CIVIC PLAN FINANCIALS

DECEMBER 31, 2021

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 944-3601
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund)

Opinion
We have audited the accompanying financial statements of *The Winnipeg Civic Employees' Pension Plan* ("*the Plan*"), which comprise the statements of financial position as at December 31, 2021 and the statements of changes in net assets available for benefits, changes in pension obligations and changes in surplus for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements presents fairly, in all material respects, the statements of financial position as at December 31, 2021 and their statements of changes in net assets available for benefits, changes in pension obligations and changes in surplus for the year then ended in accordance with Canadian accounting standards for pension plans ("ASPP").

Basis of Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan 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 that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPP, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statement
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's reports 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

I. 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
II. 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 Plan's internal control.
III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
IV. 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 Plan'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 Plan to cease to continue as a going concern.
V. 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.

We 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.

Deloitte LLP

Chartered Professional Accountants

Winnipeg Manitoba
June 16, 2022

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

STATEMENT OF FINANCIAL POSITION

As at December 31
(in $ thousands)

	2021	2020
ASSETS		
Investments, at fair value		
Bonds, debentures and mortgages	**$ 1,262,186**	$ 982,062
Canadian equities	**1,246,804**	1,080,960
Foreign equities	**2,086,036**	2,006,633
Cash and short-term deposits	**147,548**	118,735
Private equities	**18,646**	24,022
Real estate	**687,401**	601,681
Infrastructure	**653,201**	616,668
Private debt	**821,936**	776,162
	6,923,758	6,206,923
Participants' contributions receivable	**7**	3
Employers' contributions receivable	**21**	22
Accounts receivable	**2,492**	1,321
Due from other plans	**126**	-
Total Assets	**6,926,404**	6,208,269
LIABILITIES		
Accounts payable	**15,246**	21,346
Due to other plans	**-**	355
Total Liabilities	**15,246**	21,701
NET ASSETS AVAILABLE FOR BENEFITS	**6,911,158**	6,186,568
PENSION OBLIGATIONS	**5,865,859**	5,558,121
SURPLUS	**$ 1,045,299**	$ 628,447
SURPLUS COMPRISED OF:		
Main Account	**$ 1,016,931**	$ 603,637
Plan Members' Account	**28,368**	24,810
	$ 1,045,299	$ 628,447

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31
(in $ thousands)

	2021	2020
INCREASE IN ASSETS		
Contributions		
Employees	**$ 59,657**	$ 59,205
City of Winnipeg and Participating Employers	**50,573**	49,376
Reciprocal transfers from other plans	**1,643**	3,441
	111,873	112,022
Investment income (Note 5)	**192,809**	168,912
Current period change in fair value of investments	**714,153**	378,426
Total increase in assets	**1,018,835**	659,360
DECREASE IN ASSETS		
Pension payments	**236,094**	231,267
Lump sum benefits (Note 7)	**22,783**	36,111
Administrative expenses (Note 8)	**4,814**	4,197
Investment management and custodial fees	**30,554**	27,622
Total decrease in assets	**294,245**	299,197
Increase in net assets	**724,590**	360,163
Net assets available for benefits at beginning of year	**6,186,568**	5,826,405
Net assets available for benefits at end of year	**$ 6,911,158**	$ 6,186,568

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

STATEMENT OF CHANGES IN PENSION OBLIGATIONS

For the year ended December 31
(in $ thousands)

	2021	2020
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	**$ 5,558,121**	$ 5,251,315
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued pension benefits	**258,959**	254,524
Benefits accrued	**176,152**	167,859
Changes in actuarial assumptions	**82,398**	166,074
Experience gains and losses and other factors	**63,082**	130
Total increase in accrued pension benefits	**580,591**	588,587
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	**266,361**	275,585
Administration expenses	**6,492**	6,196
Total decrease in accrued pension benefits	**272,853**	281,781
NET INCREASE IN ACCRUED PENSION BENEFITS FOR THE YEAR	**307,738**	306,806
ACCRUED PENSION BENEFITS, END OF YEAR	**$ 5,865,859**	$ 5,558,121

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN SURPLUS

For the year ended December 31
(in $ thousands)

	2021	2020
SURPLUS, BEGINNING OF YEAR	**$ 628,447**	$ 575,090
Increase in net assets available for benefits for the year	**724,590**	360,163
Net increase in accrued pension benefits for the year	**(307,738)**	(306,806)
SURPLUS, END OF YEAR	**$ 1,045,299**	$ 628,447

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
SCHEDULE 1

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

For the year ended December 31,
(in $ thousands)

