrate that community resilience is not just a state of mind. Meaningful resilience is also a state of practical preparation, and, as a Public Service, our role is to support Council and residents in achieving it.

March 5, 2021, marked the longest activation of our Emergency Operations Centre (EOC) in the City's history, a full year of operation. Council's investment in this critical infrastructure has been key to our pandemic response, as the EOC has enabled departments to coordinate their work swiftly and effectively.

Ensuring safe service provision in the COVID-19 era has required a profound transformation of City workplace operations, encompassing multiple assessments and the introduction of scores of new safety protocols. From public transit, to libraries, to front counter service centres, to the City's water treatment plant, all of us are doing business differently. Technology has been vital to this process, but so have the diligence and vigilance of each individual employee.

Like other cities, in 2020 Winnipeg experienced a drastic reduction in revenue, particularly from the loss of transit ridership and parking revenue. Just as with our rapid adaptation in workplace safety practices, a combination of robust organizational capacity and quick response to changing circumstances was essential to face the COVID-induced financial crisis.

Given the severity of the crisis, it was necessary to develop and implement a COVID-19 Crisis Cash Flow Management Plan in very short order. In April, 2020, three tiers of financial levers were identified to mitigate the financial impact of COVID-19 on the year's operations. These measures included temporary layoffs of some City staff, and a freeze to hiring and discretionary expenses.

Advances in our budget process have been crucial to civic planning and resilience in this environment. In 2020, the Public Service budget team supported City Council in the development and introduction of the City of Winnipeg's first Multi-Year Balanced Budget, which subsequently received the Government Finance Officers Association's Distinguished Budget Presentation Award. Because of its long-term focus, multi-year budgeting has given us a better vantage point from which to plan our financial strategy in response to the pandemic.

The importance of agile and effective planning is not confined to pandemic response; throughout 2020, the introduction of new technologies, techniques, and ways of serving the public continued across the board. From electronic bid submissions, to digital processing of commercial building permits; from the data-driven, accessible redesign of the City's homepage and 311 website, to the opening of the beautiful new, fully accessible Bill and Helen Norrie Library; and in countless innovations across the organization – we have continued to update, modernize, and improve, for the benefit of all Winnipeg residents.

I am proud that, even in these difficult times, the Winnipeg Public Service continues to stand for excellence. In October, 2020, the City received the Indigenous Engagement Core Values Award from the International Association for Public Participation (IAP2) Canada, for our work on the *Welcoming Winnipeg* initiative. This March, the City of Winnipeg was ranked third in North America, on the Public Sector Digest's Open Cities Index. And in May, the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass project was named Project of the Year, by the Project Management Institute-Manitoba chapter.

Ensuring that we are prepared to deal with crisis and opportunity alike, is what the Winnipeg Public Service is called to do. I want to thank every City employee who is working to build the capacity and resilience we need, for the present and the future; your commitment, and your contributions, have never been more important.

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 2020, 600 Winnipeggers, aged 18 and older, provided their thoughts on their level of satisfaction regarding their city to determine their current needs and gauge trends on specific issues. In light of the COVID-19 pandemic, questions were adjusted to ask participants to reflect on their typical behaviours and level of satisfaction with City services.

98% rate **quality of life** as very good or good

82% rate **customer service** as very good or good*

78% rate **value of tax dollar** as very good or good

Citizen satisfaction with City services

90% rate **overall City services** as very good or good

77% are very satisfied or somewhat satisfied with **snow removal**

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

74% are very satisfied or somewhat satisfied with **efforts in crime prevention**

87% are very satisfied or somewhat satisfied with **City-operated recreation programs****

94% are very satisfied or somewhat satisfied with **level of City preparedness to respond, assist**

59% are very satisfied or somewhat satisfied with **public transit****

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

88% are very satisfied or somewhat satisfied with **recycling program**

87% 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

COVID-19 IMPACT ON CITY OF WINNIPEG

While we were tracking developments related to the COVID-19 pandemic well before the confirmation of the first presumptive case of the virus in Winnipeg in March 2020, that moment marked the beginning of the City's ongoing, coordinated response to the pandemic. Throughout, the City has been committed to maintaining essential services for Winnipeggers, while balancing the health, safety, and well-being of our residents and employees.

The City, coordinated through our Office of Emergency Management, worked closely with public health officials to ensure our operations met all applicable public health orders and guidelines.

Keeping our community & employees safe

Adapting how we operate as a City, while ensuring the safety of our employees and residents, has been guiding the work of our Emergency Operations Centre (EOC) during the pandemic. During an activation, the EOC brings together every City department to respond to an emergency, such as floods, significant fires, or a pandemic.

Our workplaces range from Transit buses, to a water treatment plant, to libraries and front counter service centres. With changing public health orders, and evolving guidelines around cleaning and personal protective equipment, each workplace underwent several safety assessments, and multiple procedures were rewritten with COVID-19 risks in mind, including conducting front counter face-to-face interaction with the public, handling mail, and training employees on proper face mask usage.

In addition, the safety assessments led to the stocking of additional cleaning supplies, hand sanitizer, and necessary personal protective equipment. Enhanced cleaning requirements were also put in place at our facilities, and floor decals were used to help with social distancing guidelines, and increased availability of hand sanitizer were among some of the other changes instituted.

Supporting our employees

Ensuring the organization could continue to operate during the pandemic necessitated a high degree of coordination and technology solutions. As thousands of City employees began physical distancing in an effort to help stop the spread of COVID-19 in our community, a massive effort was underway behind the scenes to provide the tools for remote work.

Once employees were able to remotely connect, the priority was to provide them with tools to support enhanced collaboration. Throughout 2020, over 5,000 employees were enabled with the ability to collaborate through enhanced software.

Innovative service delivery to address pandemic's challenges

In light of public health orders and guidelines, some of our facilities had to close to members of the public, and certain services were suspended. This, in part, led the City to provide more innovative, online services where possible.

Supporting our residents during the pandemic

Beyond ensuring that essential services continued to be delivered, the City supported residents in other ways. Early on in the pandemic, employees from the Community Services Department pitched in at Harvest Manitoba to help the non-profit by sorting food and stocking hampers destined for members of our community in need.

In 2020, the City launched a pilot program to provide Winnipeg residents with additional recreational space that accommodated physical distancing requirements. The Open Streets pilot built upon the City's four existing annual Sunday/Holiday Bicycle Routes, adding an additional six routes and extending operating hours for all to 8 a.m. to 8 p.m. daily from May 5 to September 7, 2020. The routes were used extensively, and follow-up surveys drew more than 5,000 responses from area residents.

To ease some of the financial burden on residents during the pandemic, the Winnipeg Parking Authority (WPA) offered relaxed enforcement on residential streets and complimentary one-hour parking at all metered locations throughout the city, which remains in effect.

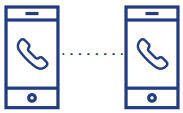
The City waived penalties for unpaid property and business taxes until November 30, 2020 in order to ease the financial burden of COVID-19 on Winnipeg homeowners and businesses. This allowed deferred payment of outstanding property and business taxes in 2020 without penalty. Annually the due dates for property taxes and business taxes are the last business day in June and May, respectively.

Supporting businesses during the pandemic

The pandemic had a tremendous impact on local businesses, especially on those in the tourism and hospitality industry.

One of the measures the City enacted to help was the creation of the Temporary Patio Registration Program. In response to the Province of Manitoba's Restoring Safe

CITY OF WINNIPEG CONNECTING REMOTELY IN 2020



46,238
ONE-ON-ONE AND GROUP CALLS



2,659,389
CHAT/POST MESSAGES



2,400+
EMPLOYEES USED MICROSOFT TEAMS TO CONNECT VIRTUALLY



63,233
MEETING PARTICIPATIONS



1,900+
SIMULTANEOUS REMOTE CONNECTIONS

Services plan that allowed restaurants to serve patrons outdoors, the program allowed restaurants to establish temporary patio spaces through an expedited approval process. This was offered beginning in May 2020.

The Temporary Patio Registration Program was extended through the summer and saw considerable uptake, with over 40 businesses participating in the program.

WPA added temporary 15-minute loading zones in various locations throughout the Downtown and the Exchange District to benefit area businesses for curbside pickup as a service delivery option, which remains in effect.

In December 2020, the City of Winnipeg launched the Winnipeg COVID-19 Economic Support Grant Program to assist Winnipeg small businesses and not-for-profit organizations that were impacted by restrictive COVID-19 public health restrictions that went into effect in November 2020. The Council approved 2021 Budget included $3 million for eligible local small businesses and organizations with funding provided by the federal Safe Restart Agreement. Recipients applied for a non-repayable grant of $1,500 to use for rent, utilities, wages, personal protective equipment (PPE), sanitizing equipment, or other business expenses incurred.

Supporting public participation during the pandemic

For the first time since Winnipeg's City Council first met in 1874, committee and Council meetings at City Hall were required to move into the virtual realm in light of the COVID-19 pandemic.

Council and committee meetings at City Hall were briefly halted in early 2020 in an effort to help stop the spread of COVID-19. Guided by the efforts of the City Clerk, AV Services, and the Innovation, Transformation & Technology Department, Councillors and the Public Service were able to hold meetings remotely and proceed in their essential responsibilities of governing and operating the City.

Even though Councillors and City staff were initially not able to meet in the Council chambers or committee meeting rooms at City Hall, all meetings were livestreamed on the City's YouTube channel as they normally would be in order to ensure that meetings remained accessible for the public. Delegates were also able to participate in all meetings by connecting remotely. Councillors were welcomed back to City Hall for meetings in late 2020, while adhering to physical distancing measures and other safety protocols. External delegations remained virtual throughout the course of the year.

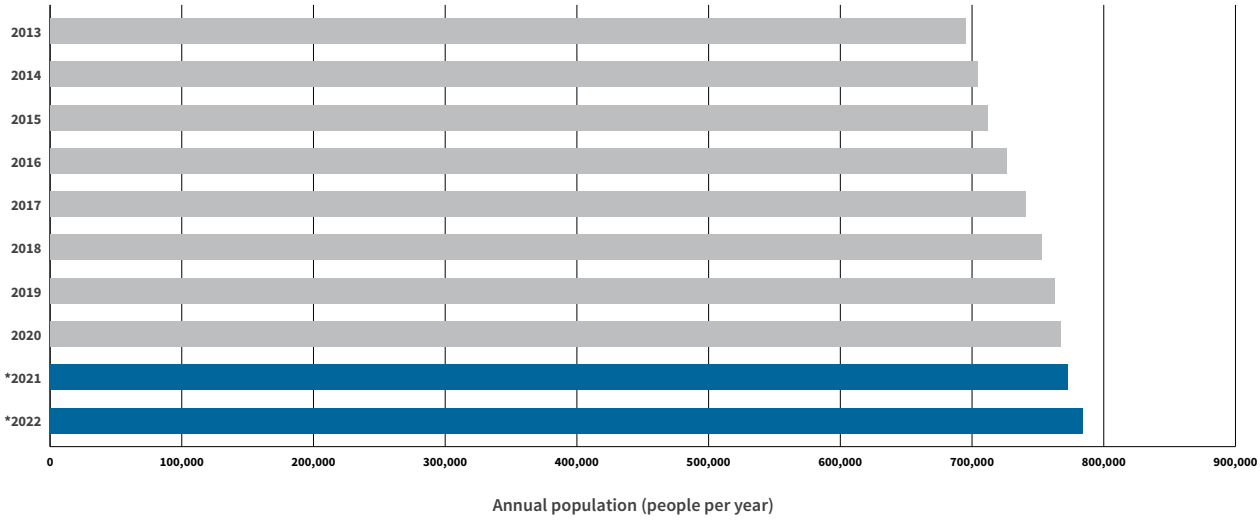
Projecting the pandemic's economic impact

Throughout 2020, the City's Economic Research Division took on the difficult task gauging the economic impacts of the pandemic and anticipating what the future may hold for Winnipeg. In order to do this, the team compiled economic reports, news articles, studies, and government announcements in order to develop plausible scenarios.

This exercise in scenario planning is a technique used by governments and major corporations, which the team used to anticipate high- and low-case scenarios of the pandemic impacts.

The City's COVID-19 Economic Outlook offered three scenarios for how the pandemic might unfold throughout the course of 2020 and into 2021. This information has been vital to the City's budget planning process and financial decision-making during the pandemic.

City of Winnipeg annual population growth



Source: Statistics Canada

Population growth

The Economic Research Division has undertaken a review of the effect the pandemic is having on Winnipeg's population growth and possible future population trends.

Over the previous five years (2014-2019), the City's population grew by an average of 11,800 people per year. That rate slowed considerably in 2020, growing by an estimated 3,900 people over the last year.

As the local economy rebounds, so too, is the city's population growth expected to rebound. Winnipeg is expected to return to an annual growth rate of over 10,000 people per year by 2022.

Planning for our future

With Winnipeg's population expected to continue growing at a significant rate, the City of Winnipeg continued to develop its strategy for sustainable growth in two interconnected planning initiatives – *OurWinnipeg* and Complete Communities Direction Strategy 2.0.

OurWinnipeg is the City's 25-year development plan for strategic growth and developments. It provides a vision, goals, and policies intended to influence leadership and good governance, priority setting, the delivery of City services, how residents get around the city, and decisions about how Winnipeg grows. *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. Complete Communities Direction Strategy 2.0 builds on policies set out in *OurWinnipeg* and is a citywide secondary plan that guides growth, development, and land use in Winnipeg.

Both *OurWinnipeg* and Complete Communities Direction Strategy 2.0 reached their final phases of public consultation and review in 2020. Part of the consultation included virtual discussion sessions held on Zoom, which provided stakeholders the opportunity to provide feedback and ask questions on each of the draft plans. Once accepted and approved by Council, *OurWinnipeg* and Complete Communities Direction Strategy 2.0 are used to guide City policy decisions on how Winnipeg continues to grow.



INVESTING IN PUBLIC TRANSPORTATION

Public transportation

The City is served by Winnipeg Transit, which operates seven days a week, 365 days a year, providing a valuable service to over 48 million customers annually. Ensuring this service meets the needs of its users and remains both safe and accessible is the utmost priority of the City of Winnipeg.

Maintaining safety & service during the pandemic

Winnipeg Transit adapted its operations in a way that maintained safety for riders and operators as soon as COVID-19 was detected in the community. By early March, Winnipeg Transit implemented an enhanced cleaning program involving frequent cleaning of high-touch point areas on buses with hospital grade disinfectant using electrostatic sprayers. All Winnipeg Transit buses are equipped with operator shields and operators are required to drive with the shields fully deployed.

Additionally, as public health officials advised that members of the public should wear non-medical masks as an additional measure to help prevent the spread of the coronavirus, Winnipeg Transit began providing all of its operators and inspectors with reusable, washable protective masks to use while on shift. A mandatory mask policy was later instituted for riders and operators in August. On-street Transit inspectors handed out single-use masks to aid with education, and mask compliance among passengers remained over 97 per cent through the end of the year.

