Golf Services - Special Operating Agency
Projected Statement of Financial Position
December 31

	2006 Actual (Audited)	2007 Forecast	2008 $	2009 $	2010 $	2011 $	2012 $
ASSETS (Note 7)							
Current							
Cash	-	-	-	-	-	-	-
Due from City of Winnipeg	-	-	-	-	-	-	-
Accounts Receivable	55,217	55,217	55,217	55,217	55,217	55,217	55,217
Inventory (Note 2)	51,095	51,095	51,095	51,095	51,095	51,095	51,095
Prepaid Expenses	4,583	4,583	4,583	4,583	4,583	4,583	4,583
	110,895	110,895	110,895	110,895	110,895	110,895	110,895
Land, buildings and equipment:							
Land (Note 2)	20,376,565	20,376,565	20,376,565	20,376,565	20,376,565	20,376,565	20,376,565
Buildings (Note 2)	2,539,823	2,539,823	2,539,823	2,559,823	2,559,823	2,759,823	2,959,823
Golf Course Improvements (Note 2)	513,320	602,484	807,484	1,067,484	1,332,484	1,477,484	1,517,484
Furniture and Other Equipment (Note 2)	1,380,000	1,383,129	1,553,129	1,623,129	1,693,129	1,763,129	1,983,129
	24,809,708	24,902,001	25,277,001	25,627,001	25,962,001	26,377,001	26,837,001
Less: accumulated depreciation	1,078,366	1,346,011	1,629,667	1,937,348	2,265,554	2,615,010	2,926,861
	23,731,342	23,555,990	23,647,334	23,689,653	23,696,447	23,761,991	23,910,140
	23,842,237	23,666,885	23,758,229	23,800,548	23,807,342	23,872,886	24,021,035
LIABILITIES (Note 7)							
Current							
Due to City of Winnipeg	1,436,391	1,938,077	2,105,828	2,245,593	2,401,015	2,588,489	2,834,071
Accounts payable and accrued liabilities	85,060	85,060	85,060	85,060	85,060	85,060	85,060
Vacation Liability	43,185	38,867	34,980	31,482	28,334	25,501	22,951
Current portion of long-term debt	61,248	88,063	100,348	134,821	169,464	205,048	248,838
	1,625,884	2,150,067	2,326,216	2,496,956	2,683,873	2,904,098	3,190,920
Long Term							
Retirement allowance	152,000	136,800	123,120	110,808	99,727	89,754	80,779
Long-term debt	3,847,882	3,852,112	4,126,764	4,341,943	4,507,480	4,725,503	4,936,664
	3,999,882	3,988,912	4,249,884	4,452,751	4,607,207	4,815,257	5,017,443
RETAINED EARNINGS							
Contributed Surplus	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658
Operating Surplus/(Deficit)	(2,358,187)	(3,046,752)	(3,392,529)	(3,723,817)	(4,058,396)	(4,421,127)	(4,761,986)
	18,216,471	17,527,906	17,182,129	16,850,841	16,516,262	16,153,531	15,812,672
	23,842,237	23,666,885	23,758,229	23,800,548	23,807,342	23,872,886	24,021,035

Golf Services - Special Operating Agency
Projected Statement of Operations & Deficit
For the Years Ended December 31

	2006 Actual	Council Adopted 2007	2007 Forecast	Variance	2008	2009	2010	2011	2012
Revenues: (Note 4)									
Green Fees	2,037,093	2,453,715	2,042,560	(411,155)	2,163,018	2,233,115	2,310,990	2,388,868	2,463,113
Equipment Rentals	230,527	267,893	246,729	(21,164)	276,430	313,224	313,224	313,224	323,176
Concessions	101,791	100,000	71,847	(28,153)	96,000	98,880	101,846	104,902	108,049
Merchandise Sales	93,636	110,000	107,472	(2,528)	110,000	123,000	125,000	132,000	132,000
Other	138,819	52,723	50,666	(2,057)	52,723	52,723	52,723	52,723	52,723
Miniature Golf	-	-	-	-	-	-	34,000	42,000	46,200
Net Revenue-Leasing Operations	116,985	120,368	120,368	-	120,030	134,601	134,364	134,121	133,870
Total Revenues	2,718,851	3,104,699	2,639,641	(465,058)	2,818,201	2,955,543	3,072,147	3,167,838	3,259,131
Expenses: (Note 5)									
Salaries & Employee Benefits	1,318,384	1,385,216	1,338,667	(46,550)	1,426,769	1,469,578	1,513,666	1,559,075	1,605,848
Services	490,807	462,041	436,635	(25,406)	488,740	503,406	518,512	534,068	550,087
Materials,Parts,Supplies	263,845	269,085	267,336	(1,749)	277,157	285,474	294,039	302,864	311,951
Interest on Short Term Debt	57,382	64,008	70,864	6,856	83,175	89,500	95,572	102,624	111,532
Interest on Long Term Debt - Capital Plan	38,706	54,135	49,356	(4,779)	60,915	78,669	94,561	110,418	126,508
Total Expenses	2,169,125	2,234,485	2,162,857	(71,628)	2,336,756	2,426,626	2,516,350	2,609,049	2,705,926
Net Revenue	549,727	870,214	476,784	(393,430)	481,445	528,917	555,797	558,789	553,204
Allocated to the City: (Note 6)									
Property Tax Equivalents	213,284	219,682	219,682	-	226,272	233,060	240,052	247,253	254,670
Departmental Support Costs	45,254	46,612	46,612	-	48,010	49,451	50,934	52,461	54,035
Office Accommodation Costs	17,358	17,300	17,533	233	17,330	17,389	17,911	18,448	19,001
Provision for Payroll Taxes	24,864	24,955	26,301	1,346	25,703	26,474	27,268	28,085	28,928
Provision for Business Taxes	26,628	27,426	27,426	-	28,249	29,097	29,970	30,869	31,795
Interest on Long Term Debt - Acquired Assets	187,961	187,961	187,961	-	186,747	185,459	184,095	182,648	181,115
City's Return on Investment	374,618	365,844	365,844	-	-	-	-	-	-
Total allocated to the City	889,967	889,780	891,360	1,580	532,311	540,930	550,230	559,764	569,544
Other:									
Depreciation, Fixed Assets	256,792	272,878	264,700	(8,178)	283,656	307,681	328,206	349,456	311,851
Annual Audit Fee	10,968	9,018	9,289	271	11,255	11,593	11,941	12,299	12,668
Total Other and Allocated to the City	1,157,727	1,171,676	1,165,349	(6,327)	827,222	860,204	890,377	921,519	894,063
Net Income/(Loss)	(608,000)	(301,462)	(688,565)	(387,102)	(345,777)	(331,288)	(334,579)	(362,731)	(340,859)