	2021			
	Main Account	Plan Members' Account	City Account	**Total**
INCREASE IN ASSETS				
Contributions				
Employees	$ 59,657	$ -	$ -	**$ 59,657**
City of Winnipeg and Participating Employers	50,573	-	-	**50,573**
Reciprocal transfers from other plans	1,643	-	-	**1,643**
	111,873	-	-	**111,873**
Investment income (Note 5)	192,026	783	-	**192,809**
Current period change in fair value of investments	711,254	2,899	-	**714,153**
Total increase in assets	1,015,153	3,682	-	**1,018,835**
DECREASE IN ASSETS				
Pension payments	236,094	-	-	**236,094**
Lump sum benefits (Note 7)	22,783	-	-	**22,783**
Administrative expenses (Note 8)	4,814	-	-	**4,814**
Investment management and custodial fees	30,430	124	-	**30,554**
Total decrease in assets	294,121	124	-	**294,245**
Increase in net assets	721,032	3,558	-	**724,590**
Net assets available for benefits at beginning of year				
Main Account	6,161,758	-	-	**6,161,758**
Plan Members' Account	-	24,810	-	**24,810**
	6,161,758	24,810	-	**6,186,568**
Net assets available for benefits at end of year	$ 6,882,790	$ 28,368	$ -	**$ 6,911,158**

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
SCHEDULE 2

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

For the year ended December 31,
(in $ thousands)

	2020			
	Main Account	Plan Members' Account	City Account	Total
INCREASE IN ASSETS				
Contributions				
Employees	$ 59,205	$ -	$ -	$ 59,205
City of Winnipeg and Participating Employers	49,376	-	-	49,376
Reciprocal transfers from other plans	3,441	-	-	3,441
	112,022	-	-	112,022
Investment income (Note 5)	168,243	669	-	168,912
Current period change in fair value of investments	376,928	1,498	-	378,426
Total increase in assets	657,193	2,167	-	659,360
DECREASE IN ASSETS				
Pension payments	231,267	-	-	231,267
Lump sum benefits (Note 7)	36,111	-	-	36,111
Administrative expenses (Note 8)	4,197	-	-	4,197
Investment management and custodial fees	27,513	109	-	27,622
Total decrease in assets	299,088	109	-	299,197
Increase in net assets	358,105	2,058	-	360,163
Net assets available for benefits at beginning of year				
Main Account	5,803,653	-	-	5,803,653
Plan Members' Account	-	22,752	-	22,752
City Account	-	-	-	-
	5,803,653	22,752	-	5,826,405
Net assets available for benefits at end of year	$ 6,161,758	$ 24,810	$ -	$ 6,186,568

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
SCHEDULE 3

SCHEDULE OF CHANGES IN SURPLUS BY ACCOUNT

For the year ended December 31,
(in $ thousands)

	2021			
	Main Account	Plan Members' Account	City Account	**Total**
SURPLUS, BEGINNING OF YEAR	$ 603,637	$ 24,810	$ -	**$ 628,447**
Increase in net assets available for benefits for the year	721,032	3,558	-	**724,590**
Net increase in accrued pension benefits for the year	(307,738)	-	-	**(307,738)**
SURPLUS, END OF YEAR	$ 1,016,931	$ 28,368	$ -	**$ 1,045,299**

For the year ended December 31,
(in $ thousands)

	2020			
	Main Account	Plan Members' Account	City Account	Total
SURPLUS, BEGINNING OF YEAR	$ 552,338	$ 22,752	$ -	$ 575,090
Increase in net assets available for benefits for the year	358,105	2,058	-	360,163
Net increase in accrued pension benefits for the year	(306,806)	-	-	(306,806)
SURPLUS, END OF YEAR	$ 603,637	$ 24,810	$ -	$ 628,447

See accompanying notes to the financial statements

1. *Description of Plan*

a) General

The *Plan* is a defined benefit pension plan which provides pension benefits for all City of Winnipeg employees, with the exception of police officers, and employees of certain other employers which participate in the *Plan*. The *Plan* is part of *The Winnipeg Civic Employees' Benefits Program* which also includes *The Winnipeg Civic Employees' Long Term Disability Plan* and *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement.*

All employees of participating employers who work full time throughout the year are required to become members of the *Plan* at the commencement of their employment. Seasonal and part-time employees are required to become members when they have earned 25% of the maximum pensionable earnings under the Canada Pension Plan in each of two consecutive years.

b) Administration

The *Plan* is administered by *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund)*. The *Board of Trustees* is comprised of seven employer appointed Trustees and seven member appointed Trustees, of whom one member Trustee is a retired member.

The *Plan* is registered under *The Pension Benefits Act* of Manitoba. The *Plan* is a registered pension plan, under the *Income Tax Act*, and is not subject to income taxes.

c) Financial structure

The Winnipeg Civic Employees' Pension Plan is comprised of three accounts, namely the Main Account, the Plan Members' Account and the City Account. The account structure is in accordance with the requirements of a *Pension Trust Agreement* entered into by the City and ten Signatory Unions, as amended effective September 1, 2011.

i) Main Account

All benefits of the Pension *Plan* are paid from the Main Account.