Winnipeg Transit Plus also implemented an enhanced cleaning program for its vehicles in response to the pandemic, which involved sanitizing high-touch points after each drop-off, including door handles and seat belts. Operators were required to self-screen for symptoms prior to the start of every shift and were required to wear masks and gloves. Customers were pre-screened prior to booking or confirming trips and were required to wear non-medical face masks while using the service.

COVID-19 did have a direct and significant negative impact on the demand for transit services in Winnipeg through 2020. Ridership quickly began to decline early on in the pandemic, and by mid-April, the City had experienced a decline of over 70 percent in ridership.

In response to the decline, Winnipeg Transit reduced the number of buses in service and frequency of routes through the spring and summer months, and Winnipeg Transit Plus adjusted contractor hours down to levels needed to meet the lower demand. Ridership levels rebounded slightly over the summer and the City was able to partially restore service in the summer.

2020 Winnipeg Transit statistics



642
Number of buses in fleet

642
Number of easy access buses in fleet

100%
Percentage of easy access buses in fleet

93
Number of routes

1,498,735
Bus hours operated

29,699,750
Bus kilometers operated

5,173
Number of bus stops

84,194
(AVERAGE WEEKDAY)
Passengers carried

24,788,979
(ANNUAL)
Passengers carried

2020 Winnipeg Transit Plus statistics



5,969
Active registrants

242,639
(ANNUAL)
Passengers carried

795
(AVERAGE WEEKDAY)
Passengers carried

5,791
(ANNUAL)
Customer no shows

29%
Percentage of customers using wheelchairs

70%
Percentage of ambulant customers

2020 Vehicles for Hire statistics



4,133,711
Total number of trips by all service providers

14
Personal Transportation Providers

9
Limousine and Luxury Vehicle Dispatchers

10
Taxi Dispatchers

Providing affordability & accessibility

Despite the decline in ridership in 2020 due to the pandemic, the City was able to proceed with a plan to provide affordability and accessibility for Winnipeg Transit users by introducing the WINNpass low-income transit program. The program provides eligible individuals with the opportunity to purchase full-fare monthly transit passes at a reduced rate, beginning with 30 percent off the full adult transit fare in 2020, and increasing in future years.

Rapid Transit

The Southwest Transitway (Stage 2) and Pembina Highway Underpass project – which included the construction of 7.6 kilometers of transitway, nine related structures, and active transportation paths – was completed on time and under budget in April. The project also included the widening of the Pembina Highway Underpass to three lanes in both directions, and the installation of a series of public art projects along the length of the corridor.

The Southwest Transitway (Stage 2) opened on April 12, launching new routes and schedules in Southwest Winnipeg. The changes include the introduction of 15 new bus routes, including BLUE rapid transit line service along the Transitway.

The future of transit

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 service on major streets throughout Winnipeg, and includes several rapid transit corridors as the backbone of the transit system.

Development of a rapid transit system is a key component of both the City's *Transportation Master Plan*, and the *Winnipeg Transit 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.

Winnipeg Transit is committed to an accessible service for as many people as possible. The integration of conventional and paratransit service will be the foundation of improved independence and community access for individuals with disabilities through the Family of Services Model.

Work on the *Winnipeg Transit Master Plan* continued throughout 2020, with the final phase of engagement held in the fall through two virtual meetings and an online survey. The input collected during the final phase helped shape the final version of the *Winnipeg Transit Master Plan* which will be released in early 2021.

Vehicles for hire

The WPA began administrating regulation of vehicles for hire ("VFH") within Winnipeg on behalf of the City in 2018. This includes regulatory oversight for taxicabs, limousines, accessible transport vehicles, and Personal Transportation Providers. The policies and regulations in the Vehicles for Hire By-law set minimum standards in Winnipeg for passenger safety, driver safety, consumer protection, and accessibility.

VFH has played an important role during the COVID-19 pandemic by helping residents continue to get where they need to go, whether for work, medical appointments, or to obtain important goods and services. To assist VFH dispatchers and allow them to continue operating during the pandemic, WPA provided information and clarification on requirements for personal protective equipment and vehicle cleaning procedures.

Complaints brought forward to the WPA concerning safety continue to be a priority as each complaint received is investigated and followed up by City officials. There were 51 vehicle for hire complaints filed with the City throughout 2020. This is fewer than in previous years; however, the total number of trips in 2020 also declined as a direct result of the pandemic.

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 2020.

24 regional street renewal projects worth $64.5 million commenced in 2020 and the remaining $41.2 million went towards local street renewals, including granular roadway improvements, sidewalk and active transportation renewals, and the renewal of 38 streets.

2020 roadway construction & maintenance statistics



60.1
(LANE-KM)
Capital rehabilitation of local streets

30.7
(LANE-KM)
Capital reconstruction of regional streets

22.3
(LANE-KM)
Capital rehabilitation of regional streets

14.9
(LANE-KM)
Capital reconstruction of local streets

5.4
(KM)
Capital reconstruction of alleys

2.3
(KM)
Capital addition of surfaced alleys

25.2
(LANE-KM)
Roadway transferred from developers



970
(METERS)
New pedestrian/ cycle pathways

1,620
(METERS)
Capital reconstruction of regional sidewalks

1,300
(METERS)
Capital addition of non-regional sidewalks

INVESTING IN SAFE AND SECURE COMMUNITIES

Safety is a basic requirement of a liveable city and makes for a much more sustainable community. 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 in 2020 in the Winnipeg Police Service (WPS) for $301.4 million and in the Winnipeg Fire Paramedic Service (WFPS) for $209.4 million.

WFPS released a comprehensive 15-year strategic plan in February 2020 that helps ensure current and future service demands are met. The 2020 Strategic Direction takes into consideration three consultant reports: WFPS Master Plan, Community Risk Assessment Standards of Cover, and Fire Underwriters Survey. The plan provides recommendations that would ensure WFPS has the appropriate resources and infrastructure to meet current requirements and accommodate future community growth. The plan will be used to guide future decision-making and budget planning as it relates to the WFPS.

COVID-19 presented significant challenges to the daily operations of the WFPS and WPS. Due to the nature of their duties, front-line responders may come into contact with any number of individuals through the course of their work, making cleanliness and safety protocols essential for WFPS and WPS members, their families, and the citizens they may come into contact with.

With an increased requirement to clean and disinfect surfaces and any equipment used during emergency responses, WFPS and WPS significantly expanded their cleaning processes in summer 2020, with WFPS and WPS adding 12 AeroClave disinfecting units to their operations to ensure maximum public and member safety during the pandemic. The AeroClave units, which are a dry-fogging system that disinfects anything the disinfectant comes into contact with, were added to all four WPS stations, select WFPS stations, and in ambulance bays at all Winnipeg hospitals to ensure access for front-line responders have access to them when needed. It is estimated that AeroClave units were used by WFPS and WPS members more than 10,000 times to disinfect patrol units, ambulances, and fire apparatus throughout the course of 2020.

A sustainable community

Social, environmental and economic sustainability are essential to Winnipeg. The City has a role to play in planning for sustainability, in continuing to value and respect our natural environment, and the conservation of heritage resources.

Sustainability is integral to City business processes, and is reflected in policies and programs that respect and value the natural and built environments – protecting our city's natural areas and heritage resources. The City acts as a corporate role model for social, environmental and economic sustainability, and measures and reports progress in key corporate and community sustainability areas.

Community amenities

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

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 children and youth.

The Library Services Division provides residents of Winnipeg with valuable supports for literacy, healthy recreation, and lifelong learning. Library employees strive to build community connections by participating in various community events and by developing partnerships with local organizations.

Recreational amenities normally offered by the City were significantly impacted and limited for most of 2020 due to COVID-19. In response to public health recommendations, the City closed all City-owned and operated recreation and leisure centres, pools, arenas, and libraries, and suspended all programming in March 2020.

The City adapted during the pandemic to offer limited recreational programming and services in ways that respected public health orders and the restrictions on gathering sizes and physical distancing. Being able to offer limited services provided recreation and leisure opportunities to residents and their families once again.

The City directed significant recovery planning efforts into the safe resumption of recreation services throughout 2020. Starting with 21 standalone spray pads becoming operational in June 2020, the City gradually re-opened approximately 100 recreation and leisure facilities, including 8 outdoor pools, 40 wading pools, 10 indoor pools, 8 leisure centres, and 11 City-operated arenas.

In preparation for the resumption of services, staff were trained on newly developed safety procedures that included capacity limits, implementation and proper use of personal protective equipment, and specialized cleaning systems.

The City re-opened remaining indoor pools, along with pool and fitness services in August 2020. The swim lesson program was modified based on recommendations by the Canadian Red Cross and in compliance with public health orders. The Fall 2020 Leisure Guide, Swimming brochure, and Skating brochure were released in September and Learn to Skate programming resumed in October.

Although approximately 5,500 recreation and leisure memberships were suspended during the year's business interruptions, membership retention at the end of 2020 was 97.5%.

Recovery planning efforts undertaken by Library Services throughout the year included a phased resumption of services. An initial phase included re-opening select branches with online holds and pickup services restored. Library Services then expanded to re-open all branches with in-person browsing and pickup, along with other services.

In support of enhancing remote and online services during the pandemic, Library Services developed and updated extensive digital collections, virtual and online programs, new information guides, and reference and reader's advisory services. To ensure optimum access to these services, Library Services offered a new online membership application process, extended library card expiry dates and loan periods, and enabled pickup of reserved items at designated libraries as they re-opened.

Public health orders in late October 2020 would result in the suspension or closure of recreation and library services for the remainder of the year.

Offering safe outdoor recreation

In an effort to encourage safe outdoor activity for residents and assist with physical distancing requirements during the pandemic, residents were encouraged to get outdoors and explore our parks and open spaces and active transportation network while adhering to all applicable public health orders and guidelines.

In 2020, a number of Winnipeg's regional parks – Crescent Drive, Kilcona, Maple Grove, Kildonan, St. Vital, Kings, and La Barriere parks – saw their combined total visits increase by 51 percent over 2019, with La Barriere Park in particular experiencing a 90 percent jump.

The City's three golf courses opened and remained operational throughout the 2020 season. City courses implemented safety protocols that followed provincial public health guidelines, offering a safe recreational option close to home for Winnipeg residents.

The three City-operated courses – Kildonan Park, Crescent Drive, and Windsor Park – saw a substantial increase in golfers through 2020. Crescent Drive saw the biggest increase in patronage with an additional 10,000 rounds played, roughly an increase of 44 percent from the previous year.



Building and renewing community amenities

A significant project that continued throughout the pandemic was the building of the Bill and Helen Norrie Library, which broke ground in fall 2019 and neared completion by the end of 2020. The new 4,000 square foot facility, which replaces the River Heights Library on Corydon Avenue, was developed through engagement with residents and in consultation with Rooster Town families to ensure the history of the land has been recognized in the project.

The new library will better meet the needs of the community with a fully accessible public space, more parking, proximity to public transportation, tutorial and programming rooms, improved study and leisure areas, and an outdoor reading and programming area.

Bonivital Pool had been previously scheduled for closure in 2020, as the 45-year-old building underwent major refurbishment throughout the year. The pool closed at the beginning of January to allow for construction crews to complete concrete rehabilitation on the pool deck and in the tank, as well as an upgrade to the Heat Recovery Ventilator (HRV) system, which controls the humidity level in the building.

In April, 2020, construction started on renovation and renewal of the St. James Civic Centre building systems to ensure continued facility operation. Capital funding totaling $9.7 million was approved for renewal of critical building systems within the facility. The project will also address building code and accessibility compliance within the existing facility, as well as structural repairs of the arena's concrete slab. The facility is expected to re-open in summer 2021.

Supporting the community

The need for community supports was heightened during a challenging year and the City's Community Development Division responded through a number of initiatives and partnerships in 2020.

Department staff were redeployed to Harvest Manitoba to support crucial food distribution during the pandemic. This partnership was formed in the early months of the City's COVID-19 response and established food distribution points for Harvest Manitoba within City-owned and operated recreation facilities and community centres.

Working with Make Poverty History Manitoba and the Winnipeg Poverty Reduction Council, the City continued development of its first Poverty Reduction Strategy. This group, which included the City's Indigenous Relations Division and Office of Public Engagement, conducted over 15 community consultations, both in-person and virtually, with a range of stakeholders including community agencies, indigenous led organizations, inner-city youth, the Province, the Winnipeg Regional Health Authority and others.

Many individuals experiencing homelessness had limited or no access to indoor spaces or washrooms as public health orders required the closure of almost all public and private buildings. In partnership with Salvation Army, the Winnipeg Regional Health Authority, Siloam Mission, and End Homelessness Winnipeg (EHW), the City supported the operationalization of a day-time drop-in space for individuals experiencing homelessness or at risk of homelessness. The drop-in space, located at the Salvation Army's Weetamah building at 324 Logan Avenue, operated from May to December of 2020, and included City staffing from May until August. The site offered access to washrooms, computers with internet access, coffee and small snacks, and tables and chairs for resting. The Weetamah drop-in space is estimated to have supported over 30,000 visits, and more than 400 individuals daily.

An important function of the City of Winnipeg is Emergency Social Services (ESS), which is provided by Community Development in collaboration with Winnipeg Fire Paramedic Service. Following the onset of the COVID-19 pandemic, the ESS team implemented new safe work procedures to ensure the safety of staff and residents. Throughout the pandemic, the ESS team has responded to calls for support, including responses to fires and non-fire related evacuations. The ESS team supported over 300 individuals and worked over 200 hours of service dedicated to ESS responses.

Community By-law Enforcement Services (CBES) regularly focuses on developing and maintaining safe, orderly, viable and sustainable communities and to promote and maintain the health, safety and well-being of residents. Since early on in the pandemic, an important aspect of health and safety in our community has included ensuring residents followed public health orders and positively contributed to stopping the spread of COVID-19.

The City redeployed staff and established the Community Service Ambassador (CSA) Program in an effort to encourage voluntary compliance with public health orders. Operating daily from April 11 – June 5, 2020, CSA's served in the role of public educators. CSA's were regularly deployed to popular City parks and provided information on current health orders to residents when encountering non-compliance with provincial public health restrictions. Results of the program included 29,424 positive interactions (education), 2,639 warnings issued (education), and 4 tickets issued (enforcement).

As a result of the pandemic, the CBES annual bike auction held in June pivoted from an in-person event to being held online. The change allowed for greater accessibility and participation.

CBES staff also provided enforcement support for the opening of spray pads in June 2020, with a similar goal to the CSA's of educating residents on the public health orders and guidelines.

In November 2020, CBES began supporting the Province of Manitoba with enforcement of public health orders, conducting proactive inspections of closed facilities. Efforts focused on areas such as gyms, fitness centres, yoga / dance studios, and indoor recreational facilities. As 2020 drew to a close, CBES was also providing education and enforcement of outdoor recreational areas related to City parks and community centres.

