Audited Financial Statements
Year Ended December 31, 2022

# The City of Winnipeg – Consolidated Financial Statements

# INDEPENDENT AUDITOR'S REPORT

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

## *Opinion*

We have audited the consolidated financial statements of The City of Winnipeg (the "Entity"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial liabilities and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## *Basis for Opinion*

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

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

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

## *Other Information*

Management is responsible for the other information. Other information comprises the Annual Report 2022, which is expected to be made available to us after that date.

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, or otherwise appears to be materially misstated.

When we read the Annual Report 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

We also:

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

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

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

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

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Winnipeg, Canada

May 16, 2023

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# THE CITY OF WINNIPEG
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

Commitments and contingencies (Note 14)

*See accompanying notes and schedules to the consolidated financial statements*

Approved on behalf of the Audit Committee:

**MAYOR**

**CHAIRPERSON**
**STANDING POLICY COMMITTEE ON**
**FINANCE AND ECONOMIC DEVELOPMENT**

# THE CITY OF WINNIPEG
# CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

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

*See accompanying notes and schedules to the consolidated financial statements*

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

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

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

*See accompanying notes and schedules to the consolidated financial statements*

# THE CITY OF WINNIPEG
# CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

*See accompanying notes and schedules to the consolidated financial statements*

## *1. Status of The City of Winnipeg*

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

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

## *2. Significant Accounting Policies*

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

### a) Basis of consolidation

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

#### i) Consolidated entities

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

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

#### ii) Government businesses

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

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

### iii) Partnerships

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

### iv) Pension and group insurance funds

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

### b) Basis of accounting

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

### c) Cash equivalents

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

### d) Land held for resale

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

### e) Investments

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

### f) Unamortized premium on debt

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

### g) Solid waste landfills

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

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

### h) Contaminated sites

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

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

### i) Deferred revenue

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

### j) Employee benefits plans

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

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

### k) Non-financial assets

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

#### i) Tangible capital assets

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

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

### i) Tangible capital assets (continued)

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

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

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

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

#### a) Contributions of tangible capital assets

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

#### b) Leases

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

#### c) Service concession arrangements

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

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

### ii) Inventories

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

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

### l) Tax revenues

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

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

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

### m) Government transfers

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

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

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

### n) Loan guarantees

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

### o) Use of accounting estimates

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

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

### p) Budget

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

## 3. *Cash and Cash Equivalents*

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

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

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

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

## 4. *Accounts Receivable*

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

## 5. *Investments*

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

a) Marketable securities

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

b) Manitoba Hydro long-term receivable

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

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

## 6. *Investment in Government Businesses*

### a) North Portage Development Corporation

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

### b) Park City Commons

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

### c) River Park South Developments Inc.

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

## 6. *Investment in Government Businesses (continued)*

**Summary of investment in government businesses**

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

**Summary of results of operations**

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

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

## 7. *Accounts Payable and Accrued Liabilities*

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

## 8. *Deferred Revenue*

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

## *9. Debt*

**Sinking fund debentures outstanding**

| Term | Maturity Date | Rate of Interest | By-Law No. | | **2022** | | 2021 |
|---|---|---|---|---|---|---|---|
| 2006-2036 | July 17 | 5.200 | 183/04, 72/06 | **$** | **60,000** | $ | 60,000 |
| 2008-2036 | July 17 | 5.200 | 72/06B, 32/07 | | **100,000** | | 100,000 |
| 2010-2041 | June 3 | 5.150 | 183/08 | | **60,000** | | 60,000 |
| 2011-2051 | Nov. 15 | 4.300 | 72/06, 183/08, 150/09 | | **50,000** | | 50,000 |
| 2012-2051 | Nov. 15 | 3.853 | 93/11 | | **50,000** | | 50,000 |
| 2012-2051 | Nov. 15 | 3.759 | 120/09, 93/11, 138/11 | | **75,000** | | 75,000 |
| 2013-2051 | Nov. 15 | 4.391 | 93/11, 84/13 | | **60,000** | | 60,000 |
| 2014-2045 | June 1 | 4.100 | 144/11, 23/13, 149/13 | | **60,000** | | 60,000 |
| 2014-2045 | June 1 | 3.713 | 100/12, 23/13, 149/13 | | **60,000** | | 60,000 |
| 2014-2051 | Nov. 15 | 3.893 | 93/11, 145/13 | | **52,568** | | 52,568 |
| 2015-2045 | June 1 | 3.828 | 144/11, 100/12, 23/13, 149/13, 5/15, 61/15 | | **60,000** | | 60,000 |
| 2016-2045 | June 1 | 3.303 | 72/06, 23/13, 149/13, 5/15, 96/15, 40/16 | | **80,000** | | 80,000 |
| 2019-2051 | Nov. 15 | 3.499 | 6520/94, 6774/96, 6973/97, 6976/97, 7751/01, 72/06, 32/07, 219/07, 184/08, 136/16 | | **100,000** | | 100,000 |
| 2019-2051 | Nov. 15 | 2.667 | 6976/97, 7751/01, 219/07, 184/08, 150/09, 40/16, 133/17 | | **120,000** | | 120,000 |
| 2020-2051 | Nov. 15 | 2.663 | 183/04, 150/009, 149/13, 5/15, 40/16, 136/16, 133/17 | | **85,000** | | 85,000 |
| | | | | | **1,072,568** | | 1,072,568 |
| Equity in The Sinking Funds (Notes 9a and b) | | | | | **(152,454)** | | (132,049) |
| Net sinking fund debentures outstanding | | | | | **920,114** | | 940,519 |
| **Other debt outstanding** | | | | | | | |
| Service concession arrangement obligations (Notes 9c and 14d) | | | | | **269,399** | | 274,787 |
| Bank loans and other with varying maturities up to 2046 and a weighted average interest rate of 3.23% (2021 - 2.96%) | | | | | **151,803** | | 140,528 |
| Obligations for leased tangible capital assets (Note 9d) | | | | | **17,427** | | 19,045 |
| | | | | | **1,358,743** | | 1,374,879 |
| Unamortized premium on debt (Note 9e) | | | | | **104,391** | | 108,089 |
| | | | | **$** | **1,463,134** | $ | 1,482,968 |