Members contribute 9.5% of their Canada Pension Plan earnings plus 11.8% of any pensionable earnings in excess of Canada Pension Plan earnings to the *Program*. The average contribution rate is approximately 10% of pensionable earnings for both employees and participating employers.

All *Program* member contributions and employer contributions, other than those directed to *The Winnipeg Civic Employees' Long Term Disability Plan* or *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement*, are credited to the Main Account. The City and participating employers are required to match the members' contributions to the *Program*, but may contribute at less than matching levels for any year provided that an amount equal to the difference is transferred from the City Account to the Main Account.

The *Plan* has been designated as a "multi-unit pension plan" under *The Pension Benefits Act* of Manitoba. As a "multi-unit pension plan", the financial obligations of the participating employers are limited to those specified in the *Pension Trust Agreement*.

1. Description of Plan (continued)

c) Financial structure (continued)

i) Main Account (continued)

An actuarial valuation of the future benefit obligations of the Main Account is carried out each year. Actuarial surpluses and funding deficiencies are dealt with in accordance with the terms of the *Pension Trust Agreement*.

ii) Plan Members' Account

The Plan Members' Account is credited with the share of all actuarial surpluses that are allocated to the *Program* members. The *Pension Trust Agreement* provides that the Plan Members' Account may be used to fund improvements in benefits or to reduce member contributions.

iii) City Account

The City Account is credited with the share of all actuarial surpluses that are allocated to the participating employers. The City Account finances, through transfers to the Main Account, any reduction in the participating employers' contributions from the amounts needed to match the *Program* members' required contributions.

d) Retirement pensions

The *Plan* allows for retirement at or after age 55 or following completion of 30 years of service (if hired before September 1, 2011) or when the sum of a member's age plus service equals 80. If hired after September 1, 2011, the minimum retirement age is age 50. The pension formula prior to age 65 is equal to 2% of the best 5-year average earnings for each year of credited service. The pension formula after age 65 is equal to 1.5% of the 5-year average Canada Pension Plan earnings plus 2% of the best 5-year average non-Canada Pension Plan earnings for each year of credited service. Early retirement reductions apply to pensions derived from service on and after September 1, 2011 if certain service thresholds are not met. Reductions apply to members' pensions to provide for post-retirement survivor benefits, with higher reductions to members' pensions derived from service on and after September 1, 2011. Pensions are subject to the maximum benefit limits prescribed for registered pension plans under the *Income Tax Act*.

Retirement and survivor pensions, including deferred pensions, are increased annually to provide cost-of-living adjustments at the stated level in the *Program* text, which level is currently 80% of the percentage change in the Consumer Price Index for Canada.

e) Disability benefits

The *Plan* provides long term disability benefits for employees who were totally or partially disabled prior to December 31, 1991. All long term disability benefits for employees who became totally or partially disabled subsequent to December 31, 1991 are provided by *The Winnipeg Civic Employees' Long Term Disability Plan*. If an employee is totally disabled, the disability benefits payable from the *Plan*, together with the disability benefits from the Canada Pension Plan, will equal at least 66 ⅔% of the current earnings rate for the position occupied by the employee prior to becoming disabled.

1. Description of Plan (continued)

f) Survivor's benefits

The *Plan* provides survivor pensions or lump sum benefits on death prior to retirement. On death after retirement, eligible surviving spouses normally receive 66 ⅔% of the member's pension.

g) Termination benefits

Upon application and subject to vesting and locking-in provisions, deferred pensions or equivalent lump sum benefits are payable when a member terminates employment.

h) Funding deficiencies

Funding deficiencies are dealt with in accordance with the terms of the *Pension Trust Agreement*. Remedies available under the *Pension Trust Agreement* generally include revising the actuarial assumptions, reducing the anticipated level of future cost-of-living adjustments, increasing contributions (if agreed upon by the City and the Signatory Unions), drawing upon available reserves, and if necessary, reducing benefits.

2. Summary of Significant Accounting Policies

a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for pension plans on a going concern basis and present the aggregate financial position of the *Plan* as a separate financial reporting entity, independent of the participating employers and *Program* members. They are prepared to assist *Program* members and others in reviewing the activities of the *Plan* for the fiscal period.

These financial statements include the financial statements of the *Plan* and its wholly-owned subsidiary, 5332657 Manitoba Ltd., which was incorporated on July 14, 2006. The *Plan* accounts for its investment in its subsidiary on a non-consolidated basis and presents it at fair value. The purpose of the subsidiary corporation is to invest in and hold certain private equity investments on behalf of the *Plan*.

b) Investments and investment income

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions.

Publicly traded equity investments are valued using published market prices.

Bonds, debentures and mortgages are valued either using published market prices or by applying valuation techniques that utilize observable market inputs.