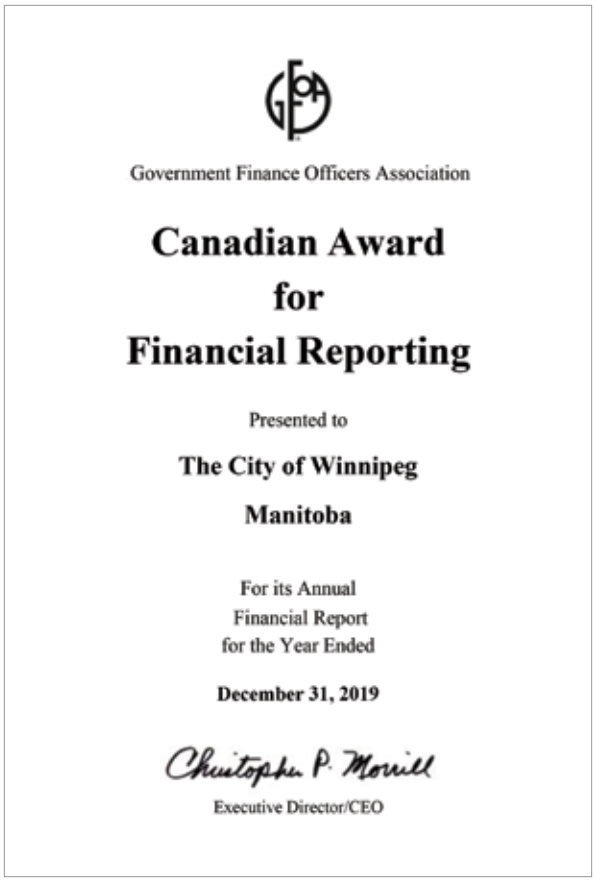
Animal Services remained operational throughout 2020, delivering Responsible Pet Ownership By-law enforcement, pet licensing, accepting stray animals, and assisting members of the public seeking to adopt a new pet. Animal Services addressed almost 9,000 service requests in 2020.

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, 2019. 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.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we will be submitting it to GFOA to determine its eligibility for another award.



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, 2019

Christopher P. Morrill

Executive Director/CEO

Capital projects

6-year capital investment plan of $2,156.2 million (2020 Budget & 5 year forecast)

$1,023.8
Public Works & local improvements

$437.3
Sewer projects

$166.8
Winnipeg Transit

$224.4
Water & solid waste projects

$75.4
Community Services, Planning, Property & Development, Municipal Accommodations

$67.4
Public safety

$161.1
Land drainage, flood control & other

(In millions of dollars)

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 Recon-ciliation Commission ("TRC") Calls to Action directed at municipalities.

The City, through the Indigenous Relations Division (IRD), 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.

WELCOMING WINNIPEG

On January 30, 2020, Council passed a motion to adopt the Welcoming Winnipeg: Reconciling our History Policy. This policy was developed to guide the City in making decisions regarding requests to create new, add to or remove/rename historical markers and place names and resolve the absence of Indigenous perspectives, experi-ences, and contributions in the stories remembered and commemorated. The policy proactively uses a lens of balance, inclusion, and Indigenous perspectives.

After creating the necessary framework and documents to implement this unique policy, an important first step after its adoption by Council was establishing the Welcoming Winnipeg Committee of Community Members. After opening a call for applications in the summer, eight community members were selected in August from the pool of applications and the committee was able to meet virtually four times throughout the course of 2020. Meetings focused on reviewing and finalizing the terms of reference and providing input on the development of the Welcoming Winnipeg Request Form in preparation for accepting and considering requests in 2021.

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 impor-tance 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.

While the City was unable to hold a signing ceremony in 2020 due to the pandemic, there were over 20 local orga-nizations, businesses, groups, and individuals that virtu-ally joined the City in their commitment to the ongoing Journey of Reconciliation in Winnipeg by becoming part-ners to Winnipeg's Indigenous Accord. Their commitment in 2020 brings the total number of Accord partners to over 180.

In July 2020, Executive Policy Committee directed the City to include a progress update on the Missing and Murdered Indigenous Women and Girls (MMIWG) Calls for Justice and other initiatives, that respond to the Calls for Justice, in the annual Winnipeg Indigenous Accord report and the Journey of Reconciliation report. Moving forward, the City will now include the MMIWG Calls for Justice within the Accord framework to enhance the opportunity for Accord partners to further participate in reconciliation.

RECONCILING OUR HISTORY WALKING TOUR

In 2019, the City created the Reconciling our History Walking Tour in partnership with the Manitoba Museum in order to provide participants with Indigenous perspec-tives in context to historical markers, plaques, and spaces of interest located in Winnipeg's Exchange District. With appropriate COVID-19 protocols in place, three of these tours were offered by IRD in 2020 to provide employees with education and awareness of the historical signif-icance on how the City recognizes and commemorates various historical people, events, and place names.

For more information, see:
winnipeg.ca/journeyofreconciliation





Report from the Chief Financial Officer

FINANCIAL STATEMENT DISCUSSION & ANALYSIS



I am pleased to present the 2020 Financial Statement Discussion and Analysis. The following discussion and analysis of the financial status and performance of the City of Winnipeg (the "City") should be read 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.

The City received the prestigious Canadian Award for Financial Reporting ("CAnFR") from the Government Finance Officers Association ("GFOA") for its December 31, 2019 annual report. The CAnFR recognizes excellence in government accounting and financial reporting and represents a significant achievement for the City. The award reflects the tremendous effort not only of our employees in Corporate Finance, but also of all our departments, Special Operating Agencies ("SOAs") and elected officials in producing high quality documents for use by our community.

COVID-19 PANDEMIC

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19's financial impact is apparent in the City's Statements. With residents working from home, businesses and public facilities closing temporarily to the public and other implications of public health order restrictions, significant revenue losses occurred. The losses result from reduced transit ridership, recreational programming, event hosting and parking. These revenue losses have been covered in part by funding received through the Federal Safe Restart Agreement, designed to assist municipalities and public transit operations in response to the pandemic. The City's COVID-19 Crisis Cash Flow Management Plan also assisted to offset these revenue losses.

COVID-19 Crisis Cash Flow Management Plan

On April 27, 2020, "Addressing the Financial Challenges of COVID-19" was presented to the Standing Policy Committee on Finance. This plan identified levers the City could utilize to maintain liquidity and minimize the financial impact of COVID-19. Three tiers of levers were presented, each tier describing risk mitigation measures depending on the significance of the pandemic impact to the City. Tier one and two levers, which included freezes to hiring and discretionary spending, public transit, recreational programming and library services reductions and having available an emergency line of credit, were used in 2020.

The City also recognized the significant financial impact the pandemic was having on its residents and businesses. Council acted quickly in granting a waiver of penalties chargeable on the late payment of property and business taxes along with other related administrative fees. Initially for a three month period, Council subsequently extended this support through November 2020. Other measures implemented included waiving of other late payment fees for various services rendered, one-hour complimentary parking at all metered locations throughout the City, temporary 15-minute loading zones throughout the Downtown and the Exchange District, and temporary patio licensing.

Throughout the ongoing pandemic, the City is continually monitoring its financial and liquidity status and regularly updated the City's elected officials and the public.

Federal Safe Restart Agreement

On July 23, 2020, the Federal Government announced the Safe Restart Agreement with the Provinces and Territories. The announcement included up to $2 billion in federal funding made available to cities and towns across Canada with COVID-19 operating costs for six to eight months. In addition, the Government of Canada is providing $2.3 billion to support public transit. The City received $74.5 million in federal funding under this agreement, which was used in part to mitigate revenue losses incurred in Transit and the Winnipeg Parking Authority SOA, as well as to cover unplanned costs for personal protective equipment and enhanced cleaning and sanitizing programs.

As part of the 2021 Adopted Budget, this funding was also used by Council to ease the economic, social and emotional burden of the pandemic and to restart our economy. Measures included:

- $3.8 million to partially offset revenue lost from re-introducing waivers of penalties on late payment of property and business taxes.
- $3.0 million for an Economic Support grant program, supporting 2,000 small Winnipeg businesses
- $2.0 million in support of Winnipeg's affordable housing strategy; and
- $0.6 million for a Winnipeg Wellness grant program, supporting community activities and initiatives that reduce the emotional, physical and spiritual stress of the pandemic.

Small businesses are further assisted in the 2021 Budget Update through a freeze of the business tax rate and an increase to the small business tax credit threshold. Doing so results in almost 1,000 more businesses being fully business tax exempt, allowing those businesses to save $1,926 on average.

FINANCIAL REPORTING MODEL

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

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

FUNDS, ENTITIES AND INVESTMENT IN GOVERNMENT BUSINESSES

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

Funds

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

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

There are four SOA Funds: Animal Services (established in 2000); Winnipeg Golf Services (2002); Fleet Management (2003); and Winnipeg Parking Authority (2005).

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

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

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

Entities and Investment in Government Businesses

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

(in thousands of dollars)	**2020**	2019	**Variance**
Cash and cash equivalents	**$ 788,122**	$ 670,801	**$ 117,321**
Other financial assets	**699,945**	702,509	**(2,564)**
Financial assets	**1,488,067**	1,373,310	**114,757**
Liabilities	**2,339,009**	2,215,096	**(123,913)**
Net financial position	**(850,942)**	(841,786)	**(9,156)**
Non-financial assets	**7,731,398**	7,608,881	**122,517**
Accumulated surplus	**$ 6,880,456**	$ 6,767,095	**$ 113,361**

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

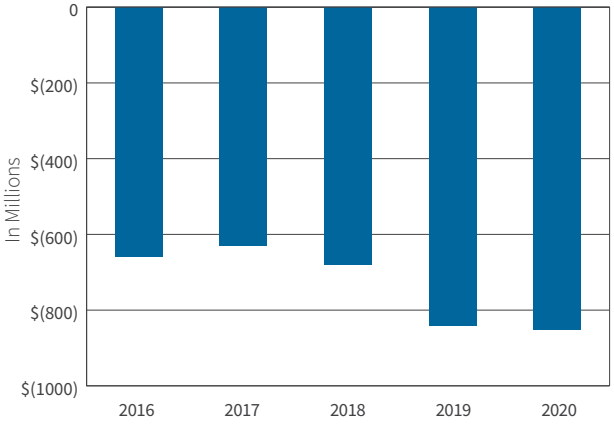
Cash Resources

The City's cash resources are cash and cash equivalents. Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are held for meeting short-term obligations rather than for other purposes like investing. During 2020, the City's cash and cash equivalents increased by $117.3 million. This increase resulted from amounts unspent on capital projects from an $85 million sinking fund debenture issued and due to funds received from the Federal Safe Restart Agreement.

Net Financial Position

Net financial position is the difference between financial assets and liabilities and indicates the affordability of additional spending. As at December 31, 2020, the City was in a net financial liability position of $850.9 million (2019 – $841.8 million) an increase of $9.1 million despite the fiscal challenges presented by the pandemic.

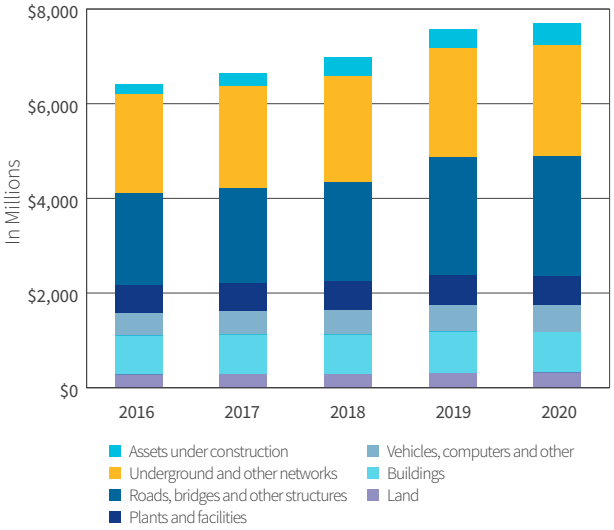
NET FINANCIAL POSITION



Non-Financial Assets

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

TANGIBLE CAPITAL ASSETS (NET BOOK VALUE)



As indicated in the chart beside, the City continues to invest in infrastructure. The acquisition of tangible capital assets is authorized largely through the Council approved capital budget. On March 20, 2020, Council adopted the 2020 annual capital budget and the 2021 to 2025 five-year capital forecast. The six-year plan projected $2.2 billion in City capital projects, with $369.5 million authorized in 2020. The 2020 capital budget includes:

- $130.3 million for regional and local street renewal and $6.3 million for waterway crossings and grade separations
- $69.1 million for sewage disposal collection and treatment systems projects and $37.6 million for waterworks systems projects, including $17.5 million for water main renewals
- $26.4 million for public transit projects, including new transit buses
- $11.1 million for fire paramedic service including station capital maintenance and replacement of obsolete equipment
- $9.1 million for parks and open spaces including $6.2 million for reforestation improvements and the urban forest enhancement program
- $3.7 million for the St. James Civic Centre facility renewal and expansion

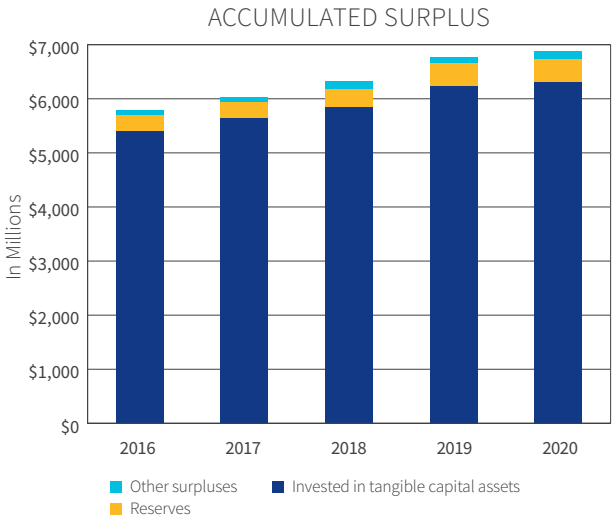
Also included in the capital investment plan over the six-year period (2020 to 2025) is $392.1 million of federal funding under the Federal Gas Tax Agreement and New Building Canada Fund, $129.0 million of cash to capital funding and $86.6 million of provincial funding.

During 2020, the City acquired $409.4 million of tangible capital assets (2019 – $872.8 million), including contributed roads and underground networks totaling $24.2 million (2019 – $69.6 million). Contributed assets are capitalized at their fair value at the time of receipt. Of the assets acquired, $199.7 million was for tax-supported projects (49%). Spending on tax-supported projects was primarily on roads, a priority of Council.

Accumulated Surplus

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

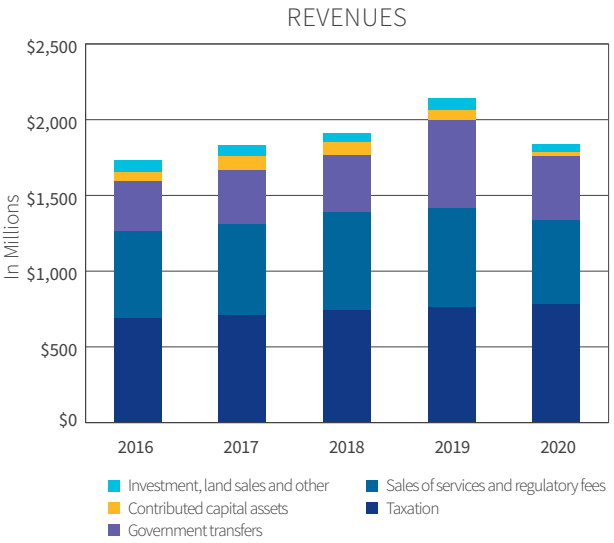
Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2020 – 92%; 2019 – 92%). Investment in tangible capital assets is an important aspect of service delivery and is not intended or readily accessible for use in funding ongoing operations.