## *9. Debt (continued)*

Debt segregated by fund/organization:

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

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

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

a) As at December 31, 2022, sinking fund assets have a market value of $128.3 million (2021 - $142.0 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $37.0 million (2021 - $17.6 million) and a market value of $32.6 million (2021 - $18.3 million).

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

c) Service concession arrangement obligations are as follows:

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

## 9. *Debt (continued)*

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

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

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

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

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

e) Included in the Consolidated Statement of Financial Position are investments and cash equivalents of $114.2 million (2021 - $116.8 million) that will be used for making semi-annual debt service payments on the sinking fund debentures issued with a premium.

f) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2022 is $64.2 million (2021 - $66.3 million) and cash paid for interest during the year is $64.2 million (2021 - $66.5 million).

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

## *10. Other Liabilities*

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

### Landfill

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

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

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

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

### Contaminated sites

As of December 31, 2022, the liability for contaminated sites includes sites associated with former City operations, sites acquired through tax forfeiture, and historical acquisition of properties. The nature of contamination includes chemicals, heavy metals, salt, and other organic and inorganic contaminants. The sources of contamination include underground fuel storage tanks, fuel handling, vehicle storage and maintenance, snow storage and soil lead concentration.

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

## *11. Employee Benefits Obligations*

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

## *11. Employee Benefits Obligations (continued)*

### a) Retirement allowance and compensated absences

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

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

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

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

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

| | **Retirement Allowance** | **Compensated Absences** | **Total 2022** | Total 2021 |
|---|---|---|---|---|
| **Obligation balance, beginning of year** | **$ 82,177** | **$ 60,004** | **$ 142,181** | $ 149,748 |
| Current service cost | **5,307** | **6,032** | **11,339** | 11,927 |
| Interest cost | **2,003** | **1,519** | **3,522** | 2,781 |
| Actuarial gain | **(13,927)** | **(9,188)** | **(23,115)** | (7,672) |
| Benefit payments | **(8,009)** | **(5,493)** | **(13,502)** | (14,603) |
| **Obligation balance, end of year** | **67,551** | **52,874** | **120,425** | $ 142,181 |
| Unamortized net actuarial gain (loss) | **18,450** | **(11,993)** | **6,457** | (19,237) |
| **Accrued benefit liability** | **$ 86,001** | **$ 40,881** | **$ 126,882** | 122,944 |

**Reconciliation of unamortized net actuarial gain (loss):**

| | | | | |
|---|---|---|---|---|
| Balance beginning of year | **$ 4,563** | **$ (23,800)** | **$ (19,237)** | $ (30,060) |
| Amortization for current year | **(40)** | **2,619** | **2,579** | 3,151 |
| Actuarial gain | **13,927** | **9,188** | **23,115** | 7,672 |
| Balance end of year | **$ 18,450** | **$ (11,993)** | **$ 6,457** | $ (19,237) |

**Expense consists of the following:**

| | | | | |
|---|---|---|---|---|
| Current service cost | **$ 5,307** | **$ 6,032** | **$ 11,339** | $ 11,927 |
| Interest cost | **2,003** | **1,519** | **3,522** | 2,781 |
| Amortization of net actuarial (gain) loss | **(40)** | **2,619** | **2,579** | 3,151 |
| | **$ 7,270** | **$ 10,170** | **$ 17,440** | $ 17,859 |

## *11. Employee Benefits Obligations (continued)*

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

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

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

**b) Vacation**

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

**c) Workers compensation**

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

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

**d) Defined benefit pension plans**

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

**i) Councillors' pension plans**

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

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

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

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

An actuarial valuation of the Program was prepared as at December 31, 2019 and extrapolated to December 31, 2022 by Mercer (Canada) Limited (the "actuary"). The actuarial present value of accrued pension benefits for the valuation was determined using the projected benefit method pro-rated on service and using assumptions approved by the Board with input from the actuary.