2. Summary of Significant Accounting Policies (continued)

b) Investments and investment income (continued)

For private equity, private debt and infrastructure investments, where quoted market prices are not available, various methods of valuation are used by the external managers to determine fair value including the use of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate. Real estate investments are valued based on the most recent valuations or appraisals of the underlying properties.

Cash and short-term investments are recorded at cost, which, together with accrued interest income, approximates fair value.

Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

The *Plan's* investment income, current period change in fair value of investments and investment management and custodial fees are allocated between the Accounts based on the average balance of each Account during the year.

c) Financial instruments other than investments

Financial instruments other than investments include accrued contributions receivable, accrued pension benefits payable and lump sum benefits payable. Financial assets other than investments and financial liabilities are recognized in the *Plan's* statement of financial position when the *Plan* becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at fair value.

The *Plan's* contributions receivable are measured at amortized cost, where the amortized cost equals the amount at which the receivable is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The settlement periods for the majority of items are normally in the seven to fourteen days range.

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

d) Foreign currency translation

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

e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets, obligations, and surplus during the year. Actual results could differ from those estimates. Items within the financial statements which require significant estimates and judgment include the pension obligations and the fair value of investments.

3. *Obligations for Pension Benefits*

An actuarial valuation of *The Winnipeg Civic Employees' Benefits Program* was performed as of December 31, 2021 by Eckler Ltd. This valuation was used to determine the actuarial present value of accrued benefits disclosed in the Statement of Financial Position as at December 31, 2021. For the comparative 2020 figures, the actuarial present value of accrued benefits at December 31, 2020 is based on the December 31, 2020 actuarial valuation performed by Eckler Ltd. The economic assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term economic and investment market conditions. Significant long term actuarial assumptions used in the valuation included a valuation interest rate of 4.70% (2020 – 4.70%) per year, inflation of 3.50% for the next two years and 2.0% thereafter (2020 – 2.00%) per year and general increases in pay of 3.25% (2020 – 3.25%) per year. The change in the inflation assumption from 2.0% per year to 3.50% for the next two years and 2.0% thereafter per year increased the obligations for pension benefits by $82,089. The change in *The Winnipeg Civic Employees' Long Term Disability Plan* administrative expense rate from 14.0% to 15.0% increased the obligation for pension benefits by $309.

The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The assumptions used were approved by the *Board of Trustees* for the purpose of preparing the financial statements. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The actuarial valuation as at December 31, 2021 disclosed an excess of smoothed value of *Program* assets over going concern obligations of $223,478, of which $195,110 remains accounted for within the Main Account. The actuarial valuation as at December 31, 2020 disclosed an excess of smoothed value of *Program* assets over going concern obligations of $152,305, of which $127,495 was accounted for within the Main Account.

The actuarial present value of accrued benefits disclosed in the Statement of Financial Position as at December 31, 2021 includes the obligations of *The Winnipeg Civic Employees' Long Term Disability Plan* and *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement* in the amounts of $35,576 (2020 – $37,726) and $5,830 (2020 – $5,828) respectively. These obligations are included because the *Pension Trust Agreement* requires that all *Program* obligations be taken into account in determining the periodic actuarial surplus or funding deficiency.

The assets available to finance the *Program's* accrued benefits are those allocated to the Main Account. In determining the surplus or deficiency for actuarial valuation purposes, and to be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets of the Main Account was determined from fair values. The actuarial value placed on the assets smoothes out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years.

(in $ thousands)

3. *Obligations for Pension Benefits (continued)*

The effect of using a smoothed value of assets for the Main Account in determining the actuarial surplus or deficiency is as follows:

	2021	2020
Surplus for financial statement reporting purposes – Main Account	**$ 1,016,931**	$ 603,637
Fair value changes not reflected in actuarial value of assets	**(821,821)**	(476,142)
Surplus for actuarial valuation purposes – Main Account	**195,110**	127,495
Add: special purpose accounts		
Plan Members' Account	**28,368**	24,810
Surplus for actuarial valuation purposes - including special purpose accounts	**$ 223,478**	$ 152,305

4. *Management of Financial Risk*

In the normal course of business, the *Plan's* investment activities expose it to a variety of financial risks. The *Plan* seeks to minimize potential adverse effects of these risks on the *Plan's* performance by hiring professional, experienced portfolio managers, by regular monitoring of the *Plan's* position and market events, by diversifying the investment portfolio within the constraints of the investment policy and objectives, and occasionally through the use of derivatives to hedge certain risk exposures. Significant risks that are relevant to the *Plan* are discussed below.

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

a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the *Plan*, and is concentrated in the *Plan's* investment in bonds, debentures, mortgages, private debt and short-term deposits. At December 31, 2021, the *Plan's* credit risk exposure related to bonds, debentures, mortgages, private debt and short-term deposits totaled $2,231,670 (2020 – $1,876,959).