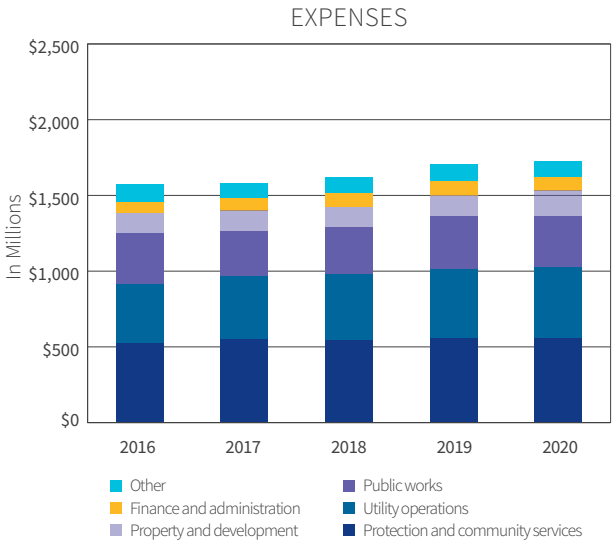
The City's accumulated surplus, through its investment in tangible capital assets, has grown by $113.4 million in 2020, indicating a strong foundation upon which services will continue to be delivered in the future.

CONSOLIDATED STATEMENT OF OPERATIONS

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



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



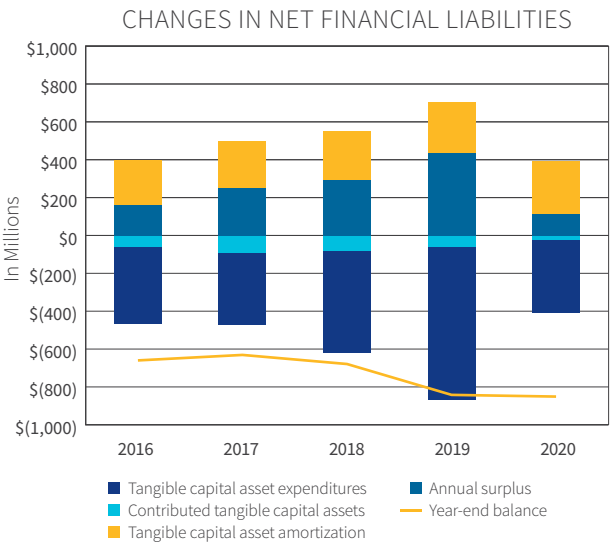
Beyond government transfers, the City has a balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has defined indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability measure a government's risk of over-dependency on sources of funding outside its control or exposure to risks that could impair its ability to meet financial and service commitments. Over the five year period, government transfers as a percentage of total revenue has ranged from 19% to 27%. For 2020, government transfers represent 23% of total revenues and include a significant one time government transfer relating to the Federal Safe Restart Agreement.

Spending in all categories is consistent with 2019 and reflects Council's priorities of public safety and roads.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

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

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



The City continues to assume debt in a responsible and prudent manner as reflected in the results of its credit rating review. In late 2020, Standard & Poor's ("S&P") affirmed the City's AA credit rating. The rationale for the rating included a "well-diversified economy" and "robust levels of reserves and liquid assets." S&P also noted that the COVID-19 pandemic will temporarily slow the City of Winnipeg's economic growth.

Moody's Investors Service ("Moody's") announced in June 2020 it maintained the City's credit rating at Aa2. Noting "strong debt affordability" and a "stable institutional framework". The announcement noted "strong governance and management structure" as a strength and that the rating is constrained by Winnipeg's debt burden as the City continues to invest in infrastructure.

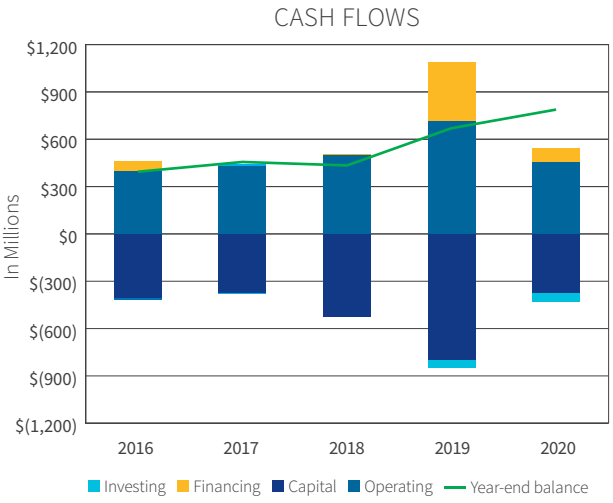
These debt ratings contribute to the City's ability to access capital markets and obtain favourable borrowing terms.

Another indicator of financial condition introduced by PSAB measures flexibility. Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. Even with the assumption of more debt, the City's interest expense-to-revenues has remained constant over the past several years between 3.0% - 3.5%. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates, which reflects not only the current market but also the City's strong credit rating.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

Managing cash flow to ensure sufficient liquidity was a key area of focus in 2020 due to the impacts of the COVID-19 pandemic. This resulted in a higher cash and cash equivalent balance at the end of 2020. Unspent amounts from the $85 million sinking fund debenture issued and Federal Safe Restart Agreement have also increased the cash and cash equivalents balance in 2020.



ANALYSIS OF STATEMENTS

Accounts Receivable

The accounts receivable balance has decreased $58 million from the prior year. The largest component of accounts receivable is trade accounts and other receivables at 66% (2019 – 51%). Approximately 55% (2019 – 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 (2019 – $400 thousand). The largest component of the total allowance for doubtful accounts relates to ambulance services.

As at December 31, 2020, property, payments-in-lieu and business tax receivables (taxes receivable), net of the estimated allowance for tax arrears, represented 25% (2019 – 19%) of total receivables. Taxation revenue is 42% (2019 – 36%) of total consolidated revenues. The increased allowance for tax arrears in 2020 relates to increased business taxes receivable resulting from the impacts of the pandemic on Winnipeg businesses.

Taxes Receivable

As at December 31 (in thousands of dollars)	**2020**	2019	2018	2017	2016
Taxes receivable	**$ 67,309**	$ 60,120	$ 56,704	$ 52,599	$ 51,550
Allowance for tax arrears	**(2,849)**	(1,207)	(813)	(756)	(330)
	$ 64,460	$ 58,913	$ 55,891	$ 51,843	$ 51,220

Investments

As at December 31 (in thousands of dollars)	**2020**	2019
Marketable securities		
Municipal bonds	**$ 130,107**	$ 119,684
Provincial bonds and bond coupons	**34,376**	13,859
Federal entity	**20,919**	–
Bank and trust companies	**6,684**	6,585
	192,086	140,128
Manitoba Hydro long-term receivable	**220,238**	220,238
Other	**724**	(1,822)
	$ 413,048	$ 358,544
Market value of marketable securities	**$ 212,523**	$ 148,774

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

Marketable securities are generally long-term. These securities are being held to finance anticipated future costs, such as perpetual maintenance at the three cemeteries maintained by the City. Council has approved an Investment Policy to provide a framework for managing the investment program. The Investment Policy provides guidance and parameters for developing a portfolio strategy; a performance measurement section, including benchmarks and objectives; an enhanced reporting framework; and 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

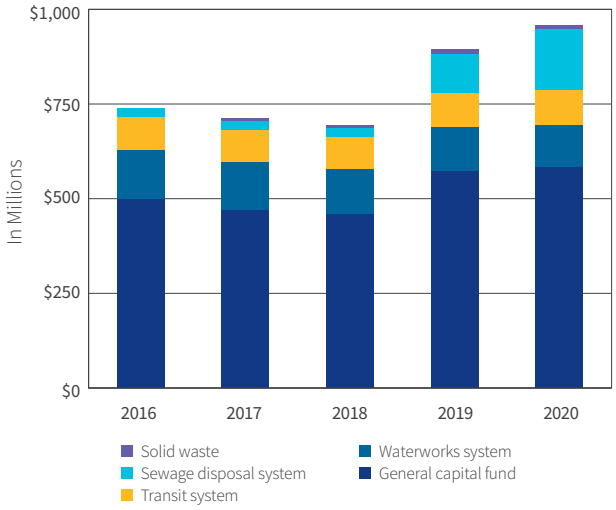
As at December 31 (in thousands of dollars)	2020	2019
Sinking fund debentures	$ 1,072,568	$ 987,568
Equity in sinking funds	(117,881)	(98,849)
	954,687	888,719
Service concession arrangement obligations	279,852	284,612
Bank loans and other	182,732	177,677
Capital lease obligations	20,410	21,565
	1,437,681	1,372,573
Unamortized premium on debt	111,785	85,489
	$ 1,549,466	$ 1,458,062

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

For the City managed sinking fund, the City pays interest on the principal to the investors and contributes a set percentage of the principal into the sinking fund annually. The sinking fund contribution percentage is set at the time of debt issuance and is estimated to be sufficient to retire the debentures as they mature. The interest rate earnings assumption was set at 2.5% for debentures issued in 2020. The City has the ability to adjust this interest rate on future debenture issuance to meet maturity amounts.

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

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 $85 million were issued in 2020 at an effective yield of 2.7%.

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

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

Debt Service Coverage Ratio	**2020**	2019	2018	2017	2016
Free Cash and Liquid Assets/ Debt Service	**1223.7%**	1052.8%	774.4%	803.8%	733.7%

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.

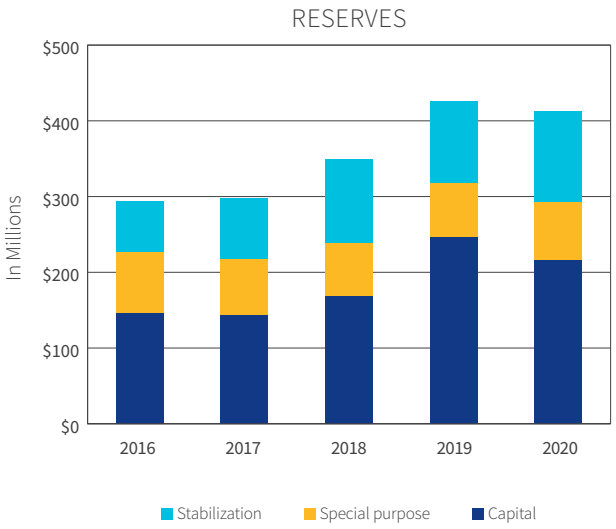
Total City Liquidity Ratio	**2020**	2019	2018	2017	2016
Free Cash, Liquid Assets and Committed Credit/ Consolidated Operating Expenses less Amortization	**77.5%**	61.3%	46.4%	47.7%	43.8%

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

Reserves

Reserve balances have decreased overall by $12.5 million (2019 - $76.9 million increase) from the prior year. The Capital Reserve balance decreased by $30.0 million due primarily to refunds incurred in 2020 related to the impact fee previously collected that were held in the Impact Fee Reserve.

The Financial Stabilization Reserve's accumulated surplus is projected to be $51.2 million (including net interest revenue) over its targeted level of 6% of the General Revenue Fund adopted 2020 budgeted expenses. This surplus is due mainly to the prior years' General Revenue Fund surpluses and a budgeted transfer in 2020 as part of Council's balanced multi-year budget. The Council's adopted 2021 Budget Update includes a $20 million draw-down of this reserve due to the ongoing financial implications of the pandemic.



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 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 an impact fee. The impact fee was being phased in over a period of three years. During the initial phase, the impact fee only applied 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 was deposited into the Impact Fee Reserve Fund to be used to fund growth-related capital projects to the extent that they are approved by Council. The City was challenged in court on the legality of imposing the impact fee and prudently did not spend any amount pending the outcome of the trial.

On July 8, 2020, Manitoba Court of Queen's Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "Imposes a constitutionally invalid indirect tax" and ordered the City to refund the fees paid together with any interest earned on the funds. These fees stopped being collected in July 2020. The City refunded all collected impact fees by December 31, 2020. Total refund expenses incurred in 2020 relating to the impact fee was $37 million.

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 Council approval, is to fund this Local Street Renewal Reserve Fund with dedicated annual 1% property tax increases over the long term. The reserve transferred $40.4 million to the General Capital Fund during 2020 to fund local street, back lane and sidewalk projects.

A similarly dedicated 1% property tax increase was introduced in 2014 to fund a Regional Street Renewal Reserve. Approximately 80% of the traffic volume in the City occurs on 1,800 lane kilometers of regional streets. The long-term proposal, subject to annual Council approval, is to dedicate annual 1% property tax increases to the renewal of regional streets, sidewalks and bridges. The reserve transferred $36.5 million to the General Capital Fund during 2020 to fund regional street projects.

Consolidated Revenue and Expense Comparisons

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2020 on a comparative basis. The City increased its accumulated surplus during the year because annual revenues exceeded expenses. This statements includes the consolidated budget to provide additional transparency and accountability.

During 2020, the City recorded consolidated revenues of $1.841 billion (2019 – $2.140 billion), which included government transfers, developer contributions-in-kind, and other capital contributions related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.728 billion (2019 – $1.704 billion).

Consolidated revenues before government transfers, developer contributions-in-kind and other capital contributions totaled $1.675 billion (2019 – $1.683 billion). As a result, the City reported a deficit of $52.4 million (2019 deficit of $20.6 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 2020**		**Actual 2020**		Actual 2019		Budget to Actual Variance	Actual to Actual Variance
Taxation	**$ 784,701**	41%	**$ 779,994**	43%	$ 764,588	36%	$ (4,707)	$ 15,406
Sales of services and regulatory fees	**653,359**	34%	**556,624**	30%	653,079	30%	(96,735)	(96,455)
Government transfers – Operating	**200,991**	10%	**287,579**	16%	198,936	9%	86,588	88,643
Investment, land sales and other revenues	**65,841**	3%	**50,943**	3%	66,670	3%	(14,898)	(15,727)
Revenue before Other	**1,704,892**		**1,675,140**		1,683,273		(29,752)	(8,133)
Government transfers – Capital	**149,333**	8%	**134,267**	7%	375,694	18%	(15,066)	(241,427)
Developer contributions-in-kind	**70,619**	4%	**24,200**	7%	69,648	3%	(46,419)	(45,448)
Other capital contributions	**5,600**	0%	**7,323**	0%	11,640	1%	1,723	(4,317)
	225,552		**165,790**		456,982		(59,762)	(291,192)
	$ 1,930,444		**$ 1,840,930**		$ 2,140,255		$ (89,514)	$ (299,325)

Revenues were $299 million lower in 2020 due to several factors. One of the major reasons was decreased capital grant transfers compared to 2019, 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 in 2019.