The significant long-term assumptions used in the valuation of accrued pension benefits provided for a discount rate on liabilities of 5.35% (2021 - 4.20%) per annum, a rate of return on assets of 5.35% (2021 - 4.20%) per annum, and a general rate of salary increase of 2.50% (2021 - 2.50%) per annum. The results of the valuation indicated an obligation at December 31, 2022 of $6.9 million (2021 - $8.1 million), which is offset by assets in the plan of $7.2 million (2021 - $8.2 million), resulting in net assets of $0.3 million (2021 - $0.1 million).

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

**ii) Supplementary Executive Pension Plan**

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

**iii) Winnipeg Police Pension Plan**

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

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

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

## *11. Employee Benefits Obligations (continued)*

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

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

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

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

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

Total contributions made by the City to the WPP Plan in 2022 were $38.4 million (2021 - $37.2 million). Total employee contributions to the WPP Plan in 2022 were $14.2 million (2021 - $13.8 million). Benefits paid from the WPP Plan in 2022 were $67.0 million (2021 - $64.8 million).

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

As the City's contributions to the WPP Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Consolidated Statement of Financial Position. As noted above, the WPP Plan provides that within certain prescribed constraints, in the event of a funding deficiency, a transfer from the contribution stabilization reserve and amendments to the rate of cost-of-living adjustments to pensions will be utilized to resolve the deficiency, and vice versa in the event of a surplus. The above extrapolation anticipates that the funding surplus at December 31, 2022 will be resolved through an allocation to both the city account and contribution stabilization reserve and an increase in the rate of cost-of-living adjustments.

**e) Other benefit plans**

**i) Winnipeg Civic Employees' Benefits Program**

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

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

An actuarial valuation of the Benefits Program was prepared as at December 31, 2021, which indicated an excess of actuarial value of program assets over actuarial liabilities of $223.5 million. The Pension Trust Agreement specifies how actuarial surpluses can be used but does not attribute actuarial surpluses to individual employers. However, a portion of the actuarial surpluses is allocated to a City Account that the City and other participating employers may use to finance reductions in their contributions. In the event of unfavourable financial experience, additional amounts may be transferred from the City Account to cover a funding deficiency.

The balance of the City Account at December 31, 2022 was nil (2021 - nil).

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

**ii) Group Life Insurance Plan**

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

## *11. Employee Benefits Obligations (continued)*

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

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

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

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

## *12. Tangible Capital Assets*

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

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

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

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

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

## *13. Accumulated Surplus*

Accumulated surplus consists of the following:

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

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

## *14. Commitments and Contingencies*

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

### a) Operating leases

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

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

### b) Legal obligations

As part of the normal course of operations, lawsuits are pending against the City. The final outcome with respect to actions that will arise from these lawsuits as at December 31, 2022 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements. Where the occurrence of future events is considered undeterminable, no amount has been accrued in the financial statements.

## *14. Commitments and Contingencies (continued)*

### c) Loan guarantees

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

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

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

### d) Service concession arrangements

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

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

### e) Veolia agreement

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

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

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

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

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

Compensation to Veolia under the Agreement includes the following components:

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

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

Amounts earned by Veolia over the term of the Agreement (Fee, Gainshare, KPI earnings and EARA interest adjustment) are credited to an Earning at Risk Account (EARA). In 2022, total EARA accrued is $7.1 million (2021 - $3.9 million). Painshare and KPI deductions reduce the EARA. All of these amounts remain at risk for the duration of the Agreement and are not guaranteed to be paid to Veolia, and by their nature, are dependent on the financial and overall results of the Program.

Veolia's withdrawals of amounts from the EARA are subject to certain limits and security posting requirements. In 2022, Veolia withdrew $nil (2021 - $nil) from EARA and replaced this at risk amount with a standby letter of credit. Total EARA secured by a standby letter of credit at December 31, 2022 is $13.1 million (2021 - $13.1 million).

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

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

**f) Forgivable loans**

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

## *15. Taxation*

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

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

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

## *16. Sales of Services and Regulatory Fees*

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

## *17. Government Transfers*

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

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

### 18. *Land Sales and Other Revenue*

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

### 19. *Expenses by Object*

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

### 20. *Budget*

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

### 21. *Changes in Non-Cash Working Capital Balances*

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

### 22. *Property and Liability Insurance*

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

## *23. Segmented Information*

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

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

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

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

**Protection**

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

**Community Services**

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

**Planning**

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

**Public Works and Garbage Collection**

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

**Finance and Administration**

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

## *23. Segmented Information (continued)*

### Transit System Fund

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

### Water and Waste Funds

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

### Other Funds and Corporations

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

## *24. Contractual Rights*

### Developer contributions

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

## *25. Funds Held in Trust*

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

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

## *26. Comparative Figures*

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

# THE CITY OF WINNIPEG
# CONSOLIDATED SCHEDULE OF GOVERNMENT BUSINESSES AND PARTNERSHIP

**Schedule 1**

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

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

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

# THE CITY OF WINNIPEG
# CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

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

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

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

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

# THE CITY OF WINNIPEG
# CONSOLIDATED SCHEDULE OF RESERVES

**Schedule 3**

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

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

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

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

# THE CITY OF WINNIPEG
# CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

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

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

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

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

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

**Schedule 4**

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

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