(in $ thousands)

4. *Management of Financial Risk (continued)*

a) Credit risk (continued)

The *Plan's* concentration of credit risk as at December 31, 2021, related to bonds, debentures, and mortgages, as well as private debt is categorized amongst the following types of issuers:

Type of Issuer	2021 Fair Value	2020 Fair Value
Government of Canada and Government of Canada guaranteed	**$ 200,869**	$ 154,508
Provincial and Provincial guaranteed	**414,691**	236,527
Canadian cities and municipalities	**22,487**	11,761
Corporations and other institutions	**95,714**	218,651
Commercial mortgages	**528,425**	360,615
Bonds, debentures and mortgages	**1,262,186**	982,062
Private debt	**821,936**	776,162
	$ 2,084,122	$ 1,758,224

The *Plan's* investments include short-term deposits with the City of Winnipeg which have a fair value of $10,730 at December 31, 2021 (2020 – $45,596).

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

As at December 31, 2021 bonds and debentures analyzed by credit rating are as follows:

	2021		2020	
Credit Rating	Percent of Total Bonds	Percent of Net Assets	Percent of Total Bonds	Percent of Net Assets
AAA	**28.5**	**3.0**	30.9	3.1
AA	**53.6**	**5.7**	38.4	3.9
A	**12.2**	**1.3**	17.9	1.8
BBB	**5.7**	**0.6**	12.8	1.3
	100.0	**10.6**	100.0	10.1

At December 31, 2021, the interest rates of the loans within the mortgage portfolios range from 2.9% to 9.5%. The *Plan's* external managers for the mortgage and private debt portfolios limit credit risk through diversification, performing due diligence at the time of investing including internal credit analysis, and enforcing loan covenants while monitoring the loans until maturity.

The *Plan* participates in a securities lending program, managed by the *Plan's* custodian, wherein securities are loaned to counterparties in exchange for lending fees. In this regard, the *Plan's* exposure to credit risk relates to the potential for a counterparty to not return a security and the related collateral held is insufficient to replace the security in the open market.

(in $ thousands)

4. Management of Financial Risk (continued)

a) Credit risk

The Manager has a responsibility to monitor the credit worthiness of counterparties and to regularly monitor and maintain collateral greater than the value of the loans.

b) Liquidity risk

Liquidity risk is the risk that the *Plan* will encounter difficulty in meeting obligations associated with financial liabilities. The *Plan* ensures it retains sufficient cash and short-term investment positions to meet its cash flow commitments, including the ability to fund the pensioner payroll costs and to fund investment commitments. The *Plan* primarily invests in securities that are traded in active markets and can be readily disposed. The *Plan* may invest in private equity, which is not traded in an organized market and may be illiquid, but only up to a maximum of 2.5% of the *Plan's* assets, as stipulated in the *Plan's* Statement of Investment Policies and Procedures. The *Plan* may also invest in private debt, real estate and infrastructure, which are not traded in organized markets and may be illiquid, but only up to a maximum of 12.5% of the *Plan's* assets for each asset class, as stipulated in the *Plan's* Statement of Investment Policies and Procedures.

c) Interest rate risk

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

The *Plan's* actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of inflation and salary escalation. The *Plan's* primary exposure is to a decline in the long-term real rate of return which may result in higher contribution rates or lower benefit levels.

The *Plan* has approximately 20.4% (2020 – 17.7%) of its assets invested in bonds, debentures, mortgages and short-term investments as at December 31, 2021. The returns on bonds, debentures and mortgages are particularly sensitive to changes in nominal interest rates.

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

Term to Maturity	**2021 Fair Value**	2020 Fair Value
Less than one year	**$ 112,728**	$ 83,092
One to five years	**431,623**	382,309
Greater than five years	**717,835**	516,661
	$ 1,262,186	$ 982,062

As at December 31, 2021, had prevailing interest rates raised or lowered by 0.5% (2020 – 0.5%) assuming a parallel shift in the yield curve, with all other variables held constant, the fair value of investments in bonds, debentures and mortgages would have decreased or increased, respectively, by approximately $52,516 (2020 – $35,962), approximately 0.8% of total net assets (2020 – 0.6%). The *Plan's* sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be material

(in $ thousands)

4. Management of Financial Risk (continued)

c) Interest rate risk

The *Plan* also has exposure to interest rate risk from its private debt investments. The *Plan's* external investment managers mitigate interest rate risk by making loans that are primarily floating rate instruments.

d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency exposure arises from the *Plan's* holdings of foreign equity, private equity, private debt and infrastructure investments. The *Plan's* investment managers may, from time to time, hedge some of this exposure using forward contracts. The following table indicates the *Plan's* net foreign currency exposure after giving effect to the net related economic hedge as at December 31, 2021. The table also illustrates the potential impact to the *Plan's* net assets, all other variables held constant, as a result of a 10% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