Sale of services and regulatory fees also decreased compared to 2019 and to the budget due to the impact of the COVID-19 pandemic, including decreases in transit fares, parking revenues, event hosting and recreation services.

These decreases were partially offset by an increase in operating government transfers largely due to the Safe Restart Agreement funding received from the Government of Canada.

Consolidated Expenses By Service

For the years ended December 31 (in thousands of dollars)	**Budget 2020**		**Actual 2020**		Actual 2019		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	**$ 563,228**	33%	**$ 560,484**	33%	$ 556,344	33%	$ 2,744	$ (4,140)
Utility operations	**490,639**	28%	**465,937**	27%	456,805	27%	24,702	(9,132)
Public works	**329,778**	19%	**336,182**	19%	350,233	20%	(6,404)	14,051
Property and development	**152,687**	9%	**170,662**	10%	134,608	8%	(17,975)	(36,054)
Finance and administration	**95,674**	6%	**88,770**	5%	92,653	5%	6,904	3,883
Civic corporations	**75,041**	4%	**60,240**	3%	81,943	5%	14,801	21,703
General government	**21,281**	1%	**45,294**	3%	31,293	2%	(24,013)	(14,001)
	$ 1,728,328		**$ 1,727,569**		$ 1,703,879		$ 759	$ (23,690)

Consolidated expenses increased by $23.7 million or 1.4% from the previous year for the following reasons:

- Property and development expense increased by $36 million over 2019. This is due to the refund of the impact fee in 2020 totalling $37 million.
- Civic corporations expenses decreased by $21.7 million compared to 2020 due to government restrictions relating to the COVID-19 pandemic. These entities rely on large events for revenues such a conventions and because of the pandemic, these events were not held. This lack of event hosting caused a reduction in both revenues and expenses.

Consolidated Expenses by Object

For the years ended December 31 (in thousands of dollars)	**2020**		2019		Variance
Salaries and benefits	**$ 906,039**	52%	$ 898,682	53%	$ (7,357)
Goods and services	**424,602**	25%	463,660	27%	39,058
Amortization	**279,943**	16%	266,623	16%	(13,320)
Interest	**65,142**	4%	59,017	3%	(6,125)
Impact Fee refunds	**36,995**	2%	–	0%	(36,995)
Other expenses	**14,848**	1%	15,897	1%	1,049
	$ 1,727,569		$ 1,703,879		$ (23,690)

- Goods and services expenses decreased primarily from costs associated with the 2019 October storm event, as well as lower costs in utilities related to goods and services.
- The increase in amortization compared to 2019 is largely the result of a full year of amortization for the Southwest Rapid Transit (Stage 2) tangible capital assets, compared to 2019 when it was only a partial year.
- The increase in expenses related to the impact fee refunds in 2020 is a one time cost.

RISKS AND RISK MITIGATION

Financial Sustainability

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

On March 20, 2020, Council took steps to alleviate this risk and adopted its first multi-year balanced budget. This multi-year balanced budget 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. As well, it provides the City with greater ability to provide stable service delivery and to make strategic investments.

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

Comprehensive Asset Management

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

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

- **Asset Management Administrative Standard**: This document establishes the City's approach to managing the City's physical assets.
- **Investment Planning Manual**: This manual provides a methodology to develop a consistent, efficient and effective process to develop Investment Plans (Capital Budget).
- **Project Management Manual**: This manual provides consistency in project delivery in the City. It is to be used by all business units in all departments for delivery of capital projects in the City. This manual is largely based on the Project Management Body of Knowledge, which is generally considered to be best practices for project management in North America.
- **Templates**: Templates such as a Business Case Template and a Basis of Estimate Template were created to ensure consistency throughout the Public Service when working on investment planning or project management.
- **Asset Management Strategy Documents**:
  - **Departmental Asset Management Plan:** This plan contains critical asset information pertaining to inventory, replacement value, condition, age and performance. It outlines tactical and financial strategies for managing assets throughout their life cycle.

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

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

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.

The City has applied for funding under the Investing in Canada Infrastructure Program ("ICIP"), the current major 10-year federal infrastructure funding program (2018 to 2027). Funding is available under three infrastructure streams:

- Green infrastructure (environmental)
- Community, culture and recreation infrastructure
- Public transit infrastructure

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

- North End Sewage Treatment Plant Upgrade: Headworks facilities
- North End Sewage Treatment Plant Upgrade: Biosolids facilities
- South Winnipeg Recreation Campus: Phase One – Recreation Centre
- St. James Civic Centre – Facility Expansion

The City has not yet received approval on these projects.

Capital Project Management

One of the major functions of the City is the delivery of capital investments. In 2020, the City invested $0.4 billion in tangible capital assets, rehabilitating and investing in new assets such as roads, bridges and buildings. Tangible capital assets serve as key components to service delivery.

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

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

Financial Management Plan

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

Debt Strategy

To help manage the City's debt responsibly and transparently, on October 28, 2015, Council approved an updated debt strategy for the City. The following table provides the Council approved limits; the debt metrics as at December 31, 2020; and the forecasted peak levels based on the Council approved borrowing from the 2021 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As at December 31, 2020	Forecasted Peak
Debt as a % of revenue			
City	**90.0%**	71.5%	78.2%
Tax-supported and other funds	**80.0%**	57.3%	65.5%
Utilities and other	**220.0%**	90.8%	94.6%
Debt-servicing as a % of revenue			
City	**11.0%**	5.7%	6.0%
Tax-supported and other funds	**10.0%**	4.1%	5.0%
Utilities and other	**20.0%**	8.5%	8.4%
Debt per capita			
City	**$ 2,800**	$ 1,855	$ 2,041
Tax-supported and other funds	**$ 1,500**	$ 1,007	$ 1,147
Utilities and other	**$ 1,500**	$ 743	$ 789

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, 2020 is $36.1 million (2019 – $40.4 million). Included in the outstanding balance on guaranteed loans is a $6.0 million guarantee related to financing provided by the Federation of Canadian Municipalities to the private Fort Rouge Yards project. The City is fully indemnified for this guarantee through an indemnity agreement with First National Financial LP.

Some of the capital projects related to guarantees are in progress at year-end, using lines of credit. The potential full use of these credit facilities, or at risk amount, is $38.9 million (2019 – $43.7 million). The City does not anticipate incurring future payments on these guarantees.

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

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

Employee Benefit Programs

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

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

Pension Plans

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

The Winnipeg Civic Employees' Benefits Program’s special-purpose reserves have been used to subsidize the cost of benefits. Since the inception of the Winnipeg Civic Employees' Benefits Program, it has been recognized that these reserves would gradually diminish over time as they were drawn down, unless they were able to be replenished through actuarial surpluses generated by "excess" investment returns. In part due to the 2008 market downturn, the Program’s reserve position 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 2020 was 26.29% 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, 2020, the market value of this pension fund's assets was $1,866.4 million (2019 – $1,724.9 million), which is $135.1 million more (2019 – $104.0 million more) than the accrued pension obligation.

Based on the last valuation of the Plan as at December 31, 2017, the cost of benefits accruing under this Plan in 2020 represents 27.8% 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, 1.49% of earnings was not required to be contributed by the City. Therefore, the City contributed the balance of the cost – that is, 18.31% 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.

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

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. On March 27, 2020, the Arbitrator allowed the grievance and directed the City could not make modifications to the Plan, except as negotiated by the parties. On May 29, 2020, Council repealed the amended by-law retroactively to March 31, 2020, which eliminated any impact of the 2019 by-law amendment.

Group Life Insurance Plans

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

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

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

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

Environmental Matters

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

The 2005 to 2021 Council approved capital budgets for the Water and Waste utilities and their 2022 to 2026 capital forecasts anticipate $237.8 million of future debt to fund projects mandated by the Province. During 2003, at the request of the Minister of Conservation, the Clean Environment Commission ("CEC") conducted public hearings to receive and review comments on the City's wastewater collection and treatment improvement program. The CEC made several recommendations to upgrade and improve the wastewater collection and treatment systems, which were subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licences to the City for the North End, West End, and South End Sewage Treatment Plants.

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

Council has approved a project that includes upgrades to the Headworks facilities of NEWPCC. The scope of this project is necessary for the subsequent Biosolids and Nutrient Removal Facilities projects that will address regulatory requirements. These projects will also include replacement of end-of-life equipment. Biosolids from all three sewage treatment plants are processed at NEWPCC, which is nearing biosolids treatment capacity. The Biosolids project will also provide for a new treatment facility in order to meet regulatory requirements regarding maximizing biosolids reuse. Without Provincial or Federal support of this project, it will be a challenge for the City to upgrade this facility. On September 26, 2019, Council approved the submission of an application to the ICIP for upgrades to the NEWPCC project. This application remains under review.

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

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

The City also records liabilities under PS3260 Liability for Contaminated Sites. The City recognizes a liability for remediation of contaminated sites when conditions are identified that indicate non-compliance with environmental legislation. At December 31, 2020, the City recorded a $5.8 million (2019 – $7.3 million) liability related to contaminated sites.

Labour Negotiations

For the year ended December 31, 2020, 52% (2019 – 53%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,388 (2019 – 10,638). The majority of employees are represented by eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,466	January 7, 2023
CUPE	4,434	February 28, 2021
MGEU	357	February 28, 2021
UFFW	932	December 31, 2020
WAPSO	852	December 31, 2023
WFPSOA	46	August 31, 2021
WPA	1,961	December 31, 2021
WPSOA	34	December 31, 2021
Other (non-union/association)	306	Not applicable

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

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

Corporate Risk Management Division

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

FINANCIAL ACCOUNTABILITY

Audit Department

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

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

External Auditor

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

Budget Process

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

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

LOOKING FORWARD

2021-2023 Multi-year Balanced Operating and Capital Budgets Updates

On December 16, 2020, Council adopted both budgets for The City of Winnipeg – the 2021 to 2023 operating budget update and the 2021 capital budget and the 2022-2026 five-year capital forecast. The first year of the budget update to the 2020 multi-year balanced budget is 2021.

The key priorities in this budget were:

- Providing a safe restart for the community
- Revitalizing the economy as a result of the COVID-19 pandemic
- Maintaining a robust capital program
- Providing affordable services and keeping disciplined expenditure control, and
- Supporting strategic investments in recreation, libraries, roads, transit, water and waste, and other service areas

The 2021 capital budget and five-year forecast include $2.3 billion in City capital projects with $386.4 million authorized in 2021. Some of the projects included in the 2021 capital budget are $152.2 million for regional and local street renewal and $23.7 million for Transit capital investment, including $17.6 million for new transit buses.

The six-year capital investment plan includes $864.1 million for regional and local renewal road work; $464.0 million the sewage disposal system projects, including $180.0 million toward the combined sewer overflow and basement management flood management strategy; $165.5 million for the transit system; $70.5 million for recreation; $68.3 million for public safety; $60.0 million for the Southwest Interceptor project and $7.9 million for libraries.

The 2021 operating budget continues with tax increases of 1% for the renewal of regional streets, sidewalks and bridges (Regional Street Renewal Program) and 1% for the renewal of local streets, lanes and sidewalks (Local Street Renewal Program). 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.

In the context of the 2021 Budget Update, these Council approved priorities consider both the long-term needs of the City and the short-term financial pressures as a result of the COVID-19 pandemic.

The City was awarded the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2020. The City has submitted its 2021 to 2023 multi-year budget update to GFOA for review.

The 2021 adopted budget includes the 2020 and 2021 consolidated budgets that are prepared on the same basis as the consolidated financial statements.

General Revenue Fund – Adopted Budget

For the years ended December 31 (in thousands of dollars)	2020 Restated	**2021 Budget**	2022 Projection*	2023 Projection*
Revenues				
Property tax	$ 641,748	**$ 664,717**	$ 688,204	$ 712,535
Property tax credits	(7,186)	**(6,036)**	(6,060)	(7,445)
Business tax	63,378	**65,278**	63,378	63,378
Business tax credits	(5,462)	**(7,362)**	(5,462)	(5,462)
Other taxation	27,376	**26,325**	28,849	29,558
Street renewal frontage levy	63,795	**63,951**	64,305	64,659
Government transfers	146,406	**149,127**	149,793	149,807
Regulation fees	76,975	**69,298**	77,734	77,860
Sale of goods and services	54,389	**50,867**	56,345	56,936
Interest	7,198	**7,518**	7,320	7,017
Transfer from other funds	12,436	**37,672**	1,713	12,571
Utility dividend	34,587	**35,681**	36,693	37,721
Other	28,307	**23,276**	23,833	23,992
	1,143,947	**1,180,312**	1,186,645	1,223,127
Expenses				
Police service	294,496	**301,151**	307,392	312,389
Public works	151,784	**153,189**	154,219	156,410
Fire paramedic service	204,315	**210,703**	212,836	216,818
Community services	106,878	**109,858**	110,388	112,003
Corporate	70,246	**92,993**	62,627	76,853
Planning, property and development	42,396	**42,225**	41,775	41,702
Water and waste	23,541	**24,610**	23,880	24,884
Street lighting	12,409	**13,302**	13,954	14,571
Assessment and taxation	18,416	**14,601**	18,763	18,939
Innovation, transformation and technology	22,428	**21,434**	20,580	19,957
City clerk's	12,820	**12,027**	11,981	12,037
Corporate finance	8,217	**8,265**	8,394	8,585
Customer service and communications	7,122	**7,085**	6,949	7,113
Human resource services	6,026	**6,123**	6,190	6,288
Other departments	18,477	**19,267**	19,240	19,392
Operational expenditures	999,571	**1,036,833**	1,019,168	1,047,941
Capital related expenses (e.g. transfers to street renewal reserves and debt and finance charges)	144,376	**143,479**	167,477	175,186
Balanced Budget	$ –	**$ –**	$ –	$ –

* Subject to annual Council approval

Accounting Pronouncements

PSAB has issued several pronouncements that may impact the City's future financial statements. The pronouncements 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, 2022. Upon adoption, the City must also adopt the related financial statement presentation changes in Section 1201 Financial Statement Presentation and Section 3041 Portfolio Investments.
- In March 2018, PSAB issued section 3280 Asset Retirement Obligations. This standard addresses recognition, measurement and disclosure of asset retirement costs. The new standards are effective for fiscal years beginning on or after April 1, 2023.
- In November 2018, PSAB issued section PS 3400 Revenues. This standard addresses revenue recognition principles that apply to revenues common in the public sector other than government transfers and tax revenue. The new standard is effective for fiscal years beginning on or after April 1, 2023.
- In December 2020, PSAB approved the Public Private Partnerships standard, Section PS 3160. The standard addresses the accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner and is effective for fiscal years beginning on or after April 1, 2023.

REQUEST FOR INFORMATION

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



Catherine Kloepfer, FCPA, CGA, FCA, ICD.D.
Chief Financial Officer
May 18, 2021

RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

Prior to their submission to City Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee. The Consolidated Financial Statements contained herein were approved by Audit Committee on May 18, 2021. In addition, the Audit Committee meets periodically with management and with both the City's internal and external auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Audit Committee is readily accessible to external and internal auditors.