	2021				2020	
	Gross Exposure	Net Foreign Currency Hedge	Net Exposure	Impact on Net Assets	Net Exposure	Impact on Net Assets
United States	**$ 2,635,004**	**$ 102,402**	**$ 2,532,602**	**$253,260**	$2,275,230	$227,523
Euro countries	**394,431**	**-**	**394,431**	**39,443**	397,464	39,747
United Kingdom	**191,288**	**17**	**191,271**	**19,127**	126,273	12,627
Japan	**93,641**	**299**	**93,342**	**9,334**	116,584	11,658
Hong Kong	**65,415**	**6**	**65,409**	**6,541**	96,838	9,684
Switzerland	**58,714**	**-**	**58,714**	**5,871**	48,168	4,817
Australia	**55,541**	**-**	**55,541**	**5,554**	40,670	4,067
Sweden	**30,413**	**88**	**30,325**	**3,033**	31,192	3,119
Other	**122,607**	**-**	**122,607**	**12,261**	87,380	8,738
	$ 3,647,054	**$102,812**	**$ 3,544,242**	**$354,424**	$3,219,799	$321,980

e) Other price risk

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

For this *Plan*, the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 15%, with all other variables held constant, net assets would have increased or decreased by approximately $499,926 (2020 – $463,139), approximately 7.2%

(in $ thousands)

4. Management of Financial Risk (continued)

e) Other price risk (continued)

of total net assets (2020 – 7.5%). In practice, the actual results may differ and the difference could be material.

The *Plan* also has exposure to valuation risk through its holdings of private equities, private debt, real estate, and infrastructure investments, for which quoted market prices are not available.

In 2013, the *Plan* became a client of OMERS Investment Management, and to date has made payments of $166,080 in a Contractual Return Arrangement. The Contractual Return Arrangement provides the *Plan* with the annual rate of return (which may be positive or negative) based on the total investment return reported in the OMERS Annual Report for the assets and related liabilities allocable to the OMERS Primary Pension Plan fund that are directly or indirectly owned by OMERS Administration Corporation ("OAC") and managed by Borealis Infrastructure (the "Borealis Assets"). Under this arrangement the *Plan* is the sole limited partner in an Ontario limited partnership (OIM B3 2013 L.P.), and it has entered into a derivative contract with that limited partnership, which provides the return described above each year on the outstanding value of the contract. The arrangement provides for annual cash distributions to the *Plan* to the extent that cash distributions are received by OAC in respect of the operations of any investment forming part of the Borealis Assets. In addition, further cash distributions may be made under the arrangement, to the extent that cash distributions are received by OAC and distributed to the partnership in respect of the full or partial disposition of any investment forming part of the Borealis Assets.

The table below itemizes the estimated fair value and related change in fair value of investments recognized for the year ended December 31, 2021 and December 31, 2020, for the following investment assets with exposure to valuation risk:

	2021			2020		
	Fair Value of Investments	Percent of Net Assets	Change in Fair Value of Investments	Fair Value of Investments	Percent of Net Assets	Change in Fair Value of Investments
Private equities	**$ 18,646**	**0.3**	**$ 7,625**	$ 24,022	0.4	($ 2,297)
Real estate	**687,401**	**9.9**	**113,441**	601,681	9.7	(7,637)
Infrastructure	**653,201**	**9.4**	**41,830**	616,668	10.0	12,557
Private debt	**821,936**	**11.9**	**8,792**	776,162	12.6	(19,149)

f) Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The

(in $ thousands)

4. Management of Financial Risk (continued)

f) Fair value hierarchy (continued)

fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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

	Level 1	Level 2	Level 3	2021 Total Investment Assets at Fair Value
Bonds, debentures and mortgages	**$ -**	**$ 1,262,186**	**$ -**	**$ 1,262,186**
Canadian equities	**1,246,804**	**-**	**-**	**1,246,804**
Foreign equities	**2,086,036**	**-**	**-**	**2,086,036**
Cash and short-term deposits	**147,548**	**-**	**-**	**147,548**
Private equities	**-**	**-**	**18,646**	**18,646**
Real estate	**-**	**-**	**687,401**	**687,401**
Infrastructure	**-**	**-**	**653,201**	**653,201**
Private debt	**-**	**-**	**821,936**	**821,936**
	$ 3,480,388	**$ 1,262,186**	**$2,181,184**	**$ 6,923,758**

	Level 1	Level 2	Level 3	2020 Total Investment Assets at Fair Value
Bonds,debentures and mortgages	$ -	$ 982,062	$ -	$ 982,062
Canadian equities	1,080,960	-	-	1,080,960
Foreign equities	2,006,633	-	-	2,006,633
Cash and short-term deposits	118,735	-	-	118,735
Private equities	-	-	24,022	24,022
Real estate	-	-	601,681	601,681
Infrastructure	-	-	616,668	616,668
Private debt	-	-	776,162	776,162
	$ 3,206,328	$ 982,062	$2,018,533	$ 6,206,923

During the year, there has been no significant transfer of amounts between Level 1 and Level 2.