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



Catherine Kloepfer, FCPA, CGA, FCA, ICD.D.
Chief Financial Officer
May 18, 2021

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, 2020, the consolidated statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, 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 "2020 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 "2020 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.



Chartered Professional Accountants
May 18, 2021
Winnipeg, Canada

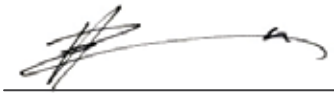
KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity. KPMG Canada provides services to KPMG LLP.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)	**2020**	2019
Financial Assets		
Cash and cash equivalents (Note 3)	**$ 788,122**	$ 670,801
Accounts receivable (Note 4)	**255,446**	313,662
Land held for resale	**7,955**	7,190
Investments (Note 5)	**413,048**	358,544
Investment in government businesses (Note 6)	**23,496**	23,113
	1,488,067	1,373,310
Liabilities		
Accounts payable and accrued liabilities (Note 7)	**265,134**	287,687
Deferred revenue (Note 8)	**138,954**	100,006
Debt (Note 9)	**1,549,466**	1,458,062
Other liabilities (Note 10)	**134,228**	129,931
Accrued employee benefits and other (Note 11)	**251,227**	239,410
	2,339,009	2,215,096
Net Financial Liabilities	**(850,942)**	(841,786)
Non-Financial Assets		
Tangible capital assets (Note 13)	**7,696,113**	7,577,419
Inventories	**25,584**	23,944
Prepaid expenses and deferred charges	**9,701**	7,518
	7,731,398	7,608,881
Accumulated Surplus (Note 14)	**$ 6,880,456**	$ 6,767,095
Commitments and contingencies (Notes 15)		

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 2020** (Note 21)	**Actual 2020**	Actual 2019
Revenues			
Taxation (Note 16)	**$ 784,701**	**$ 779,994**	$ 764,588
Sales of services and regulatory fees (Note 17)	**653,359**	**556,624**	653,079
Government transfers (Note 18)	**200,991**	**287,579**	198,936
Investment income	**35,408**	**34,895**	39,985
Land sales and other revenue (Note 19)	**30,433**	**16,048**	26,685
Total Revenues	**1,704,892**	**1,675,140**	1,683,273
Expenses			
Protection and community services	**563,228**	**560,484**	556,344
Utility operations	**490,639**	**465,937**	456,805
Public works	**329,778**	**336,182**	350,233
Property and development	**152,687**	**170,662**	134,608
Finance and administration	**95,674**	**88,770**	92,653
Civic corporations	**75,041**	**60,240**	81,943
General government	**21,281**	**45,294**	31,293
Total Expenses (Note 20)	**1,728,328**	**1,727,569**	1,703,879
Annual Deficit Before Other	**(23,436)**	**(52,429)**	(20,606)
Other			
Government transfers related to capital (Note 18)	**149,333**	**134,267**	375,694
Developer contributions-in-kind related to capital (Note 13)	**70,619**	**24,200**	69,648
Other capital contributions	**5,600**	**7,323**	11,640
	225,552	**165,790**	456,982
Annual Surplus	**$ 202,116**	**113,361**	436,376
Accumulated Surplus, Beginning of Year		**6,767,095**	6,330,719
Accumulated Surplus, End of Year		**$ 6,880,456**	$ 6,767,095

See accompanying notes and schedules to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

For the years ended December 31 (in thousands of dollars)	**Budget 2020** (Note 21)	**Actual 2020**	Actual 2019
Annual Surplus	**$ 202,116**	**$ 113,361**	$ 436,376
Amortization of tangible capital assets	**280,468**	**279,943**	266,623
Proceeds on disposal of tangible capital assets	**2,433**	**9,854**	6,260
(Gain) loss on disposal of tangible capital assets	**858**	**(953)**	5,811
Change in inventories, prepaid expenses and deferred charges	**440**	**(3,317)**	(3,899)
Tangible capital assets received as contributions (Note 13)	**(70,619)**	**(24,200)**	(69,648)
Acquisition of tangible capital assets	**(521,945)**	**(383,844)**	(804,394)
Increase in Net Financial Liabilities	**(106,249)**	**(9,156)**	(162,871)
Net Financial Liabilities, Beginning of Year	**(841,786)**	**(841,786)**	(678,915)
Net Financial Liabilities, End of Year	**$ (948,035)**	**$ (850,942)**	$ (841,786)

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)	**2020**	2019
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Annual surplus	**$ 113,361**	$ 436,376
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**279,943**	266,623
Developer contributions-in-kind related to capital (Note 13)	**(24,200)**	(69,648)
Change in other liabilities and employee benefits	**16,114**	11,349
(Gain) loss on sale of tangible capital assets	**(953)**	5,811
Other	**(383)**	2,270
	383,882	652,781
Net change in non-cash working capital balances related to operations	**70,529**	58,242
Cash provided by operating activities	**454,411**	711,023
Capital		
Acquisition of tangible capital assets	**(383,844)**	(804,394)
Proceeds on disposal of tangible capital assets	**9,854**	6,260
Cash used in capital activities	**(373,990)**	(798,134)
Financing		
Debenture and serial debt issued	**85,000**	215,152
Increase in sinking fund investments	**(19,032)**	(16,784)
Service concession arrangements (retired) financed	**(4,760)**	100,774
Increase in bank loans and other debt	**5,055**	20,673
Other	**25,141**	54,589
Cash provided by financing activities	**91,404**	374,404
Investing		
Net increase in investments	**(54,504)**	(50,477)
Cash used in investing activities	**(54,504)**	(50,477)
Increase in cash and cash equivalents	**117,321**	236,816
Cash and Cash Equivalents, Beginning of Year	**670,801**	588,097
Cash and Cash Equivalents, End of Year	**$ 788,122**	$ 670,801

See accompanying notes and schedules to the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2020
(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, and tourism.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including Canada's federal, provincial and local governments enacting emergency measures to combat the spread of the virus. These measures resulted in the temporary shutdown of various programs and services. As at December 31, 2020, the City programs and services have been altered to ensure compliance with Provincial public health orders and reflect consumer demand.

During the year, the City received Safe Restart funding from the Government of Canada to offset the financial impacts of COVID-19, which has been recognized as revenue in 2020 (Note 18).

Management assessed the financial impact on the City and as at December 31, 2020, the City did not have significant accounting estimate adjustments to reflect the implications of COVID-19. Management believes it has sufficient liquidity to sustain operations.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

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

i) Consolidated entities

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

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

ii) Government businesses

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

iii) Partnerships

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iv) 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.

v) 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.

b) Basis of accounting

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

c) Cash equivalents

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

d) Land held for resale

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

e) Investments

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

f) Unamortized premium on debt

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

g) Solid waste landfills

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Employee benefit plans

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

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

k) Non-financial assets

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

i) Tangible capital assets

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

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

Annual amortization is charged commencing when the asset is available for 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 (Note 16).

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

m) Government transfers

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

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

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

n) Loan guarantees

Periodically the City provides loan guarantees on specific debt issued by other entities not consolidated in these financial statements. Loan guarantees are disclosed as contingent liabilities (Note 15c) and no amounts are accrued in the consolidated financial statements until the City considers it likely that the borrower will default on the specified loan obligation. Should a default occur, the City's resulting liability would be recorded in the consolidated financial statements.

o) Use of Accounting Estimates

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Budget

The 2020 budget is included on the consolidated statements of operations and accumulated surplus and changes in net financial liabilities. The budget is compiled from the City Council-approved Operating Budget, estimates for controlled entities, adjustments to report the budget on a full accrual basis including capital revenue adjustments, assets capitalized on the statement of financial position, amortization of tangible capital assets and accruals for unfunded liabilities and administrative adjustments to provide for proper comparison to actual results presented herein.

3. CASH AND CASH EQUIVALENTS

		2020		2019
Cash	$	**80,492**	$	54,615
Cash equivalents		**707,630**		616,186
	$	**788,122**	$	670,801

The average effective interest rate for cash equivalents at December 31, 2020 is 0.43% (2019 – 1.90%).

Cash and cash equivalents exclude $55.1 million (2019 - $50.1 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 $35.4 million (2019 – $39.5 million).

4. ACCOUNTS RECEIVABLE

		2020		2019
Property, payments-in-lieu and business taxes receivable	$	**67,309**	$	60,120
Allowance for property, payments-in-lieu and business taxes receivable		**(2,849)**		(1,207)
		64,460		58,913
Trade accounts and other receivables		**169,310**		159,866
Province of Manitoba		**35,621**		83,391
Government of Canada		**13,189**		35,428
Allowance for doubtful accounts		**(27,134)**		(23,936)
		190,986		254,749
	$	**255,446**	$	313,662

5. INVESTMENTS

		2020		2019
Marketable securities				
Municipal bonds	$	**130,107**	$	119,684
Provincial bonds and bond coupons		**34,376**		13,859
Federal Entity		**20,919**		–
Bank and trust companies		**6,684**		6,585
		192,086		140,128
Manitoba Hydro long-term receivable		**220,238**		220,238
Other		**724**		(1,822)
	$	**413,048**	$	358,544

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2020 is $212.5 million (2019 – $148.8 million) and their maturity dates range from 2021 to 2053.

5. INVESTMENTS (CONTINUED)

b) Manitoba Hydro long-term receivable

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

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

6. INVESTMENT IN GOVERNMENT BUSINESSES

a) North Portage Development Corporation

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

b) Park City Commons

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

c) River Park South Developments Inc.

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

Summary of investment in government businesses

		2020		2019
North Portage Development Corporation (1/3 share)	**$**	**19,894**	$	19,512
Park City Commons (1/2 share)		**3,202**		3,191
River Park South Developments Inc. (1/2 share)		**400**		410
	$	**23,496**	$	23,113

Summary of results of operations

		2020		2019
North Portage Development Corporation (1/3 share)	**$**	**382**	$	307
Park City Commons (1/2 share)		**11**		(8)
River Park South Developments Inc. (1/2 share)		**(10)**		236
	$	**383**	$	535

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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2020		2019
Accrued liabilities	$	**142,562**	$	144,296
Trade accounts payable		**115,221**		136,375
Accrued interest payable		**7,351**		7,016
	$	**265,134**	$	287,687

8. DEFERRED REVENUE

		2020		2019
Federal gas tax transfer				
Opening balance	$	**48,207**	$	31,858
Revenue earned		**(66,810)**		(72,141)
Inflows		**44,396**		88,490
Closing balance		**25,793**		48,207
Province of Manitoba				
Opening balance		**29,672**		–
Revenue earned		**(16,774)**		(8,228)
Inflows		**63,267**		37,900
Closing balance		**76,165**		29,672
Prepayment for services		**24,499**		22,127
Government of Canada – Rapid Housing Initiative		**12,497**		–
	$	**138,954**	$	100,006

9. DEBT

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	2020	2019
2006–2036	Jul. 17	5.200	VZ	183/04, 72/06	**$ 60,000**	$ 60,000
2008–2036	Jul. 17	5.200	VZ	72/06B, 32/07	**100,000**	100,000
2010–2041	Jun. 3	5.150	WB	183/08	**60,000**	60,000
2011–2051	Nov. 15	4.300	WC	72/06, 183/08, 150/09	**50,000**	50,000
2012–2051	Nov. 15	3.853	WC	93/11	**50,000**	50,000
2012–2051	Nov. 15	3.759	WC	120/09, 93/11, 138/11	**75,000**	75,000
2013–2051	Nov. 15	4.391	WC	93/11, 84/13	**60,000**	60,000
2014–2045	Jun. 1	4.100	WD	144/11, 23/13, 149/13	**60,000**	60,000
2014–2045	Jun. 1	3.713	WD	100/12, 23/13, 149/13	**60,000**	60,000
2014–2051	Nov. 15	3.893	WC	93/11, 145/13	**52,568**	52,568
2015–2045	Jun. 1	3.828	WD	144/11, 100/12, 23/13, 149/13, 5/15, 61/15	**60,000**	60,000
2016–2045	Jun. 1	3.303	WD	72/06, 23/13, 149/13, 5/15, 96/15, 40/16	**80,000**	80,000
2019-2051	Nov. 15	3.499	WC	6520/94, 6774/96, 6973/97, 6976/97, 7751/01, 72/06, 32/07 219/07, 184/08, 136/16	**100,000**	100,000
2019-2051	Nov. 15	2.667	WC	6976/97, 7751/01 219/07, 184/08, 150/09 40/16, 133/17	**120,000**	120,000
2020-2051	Nov. 15	2.663	WC	183/04, 150/009, 149/13, 5/15, 40/16 136/16, 133/17	**85,000**	–
					1,072,568	987,568
Equity in The Sinking Funds (Notes 9a and b)					**(117,881)**	(98,849)
Net sinking fund debentures outstanding					**954,687**	888,719
Other debt outstanding						
Service concession arrangement obligations (Notes 9d and 15d)					**279,852**	284,612
Bank loans and other with varying maturities up to 2046 and a weighted average interest rate of 2.71% (2019 – 2.78%)					**182,732**	177,677
Obligations for leased tangible capital assets (Note 9c)					**20,410**	21,565
					1,437,681	1,372,573
Unamortized premium on debt (Note 9e)					**111,785**	85,489
					$ 1,549,466	$ 1,458,062

9. DEBT (CONTINUED)

Debt segregated by fund/organization:

	2020	2019
General Capital Fund	**$ 847,089**	$ 813,542
Transit System	**283,578**	274,572
Sewage Disposal	**186,755**	130,639
Waterworks System	**111,514**	116,505
Fleet Special Operating Agency	**46,883**	46,778
Consolidated entities	**37,906**	36,042
Solid Waste Disposal	**27,438**	30,073
Other	**6,284**	7,633
Land Drainage	**2,019**	2,278
	$ 1,549,466	$ 1,458,062

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

	2021	2022	2023	2024	2025	2026+
Sinking fund debentures	**$ –**	$ –	$ –	$ –	$ –	$ 1,072,568
Other debt	**60,900**	22,787	22,216	23,128	18,631	335,332
	$ 60,900	$ 22,787	$ 22,216	$ 23,128	$ 18,631	$ 1,407,900

a) As at December 31, 2020, sinking fund assets have a market value of $263.8 million (2019 – $199.7 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 $54.6 million (2019 – $71.6 million) and a market value of $59.5 million (2019 – $76.5 million).

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

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

2021	**$ 2,794**
2022	**2,930**
2023	**3,141**
2024	**5,225**
2025	**1,301**
Thereafter	**14,390**
Total future minimum lease payments	**29,781**
Amount representing interest at a weighted average rate of 8.18%	**(9,371)**
Capital lease obligations	**$ 20,410**

9. DEBT (CONTINUED)

d) Service concession arrangement obligations are as follows:

		2020		2019
Plenary Roads Winnipeg Transitway LP – Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**$**	**136,226**	$	138,538
Plenary Roads Winnipeg GP – Disraeli Bridges		**98,955**		100,608
DBF2 Limited Partnership – Chief Peguis Trail Extension		**44,671**		45,466
	$	**279,852**	$	284,612

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 in late 2021. The total project costs are estimated to be $418.4 million and are to be financed through a Provincial government transfer of $162.7 million, a $139.1 million service concession arrangement obligation to PRWT, a payment of $92.9 million from Infrastructure Canada, sinking fund debentures of $14.0 million, and other cash consideration of $9.8 million.

As at December 31, 2020, $403.1 million was capitalized for assets completed and in use. Monthly capital and interest performance-based payments totaling $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 $418.4 million is 1.6%. Specifically, the sinking fund debt and service concession arrangement obligation to PRWT bear a combined weighted average interest rate of 4.2%.

The City will also make a monthly performance-based maintenance payment to PRWT as disclosed in Note 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 followed 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, 2020, $195.0 million was capitalized for commissioned works. 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.

9. DEBT (CONTINUED)

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, 2020, $107.4 million was capitalized. 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 $112.6 million (2019 – $88.9 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 2020 is $65.1 million (2019 – $59.0 million) and cash paid for interest during the year is $64.8 million (2019 – $58.3 million).

g) On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro from the City . As part of the purchase agreement, The City of Winnipeg Sinking Fund Trustees are required to hold Manitoba Hydro Electric Bonds issued by Manitoba Hydro to the City of Winnipeg in connection with the Winnipeg Hydro portion of the City's debt. The bonds were issued for the purpose of enabling the City to repay the Winnipeg Hydro portion of the City's debt, and were issued with identical terms and conditions as to par value, interest and date of maturity as the Winnipeg Hydro portion of the City's debt. The bonds are guaranteed by the Province of Manitoba and are non-transferable and non-redeemable prior to maturity. This debt has been defeased under this arrangement, and accordingly, is not reported in the Consolidated Statement of Financial Position. The book value of this debt as at December 31, 2020 is $60.0 million (2019 – $60.0 million).

10. OTHER LIABILITIES

	2020	2019
Landfill	$ 65,040	$ 54,549
Expropriation	50,520	55,874
Contaminated sites	5,787	7,347
Veolia agreement (Note 15e)	2,490	2,206
Developer deposits and other	10,391	9,955
	$ 134,228	$ 129,931

Landfill

Included in landfill liabilities is the estimated total landfill closure and post-closure care expenses. The estimated liability for the City's only active landfill is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for future closure and post-closure care activities discounted at the City's average, long-term borrowing rate of 4.0% (2019 – 4.0%). Amounts to be accrued in future years as the landfill's capacity is consumed are estimated at $29.6 million.

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

The estimated remaining capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 83% of its total capacity and its remaining life is estimated to be over 100 years after which perpetual post-closure maintenance is required.

The Landfill Rehabilitation Reserve was established for the purpose of providing funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for active and closed landfills maintained under the responsibility of the City. It is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill. As at December 31, 2020, the reserve had a balance of $5.1 million (2019 – $8.0 million) (Schedule 3).

Contaminated sites

As of December 31, 2020, 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

	2020	2019
Retirement allowance – accrued obligation	$ 88,730	$ 88,184
Unamortized net actuarial (loss) gain	(332)	791
Retirement allowance – accrued liability	88,398	88,975
Vacation	65,277	61,578
Workers' compensation	56,113	52,614
Compensated absences	31,290	27,437
Other	10,149	8,806
	$ 251,227	$ 239,410

11. ACCRUED EMPLOYEE BENEFITS AND OTHER (CONTINUED)

Under the retirement allowance programs, upon retirement, death or termination of service under certain conditions (excluding resignation), qualifying employees maybe entitled to a cash pay-out based on the value of the employees' remaining accumulated sick leave bank. In addition, certain employees maybe entitled to a severance benefit based on length of service. Adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 15.0 years (2019 – 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, 2020. The results of this valuation were extrapolated to the financial reporting date of December 31, 2020 using year-end assumptions.

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

		2020		2019
Retirement allowance – accrued liability				
Balance, beginning of year	**$**	**88,975**	$	89,287
Current service cost		**5,513**		4,959
Interest cost		**2,330**		2,747
Amortization of net actuarial (gain) loss		**314**		(40)
Benefit payments		**(8,734)**		(7,978)
Balance, end of year	**$**	**88,398**	$	88,975

Retirement allowance expense consists of the following:

		2020		2019
Current service cost	**$**	**5,513**	$	4,959
Interest cost		**2,330**		2,747
Amortization of net actuarial (gain) loss		**314**		(40)
	$	**8,157**	$	7,666

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

	2020	2019
Discount rate on liability	**1.80%**	2.60%
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. The unamortized net actuarial losses related to the compensated absences at December 31, 2020 is $29.7 million (2019 – $20.3 million).

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 Year's Maximum Pensionable Earnings under the Canada Pension Plan and 11.8% of pensionable earnings in excess of the Year's Maximum Pensionable Earnings in 2020, and for future years, consistent with 2019. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2019, which indicated an excess of actuarial value of program assets over actuarial liabilities of $189.2 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, 2020 was nil (2019 – nil).

Total contributions by the City to the Benefits Program in 2020 were $52.9 million (2019 – $44.9 million), which were expensed as incurred.

b) Winnipeg Police Pension Plan

The Winnipeg Police Pension Plan (the "Plan") is a contributory defined benefit plan, providing pension benefits to police officers. Members are required to make contributions at the rate of 8% of pensionable earnings. The City is required to finance the cost of the plan's benefits other than cost-of-living adjustments and to contribute 2% of pensionable earnings in respect of cost-of-living adjustments. A contribution stabilization reserve has been established by the Plan to maintain the City's contribution rate at 8% of pensionable earnings, when permitted under provincial pension legislation. The Plan incorporates a risk-sharing arrangement under which actuarial surpluses are first allocated to maintain the rate of cost-of-living adjustments to pensions at 75% of the inflation rate and maintain the contribution stabilization reserve. Thereafter actuarial surpluses are shared equally between the City and Plan members. Funding deficiencies are resolved through reductions in the Plan's contribution stabilization reserve and the rate of cost-of-living adjustments to pensions.

An actuarial funding valuation of the Plan was prepared as of December 31, 2019. The valuation revealed a funding deficit, which, in accordance with the terms of the Plan, was resolved by a decrease in the contribution stabilization reserve and by decreasing the rate of cost-of-living adjustments to pensions from 55.4% to 52.7% 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, 2019 actuarial valuation of the Plan were extrapolated to December 31, 2020. In accordance with the terms of the Plan, extrapolated surpluses and deficiencies are resolved through transfers to and from the contribution stabilization reserve and increases or reductions in the rate of cost-of-living adjustments to pensions. The principal long-term assumptions on which the extrapolation was based were: discount rate of 4.75% per year (2019 – 4.95%); inflation rate of 2.00% per year (2019 – 2.00%); and general pay increases of 3.25% per year (2019 – 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:

	2020	2019
Plan assets:		
Fair value, beginning of year	**$ 1,724,937**	$ 1,527,489
Employer contributions	**30,575**	29,862
Employee contributions and transfers	**15,777**	13,877
Benefits and expenses paid	**(62,052)**	(56,536)
Net investment income	**157,123**	210,245
Fair value, end of year	**1,866,360**	1,724,937
Actuarial adjustment	**(135,091)**	(104,033)
Actuarial value, end of year	**$ 1,731,269**	$ 1,620,904
Accrued pension costs and obligations:		
Beginning of year	**$ 1,589,268**	$ 1,464,401
Interest on accrued pension obligation	**78,440**	76,626
Current period benefit cost	**52,798**	46,813
Actuarial loss	**37,840**	57,964
Benefits and expenses paid	**(62,052)**	(56,536)
End of year	**$ 1,696,294**	$ 1,589,268
Funded status	**$ 34,975**	$ 31,636
Less: contribution stabilization reserve	**(34,975)**	(31,636)
Actuarial surplus	**$ –**	$ –
Expenses related to pensions:		
Current period benefit cost	**$ 52,798**	$ 46,813
Amortization of actuarial gains	**(5,040)**	(398)
Less: employee contributions and transfers	**(15,777)**	(13,877)
Pension benefit expense	**31,981**	32,538
Interest on accrued benefit obligation	**78,440**	76,626
Expected return on plan assets	**(79,846)**	(79,302)
Pension interest income	**(1,406)**	(2,676)
Total expenses related to pensions	**$ 30,575**	$ 29,862

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 2020 were $30.6 million (2019 – $29.9 million). Total employee contributions to the Plan in 2020 were $13.5 million (2019 – $13.2 million). Benefits paid from the Plan in 2020 were $60.7 million (2019 – $55.2 million).

The expected rate of return on Plan assets in 2020 was 4.95% (2019 – 5.25%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2020 was 9.15% (2019 – 13.82%).

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, 2020 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 2020, the City paid out $0.3 million (2019 – $0.3 million). An actuarially determined pension obligation of $3.6 million (2019 – $3.6 million) has been reflected in the accrued employee benefits and other liability on 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, 2019 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, 2019 and the results were extrapolated to December 31, 2020. The principal long-term assumptions on which the valuation was based were: discount rate of 5.00% per year (2019 - 5.00%); and general pay increases of 3.25% per year (2019 - 3.25%). The accrued group life insurance obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the funded status of the Plans is as follows:

		2020		2019
Group life insurance plan assets, at actuarial value	**$**	**180,061**	$	172,282
Accrued post-retirement life insurance obligations	**$**	**100,970**	$	93,722

13. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2020	2019
General		
Land	**$ 316,765**	$ 316,045
Buildings	**865,033**	875,977
Vehicles	**229,662**	223,161
Computer	**42,154**	38,797
Other	**284,990**	289,844
Infrastructure		
Plants and facilities	**608,944**	619,525
Roads	**1,880,512**	1,813,470
Underground and other networks	**2,327,724**	2,308,211
Bridges and other structures	**668,622**	682,304
	7,224,406	7,167,334
Assets under construction	**471,707**	410,085
	$ 7,696,113	$ 7,577,419

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

During the year, there were no write-down of tangible capital assets (2019 – $0.6 million). Interest capitalized during 2020 was $3.7 million (2019 – $4.0 million). In addition, roads and underground networks contributed to the City totaled $24.2 million in 2020 (2019 – $69.6 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $647.7 million (2019 – $657.6 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
Invested in tangible capital assets	**$ 6,311,139**	$ 6,235,368
Reserves (Schedule 3)	**412,996**	425,482
Other surplus accumulated in utility operations, consolidated entities and other	**234,325**	165,011
Manitoba Hydro long-term receivable (Note 5)	**220,238**	220,238
Equity in government businesses (Note 6)	**23,496**	23,113
Unfunded expenses to be funded from future revenues:		
Accrued employee benefits and other	**(247,963)**	(236,314)
Landfill (Note 10)	**(65,040)**	(54,549)
Contaminated sites (Note 10)	**(5,787)**	(7,347)
Canadian Museum for Human Rights grant	**(2,948)**	(3,907)
	$ 6,880,456	$ 6,767,095

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 existing at December 31, 2020 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:

2021	$	**8,718**
2022		**8,070**
2023		**7,499**
2024		**7,292**
2025		**6,747**
Thereafter		**44,454**
	$	**82,780**

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, 2020 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, 2020 is $36.1 million (2019 – $40.4 million). The City does not anticipate incurring future payment on these guarantees, and no amount has been accounted as a liability accordingly.

Some of the capital projects related to guarantees are in progress at year-end, meaning that the full line of credit has not been used. The at risk amount is $38.9 million (2019 – $43.7 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), the City 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.

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.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 2020, Veolia withdrew $2.1 million (2019 – $1.6 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, 2020, the forgivable loans totaled $2.0 million (2019 – $2.4 million).

16. TAXATION

		2020		2019
Municipal and school property taxes	$	**1,309,949**	$	1,271,658
Payments-in-lieu of property (municipal and school) and business taxes		**52,150**		52,030
		1,362,099		1,323,688
Payments to Province and school divisions		**(732,304)**		(713,974)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes		**629,795**		609,714
Local improvement and frontage levies		**65,499**		64,256
Business taxes and license-in-lieu of business taxes		**57,839**		55,442
Electricity and natural gas sales taxes		**21,213**		21,958
Amusement and accommodation taxes and mobile home licences		**5,648**		13,218
	$	**779,994**	$	764,588

The property tax roll includes school taxes of $701.5 million (2019 – $683.3 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2020 totalled $30.8 million (2019 – $30.7 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 $6.4 million (2019 – $6.2 million).

17. SALES OF SERVICES AND REGULATORY FEES

		2020		2019
Water sales and sewage services	$	**329,591**	$	321,346
Other sales of goods and services		**103,005**		141,075
Regulatory fees		**76,834**		103,236
Transit fares		**47,194**		87,422
	$	**556,624**	$	653,079

18. GOVERNMENT TRANSFERS

	2020	2019
Operating		
Province of Manitoba		
Municipal Operating Grant	**$ 139,804**	$ 139,282
Public Safety	**23,955**	24,759
	163,759	164,041
Less: Support for Provincial Programs	**(23,650)**	(23,650)
	140,109	140,391
Transfer for paramedic services	**46,378**	40,856
Other	**19,874**	13,820
	206,361	195,067
Government of Canada		
Federal Safe Restart	**74,497**	–
Other	**6,721**	3,869
	81,218	3,869
Total Operating	**287,579**	198,936
Capital		
Province of Manitoba		
Accelerated Regional Road Renewal Project	**15,805**	8,253
Local Street Renewal Program	**10,184**	–
Waverley underpass	**2,566**	6,692
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**2,335**	135,123
Public Transit Infrastructure Fund	**306**	5,155
Sewage	**–**	176
Other	**6,267**	2,445
	37,463	157,844
Government of Canada		
Federal gas tax (Note 8)	**66,810**	72,141
Accelerated Regional Road Renewal Project	**15,805**	8,253
Public Transit Infrastructure Fund	**3,703**	20,555
Waverley underpass	**2,581**	6,723
Assiniboine Park Conservancy	**2,291**	11,234
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	**1,321**	86,879
Other	**4,293**	12,065
	96,804	217,850
Total Capital	**134,267**	375,694
	$ 421,846	$ 574,630

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

	2020	2019
Land sales	$ 5,383	$ 12,264
Contributions in lieu of land dedication	1,947	1,143
Income from government businesses (Note 6)	383	535
Other	8,335	12,743
	$ 16,048	$ 26,685

20. EXPENSES BY OBJECT

	2020	2019
Salaries and benefits	$ 906,039	$ 898,682
Goods and services	424,602	463,660
Amortization of tangible capital assets	279,943	266,623
Interest	65,142	59,017
Impact Fee refunds*	36,995	–
Other expenses	14,848	15,897
	$ 1,727,569	$ 1,703,879

*On July 8, 2020, Manitoba Court of Queen's Bench ruled that, while the City has the power or authority to impose an impact fee generally, the by-law and resolution regarding the impact fees "imposes a constitutionally invalid indirect tax" and ordered the City to refund the fees paid together with any interest earned on the funds. The City began processing refund payments November 30, 2020 with all refunds completed by December 31, 2020.

21. BUDGET

On December 16, 2020 Council approved the 2021 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 2021 budget document is the 2020 and 2021 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 2020 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.

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).