The following tables reconcile the fair value of financial instruments classified in Level 3 from the beginning balance to the ending balance:

(in $ thousands)

4. Management of Financial Risk (continued)

f) Fair value hierarchy (continued)

Private Equities	2021	2020
Fair value, beginning of year	$ 24,022	$ 26,319
Gains (losses) recognized in increase in net assets	7,625	(2,297)
Purchases	1	122
Sales/distributions	(7,956)	(3,157)
Purchases of short-term investments within subsidiary	7,954	3,035
Return of Capital from subsidiary	(13,000)	-
	$ 18,646	$ 24,022

Real Estate	2021	2020
Fair value, beginning of year	$ 601,681	$ 683,546
Gains (losses) recognized in increase in net assets	113,441	(7,637)
Sales	(27,721)	(74,228)
	$ 687,401	$ 601,681

Infrastructure	2021	2020
Fair value, beginning of year	$ 616,668	$ 608,606
Gains recognized in increase in net assets	41,830	12,557
Purchases	949	978
Sales	(6,246)	(5,473)
	$ 653,201	$ 616,668

Private debt	2021	2020
Fair value, beginning of year	$ 776,162	$ 679,468
Gains (losses) recognized in increase in net assets	8,792	(19,149)
Purchases	148,576	166,163
Sales	(111,594)	(50,320)
	$ 821,936	$ 776,162

Section 3.29 of *The Pension Benefits Act Regulations* requires disclosure of each investment asset that has a fair value greater than two percent of the fair value of the investment assets of the Fund. As at December 31, 2021, the Fund held the following investments that met this classification:

Bonds, debentures and mortgages	2021
TD Emerald Long Government Bond Pooled Fund Trust	$ 377,039
TD Emerald Canadian Bond Pooled Fund Trust	356,722
ACM Commercial Mortgage Fund	265,087
TD Greystone Mortgage Fund	263,339

(in $ thousands)

4. Management of Financial Risk (continued)

f) Fair value hierarchy (continued)

	2021
Foreign equities	
State Street S&P 500 Index Common Trust Fund	518,805
Hillsdale Global Performance Equity Fund	185,768
Schiehallion Fund	151,928
Real estate	
Greystone Real Estate Fund Inc.	233,241
Carlyle Property Investors, L.P.	181,677
Bentall Kennedy Prime Canadian Property Fund Ltd.	162,315
Infrastructure	
OIM B3 2013 L.P.	250,498
IFM Global Infrastructure (Canada), L.P.	192,849

5. Investment Income

	2021	2020
Bonds, debentures and mortgages	**$ 37,488**	$ 25,251
Canadian equities	**31,236**	30,490
Foreign equities	**24,282**	19,563
Cash, short-term deposits and other	**261**	486
Private equities	**-**	82
Real estate	**13,584**	14,316
Infrastructure	**29,390**	31,798
Private debt	**56,568**	46,926
	$ 192,809	$ 168,912
Allocated to:		
Main Account	**$ 192,026**	$ 168,243
Plan Members' Account	**783**	669
City Account	**-**	-
	$ 192,809	$ 168,912

6. Investment Transaction Costs

During 2021 the *Plan* incurred investment transaction costs in the form of brokerage commissions, in the amount of $2,168 (2020 – $1,793). Investment transaction costs are included in the current period change in fair value of investments.

(in $ thousands)

7. *Lump Sum Benefits*

	2021	2020
Termination benefits	**$ 13,314**	$ 26,255
Death benefits	**5,503**	5,899
Payments on relationship breakdown	**3,798**	3,648
Other	**168**	309
	$ 22,783	$ 36,111

8. *Administrative Expenses*

	2021	2020
Salaries and benefits	**$ 3,391**	$ 2,812
Actuarial fees	**479**	468
Audit fees	**47**	47
Other professional services	**160**	155
Office and administration	**707**	673
Capital expenditures	**41**	53
Less: recoveries from other plans	**(11)**	(11)
	$ 4,814	$ 4,197

Certain of the above administrative expenses, including salaries and benefits, represent the reimbursement by the *Plan* to the City of Winnipeg for the cost of supplying such services.

9. *Commitments*

The *Plan's* wholly-owned subsidiary, 5332657 Manitoba Ltd., has entered into an investment management agreement wherein it has authorized an investment manager to make private equity investment commitments on its behalf, with aggregate commitments not to exceed $80,000. As at December 31, 2021, $78,587 had been funded, $53,000 (2020 – $40,000) capital had been returned back to the *Plan* and the remaining fair value of this investment is $18,646 (2020 – $24,022). No further private equity investments are expected to occur in 5332657 Manitoba Ltd.