23. SEGMENTED INFORMATION (CONTINUED)

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.

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.

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.

CONSOLIDATED SCHEDULE OF GOVERNMENT BUSINESSES AND PARTNERSHIP

Schedule 1

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

	GOVERNMENT BUSINESSES								GOVERNMENT PARTNERSHIP	
	North Portage Development Corporation		Park City Commons		River Park South Developments Inc.		Total		Economic Development Winnipeg[1]	
	March 31		December 31		December 31				December 31	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
FINANCIAL POSITION										
Assets										
Current	**$ 5,881**	$ 5,893	**$ 3,929**	$ 4,071	**$ 2,566**	$ 2,781	**$ 12,376**	$ 12,745	**$ 4,657**	$ 3,942
Capital	**76,496**	75,805	**–**	–	**–**	–	**76,496**	75,805	**677**	544
Other	**613**	766	**–**	–	**–**	–	**613**	766	**–**	–
	$ 82,990	$ 82,464	**$ 3,929**	$ 4,071	**$ 2,566**	$ 2,781	**$ 89,485**	$ 89,316	**$ 5,334**	$ 4,486
Liabilities										
Current	**$ 4,073**	$ 4,263	**$ 712**	$ 864	**$ 1,766**	$ 1,962	**$ 6,551**	$ 7,089	**$ 214**	$ 421
Long-term	**19,234**	19,665	**–**	–	**–**	–	**19,234**	19,665	**1,812**	959
	23,307	23,928	**712**	864	**1,766**	1,962	**25,785**	26,754	**2,026**	1,380
Net equity	**59,683**	58,536	**3,217**	3,207	**800**	819	**63,700**	62,562	**3,308**	3,106
	$ 82,990	$ 82,464	**$ 3,929**	$ 4,071	**$ 2,566**	$ 2,781	**$ 89,485**	$ 89,316	**$ 5,334**	$ 4,486
City share	**$ 19,894**	$ 19,512	**$ 3,202**	$ 3,191	**$ 400**	$ 410	**$ 23,496**	$ 23,113	**$ 1,654**	$ 1,553
RESULTS OF OPERATIONS										
Revenues	**$ 18,641**	$ 15,989	**$ –**	$ –	**$ –**	$ –	**$ 18,641**	$ 15,989	**$ 7,152**	$ 7,520
Expenses	**17,494**	15,070	**2**	16	**20**	(471)	**17,516**	14,615	**6,950**	7,360
Net income (loss)	**$ 1,147**	$ 919	**$ (2)**	$ (16)	**$ (20)**	$ 471	**$ 1,125**	$ 1,374	**$ 202**	$ 160
City share	**$ 382**	$ 307	**$ 11**	$ (8)	**$ (10)**	$ 236	**$ 383**	$ 535	**$ 101**	$ 80

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

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	2020	2019
Cost												
Balance, beginning 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
Add: Additions during the year	8,595	26,788	36,898	14,008	28,488	7,579	152,598	70,330	2,538	61,622	409,444	872,771
Less: Disposals during the year	7,875	4,642	22,500	1,613	1,810	–	4,020	1,357	–	–	43,817	51,060
Balance, end of year	316,765	1,377,202	481,048	197,163	612,002	980,927	3,312,673	3,584,785	984,531	471,707	12,318,803	11,953,176
Accumulated amortization												
Balance, beginning 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
Add: Amortization	–	35,856	29,703	10,651	33,145	18,160	85,403	50,805	16,220	–	279,943	266,623
Less: Accumulated amortization on disposals	–	2,766	21,806	1,613	1,613	–	3,867	1,345	–	–	33,010	38,988
Balance, end of year	–	512,169	251,386	155,009	327,012	371,983	1,432,161	1,257,061	315,909	–	4,622,690	4,375,757
Net Book Value of Tangible Capital Assets	$ 316,765	$ 865,033	$ 229,662	$ 42,154	$ 284,990	$ 608,944	$ 1,880,512	$ 2,327,724	$ 668,622	$ 471,707	$ 7,696,113	$ 7,577,419

[1] Included in land additions is $1.4 million of land transfers from land held for resale.
[1] Included in land disposals is $1.9 million of land transfers to land held for resale.

CONSOLIDATED SCHEDULE OF RESERVES Schedule 3

As at December 31 (in thousands of dollars)		**2020**		2019
RESERVES				
Capital Reserves				
Environmental Projects	**$**	**164,569**	$	165,991
SWRT Payment		**12,743**		15,866
Watermain Renewal		**8,681**		3,908
Sewer System Rehabilitation		**6,908**		9,938
Landfill Rehabilitation		**5,136**		8,027
Waste Diversion		**4,746**		5,221
Water Meter Renewal		**4,664**		–
Computer Replacement		**2,467**		1,293
SWRT Corridor		**2,176**		2,172
Federal Gas Tax Revenue		**1,416**		1,311
Transit Bus Replacement		**1,229**		1,417
Local Streets Renewal		**685**		104
Regional Street Renewal		**347**		124
Impact Fee		**–**		30,375
		215,767		245,747
Special Purpose Reserves				
Perpetual Maintenance Fund – Brookside Cemetery		**18,015**		17,637
Land Dedication		**9,047**		8,094
General Purpose		**9,034**		171
Land Operating*		**7,436**		12,393
Commitment		**7,033**		3,913
Destination Marketing		**4,658**		11,254
Economic Development Investment		**4,589**		3,172
Workers Compensation		**4,574**		3,325
Housing Rehabilitation Investment		**3,850**		1,556
Insurance (Note 22)		**3,676**		3,076
Insect Control Urgent Expenditures		**2,546**		3,001
Perpetual Maintenance Fund – St.Vital Cemetery		**1,320**		1,276
Perpetual Maintenance Fund – Transcona Cemetery		**942**		900
Multi-Family Dwelling Tax Investment		**597**		391
Permit		**204**		2,000
Heritage Investment		**(183)**		(190)
		77,338		71,969
Stabilization Reserve				
Financial Stabilization		**119,891**		107,766
TOTAL RESERVES	**$**	**412,996**	$	425,482

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

		2020		2019
Reserve balance as disclosed above	**$**	**7,436**	$	12,393
Investments held in government business (Note 6)		**3,602**		3,601
	$	**11,038**	$	15,994

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE—SERVICE Schedule 4

For the year ended December 31, 2020 (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	$ 320,987	$ 71,654	$ –	$ 238,871	$ 148,615	$ –	$ –	$ 12,458	$ (12,591)	$ 779,994
SALES OF SERVICES AND REGU-LATORY FEES	40,199	7,184	30,305	11,376	18,204	49,271	383,072	84,076	(67,063)	556,624
GOVERNMENT TRANSFERS (NOTE 18)	125,428	14,071	–	32,272	24,537	81,357	9,131	162,939	(27,889)	421,846
TRANSFER FROM OTHER FUNDS	2,416	776	12,746	4,604	(5,101)	101,767	92,598	456,768	(666,574)	–
OTHER	28,642	6,590	2,587	16,481	18,576	1,537	9,875	44,993	(46,815)	82,466
	517,672	100,275	45,638	303,604	204,831	233,932	494,676	761,234	(820,932)	1,840,930
EXPENSES (NOTE 20)										
SALARIES AND BENEFITS	440,874	36,093	27,702	77,756	62,848	118,420	74,571	57,656	10,119	906,039
GOODS AND SERVICES	47,324	6,833	4,357	124,697	15,896	51,615	130,715	109,129	(65,964)	424,602
INTEREST	6,827	2,996	14	4,418	10,280	11,575	13,679	44,868	(29,515)	65,142
TRANSFER TO OTHER FUNDS	18,158	33,804	14,715	112,357	95,790	13,701	128,831	261,879	(679,235)	–
OTHER	4,489	20,549	(1,150)	(15,624)	20,017	33,701	67,433	241,634	(39,264)	331,786
	517,672	100,275	45,638	303,604	204,831	229,012	415,229	715,166	(803,859)	1,727,569
ANNUAL SURPLUS	$ –	$ –	$ –	$ –	$ –	$ 4,920	$ 79,447	$ 46,068	$ (17,073)	$ 113,361

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	(34,924)	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	(891,360)	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	(65,231)	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	(891,416)	1,703,879
ANNUAL SURPLUS	$ –	$ –	$ –	$ –	$ –	$ 242,153	$ 56,385	$ 137,782	$ 56	$ 436,376

CONSOLIDATED FINANCIAL STATEMENTS FIVE-YEAR REVIEW

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)		**2020**	2019	2018	2017	2016
1. Population (as restated per Statistics Canada)		**766,894**	762,997	752,970	740,697	726,055
Unemployment rate (as restated per Statistics Canada)						
- Winnipeg		**8.8%**	5.3%	6.4%	5.8%	6.6%
- National average		**9.5%**	5.7%	5.9%	6.4%	7.1%
2. Average annual headcount		**10,388**	10,638	10,490	10,444	10,426
3. Number of taxable properties		**238,973**	236,380	234,098	231,360	228,941
Payments-in-lieu of taxes						
Number of properties		**1,521**	1,432	1,410	1,433	1,469
4. Assessment (see note)						
- Residential	$	**75,141,769**	70,993,769	69,872,623	67,339,104	66,197,564
- Commercial and industrial		**21,307,140**	19,385,942	19,288,744	17,649,138	17,637,524
- Farm and golf		**436,962**	427,772	436,161	356,731	369,954
	$	**96,885,871**	90,807,483	89,597,528	85,344,973	84,205,042
Assessment per capita (in dollars)	$	**126,335**	119,014	118,992	115,223	115,302
Commercial and industrial as a percentage of assessment		**21.99%**	21.35%	21.53%	20.68%	20.95%
5. Tax arrears	$	**65,109**	58,102	56,704	52,599	51,550
6. Tax arrears – per capita (in dollars)	$	**84.90**	76.15	75.31	71.01	71.00
7. Municipal mill rate		**12.861**	13.290	12.987	13.063	12.766
- Adjustment for tax increase		**2.3%**	2.3%	2.3%	2.3%	2.3%
- Adjustment for general assessment		**-5.4%**	0.0%	-2.8%	0.0%	-8.8%
8. Tax Levies						
- Municipal property taxes	$	**608,485**	588,365	568,274	539,043	516,034
- Payments-in-lieu of taxes		**21,310**	21,349	20,338	20,652	20,864
- Local improvement and frontage levies		**65,499**	64,256	65,006	63,120	63,129
- Business taxes and license-in-lieu of business taxes		**57,839**	55,442	57,634	55,844	57,254
- Electricity and other taxes		**26,861**	35,176	34,837	33,550	33,735
Total taxes levied for municipal purposes		**779,994**	764,588	746,089	712,209	691,016
Taxes levied on behalf of others						
Province and school divisions		**732,304**	713,974	699,765	667,369	645,823
Total taxes levied	$	**1,512,298**	1,478,562	1,445,854	1,379,578	1,336,839
9. Winnipeg consumer price index (per Statistics Canada – annual average)						
- 2002 base year 100		**137.2**	136.4	133.3	130.2	128.1
- Percentage increase		**0.6%**	2.3%	2.4%	1.6%	1.2%
10. Consolidated revenues						
- Taxation	$	**779,994**	764,588	746,089	712,209	691,016
- User charges		**556,624**	653,079	645,356	599,342	569,641
- Government transfers		**421,846**	574,630	374,845	351,258	333,793
- Interest and other revenue		**82,466**	147,958	148,010	171,388	140,396
	$	**1,840,930**	2,140,255	1,914,300	1,834,197	1,734,846
11. Consolidated expenses by function						
- Municipal operations	$	**1,201,392**	1,165,131	1,111,811	1,094,370	1,118,943
- Public utilities		**465,937**	456,805	433,215	417,361	383,922
- Civic corporations		**60,240**	81,943	74,004	71,604	69,847
	$	**1,727,569**	1,703,879	1,619,030	1,583,335	1,572,712

CONSOLIDATED FINANCIAL STATEMENTS FIVE-YEAR REVIEW Cont.

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)		**2020**	2019	2018	2017	2016
12. Growth in accumulated surplus	$	**113,361**	436,376	295,270	250,862	162,134
13. Consolidated expenses by object						
Salaries and benefits	$	**906,039**	898,682	860,556	845,087	836,857
Goods and services		**424,602**	463,660	420,798	404,044	414,575
Amortization		**279,943**	266,623	257,362	245,941	235,235
Interest		**65,142**	59,017	51,962	52,834	51,799
Other expenses		**51,843**	15,897	28,352	35,429	34,246
	$	**1,727,569**	1,703,879	1,619,030	1,583,335	1,572,712
14. Payments to school authorities	$	**732,305**	713,974	699,765	667,369	645,823
15. Debt						
Tax-supported	$	**815,507**	799,319	685,939	702,014	725,602
Transit		**292,880**	281,747	147,444	112,019	93,594
City-owned utilities		**352,402**	296,062	214,687	214,010	216,250
Other		**94,773**	94,294	87,706	82,126	78,144
Total gross debt		**1,555,562**	1,471,422	1,135,776	1,110,169	1,113,590
Less: Sinking Funds		**117,881**	98,849	82,065	67,468	65,677
Total net long-term debt	$	**1,437,681**	1,372,573	1,053,711	1,042,701	1,047,913
Percentage of total assessment		**1.48%**	1.51%	1.18%	1.22%	1.24%
Debt per capita	$	**1,875**	1,801	1,398	1,416	1,439
16. Additions of tangible capital assets	$	**409,444**	872,771	613,849	475,911	475,619
17. Net financial liabilities	$	**850,942**	841,786	678,915	630,786	660,468
18. Accumulated surplus						
Invested in tangible capital assets	$	**6,311,139**	6,235,368	5,836,664	5,638,975	5,396,951
Reserves						
Capital		**215,767**	245,746	168,606	143,413	145,970
Stabilization		**119,891**	107,766	110,961	79,764	67,410
Special Purpose		**77,338**	71,970	68,992	74,608	81,244
		412,996	425,482	348,559	297,785	294,624
Surpluses						
Manitoba Hydro long-term receivable		**220,238**	220,238	220,238	220,238	220,238
Other surpluses		**257,821**	188,124	220,806	169,443	153,880
Unfunded expenses		**(321,738)**	(302,117)	(295,548)	(290,992)	(281,106)
		156,321	106,245	145,496	98,689	93,012
	$	**6,880,456**	6,767,095	6,330,719	6,035,449	5,784,587
19. Government-specific indicators						
Assets-to-liabilities		**3.94**	4.05	4.58	4.46	4.34
Financial assets-to-liabilities		**0.64**	0.62	0.62	0.64	0.62
Public debt charges-to-revenues		**0.04**	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		**0.23**	0.27	0.20	0.19	0.19

Note: Current provincial legislation requires that a general assessment be performed every two years. A general assessment occurred in 2014, 2016, 2018 and 2020. In the year of a general assessment, the mill rate is adjusted to offset the effect of market value changes of the entire assessment base.



City Contact Information

Information on the City of Winnipeg is available at **winnipeg.ca**
Inquiries may also be directed to **311** | Outside of Winnipeg: **1-877-311-4974**

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