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN FINANCIALS

DECEMBER 31, 2021

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 944-3601
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund)

Opinion

We have audited the statement of contributions and expenses of The Winnipeg Civic Employees' Long Term Disability Plan for the year ended December 31, 2021, and notes to the financial statement, including a summary of significant accounting policies (collectively referred to as the "financial statement").

In our opinion, the accompanying financial statement of the Plan as at December 31, 2021 is prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to the Board of Trustees of the Plan to assist in meeting the requirements of The Winnipeg Civic Employees' Benefits Program – Disability Plan Trust Agreement. As a result, the financial statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statement in accordance with the basis of accounting described in Note 2, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's reports 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 GAAS 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 this financial statement.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 from 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 Plan's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan'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 statement 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 Plan to cease to continue as a going concern.

We 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.

Deloitte LLP

Chartered Professional Accountants

Winnipeg Manitoba
June 16, 2022

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

STATEMENT OF CONTRIBUTIONS AND EXPENSES

For the year ended December 31
(in $ thousands)

	2021	2020
CONTRIBUTIONS		
City of Winnipeg and Participating Employers	**$ 8,637**	$ 9,338
Total Contributions	**8,637**	9,338
EXPENSES		
Administration	**1,335**	1,306
Disability payments	**7,302**	8,032
Total Expenses	**8,637**	9,338
	$ -	$ -

See accompanying notes to the financial statement

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN
Notes to the Financial Statement
For the year ended December 31, 2021
(in $ thousands)

1. Description of Plan

a) General

The Winnipeg Civic Employees' Long Term Disability Plan is part of *The Winnipeg Civic Employees' Benefits Program* and provides long term disability benefits for all City of Winnipeg employees and employees of certain other employers who are contributing members of *The Winnipeg Civic Employees' Pension Plan*.

b) Administration

The *Plan* is administered by *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund)* in accordance with the terms of *The Winnipeg Civic Employees' Benefits Program Disability Plan Trust Agreement*. The *Board of Trustees* is comprised of six employer appointed Trustees and six member appointed Trustees.

c) Contributions

The City of Winnipeg and participating employers contribute amounts equal to the benefits and expenses of the *Plan*. Employee contributions are not required or permitted. Accordingly, the *Plan* does not hold any net assets available for benefits.

d) Disability benefits

The *Plan* provides long term disability benefits, following a 26-week waiting period, for employees who become totally or partially disabled after December 31, 1991. If an employee is totally disabled, the disability benefits payable from the *Plan*, together with the disability benefits from the Canada Pension Plan, will equal at least 66 ⅔% of the employee's average bi-weekly earnings prior to disability. Disability benefits are increased annually, based on either the percentage increase in the pay rate for the position regularly occupied (for disabilities occurring before September 1, 2011) or the cost-of-living adjustment rate for *The Winnipeg Civic Employees' Pension Plan* (for disabilities occurring on or after September 1, 2011).

If a member has at least two years of credited service, disability benefits are payable as long as the member is totally or partially disabled and under the personal care of a medical doctor until the maximum duration of benefits ends, at which time the member is eligible to commence receiving a retirement pension under the *Pension Plan*. The maximum duration of benefits ends between age 60 and age 65, depending on the member's length of service and date of commencement of disability.

If a member has less than two years of credited service, then benefits are payable for a maximum of two years.

The *Program* provides that *Plan* benefits can be reduced if *Program* funding is insufficient.

2. Basis of Accounting

The *Plan's* financial statement is prepared in accordance with the requirements of *The Winnipeg Civic Employees' Benefits Program – Disability Plan Trust Agreement*.

3. Obligations for Long Term Disability Benefits

An actuarial valuation of *The Winnipeg Civic Employees' Benefits Program* was made as of December 31, 2021 by Eckler Ltd. The valuation disclosed obligations related to *The Winnipeg Civic Employees' Long Term Disability Plan* in the amount of $35,576 (2020 - $37,726). The assumptions used by the actuary were approved by the *Board of Trustees* for purposes of preparing the notes to the financial statement.

To determine the overall *Program* actuarial surplus or funding deficiency, the above obligations are included in the obligations disclosed by *The Winnipeg Civic Employees' Pension Plan*, as the pension plan holds all assets available for benefits under the *Program*.

In the event the *Program* is ever terminated, any shortfall of assets in the disability fund versus obligations for the *Long Term Disability Plan*, as measured by the *Program's* Actuary, must be transferred from *The Winnipeg Civic Employees' Pension Plan* to the City of Winnipeg, who thereupon is required to immediately contribute such amount to the *Plan*.