Golf Services - Special Operating Agency
Projected Statement of Cash Flow
For the Years Ended December 31

	2006 Actual (Audited)	2007 Forecast	2008	2009	2010	2011	2012
Net inflow (outflow) of cash related to the following activities:							
OPERATING							
Net earnings (loss) for the year	(295,558)	(383,527)	(345,777)	(331,288)	(334,579)	(362,731)	(340,859)
Non-cash items relating to operations:							
Amortization	256,792	264,700	283,656	307,681	328,206	349,456	311,851
Increase in Retirement Allowance	6,000	(15,200)	(13,680)	(12,312)	(11,081)	(9,973)	(8,975)
Working capital from operations	(32,766)	(134,027)	(75,801)	(35,919)	(17,454)	(23,247)	(37,984)
Changes in non-cash operating working capital items:							
Accounts receivable	29,971	(0)	-	-	-	-	-
Inventory	28,995	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Accounts payable and accrued liabilites	2,153	-	-	-	-	-	-
Vacation Liab	2,305	(4,318)	(3,887)	(3,498)	(3,148)	(2,833)	(2,550)
	30,658	(138,345)	(79,688)	(39,417)	(20,602)	(26,080)	(40,534)
FINANCING							
Increase/(decrease) in Due to City of Winnipeg - General Revenue Fund	272,172	504,631	167,751	139,765	155,423	187,473	245,582
Incr in Long-term debt - Required for Capital Plan	283,851	31,045	286,937	249,652	200,179	253,607	254,952
Transfer to City of Winnipeg - General Revenue Fund	(312,442)	(305,038)	-	-	-	-	-
	243,581	230,638	454,688	389,417	355,602	441,080	500,534
INVESTING							
Purchase of Land	-	-	-	-	-	-	-
Purchase of Buildings	-	-	-	(20,000)	-	(200,000)	(200,000)
Purchase of Golf Course Improvements	(236,246)	(89,164)	(205,000)	(260,000)	(265,000)	(145,000)	(40,000)
Purchase of Furniture and Other Equipment	(37,993)	(3,129)	(170,000)	(70,000)	(70,000)	(70,000)	(220,000)
Proceeds from disposal of equipment							
	(274,239)	(92,293)	(375,000)	(350,000)	(335,000)	(415,000)	(460,000)
NET CASH INFLOW (OUTFLOW)	(0)	-	0	0	1	(0)	(0)
CASH POSITION, BEGINNING OF YEAR	-	(0)	(0)	0	0	1	1
CASH POSITION, END OF YEAR	(0)	(0)	0	0	1	1	1

Golf Services - Special Operating Agency
Projected Statement of Equity
December 31

	2002 $	2003 $	2004 $	2005 $	2006 $	2007 $	2008 $	2009 $	2010 $	2011 $	2012 $
Contributed Surplus	20,090,388	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658	20,574,658
Net Income (Loss) for year (Cumulative)	(156,000)	(191,000)	(637,756)	(1,747,243)	(2,358,187)	(3,046,752)	(3,392,529)	(3,723,817)	(4,058,396)	(4,421,127)	(4,761,986)
	19,934,388	20,383,658	19,936,902	18,827,415	18,216,471	17,527,906	17,182,129	16,850,841	16,516,262	16,153,531	15,812,672

For 2002 Contributed Surplus made up of:	
Cash on Hand	2,700
Returnable Containers	50
Inventory	45,000
Land Value as of Jan 1/2002	20,376,565
	20,424,315
Less: Retirement Allowance & Vacation Liability	-333,927
	20,090,388

Golf Services - Special Operating Agency
Notes to the Financial Projection
For Five Years ending December 31, 2012

1 DESCRIPTION OF BUSINESS

The SOA manages the golf courses operated by the City and administers the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to the City on golf operations and ensure the long term sustainability of the City's golf course assets.

2 ACCOUNTING POLICIES

The projected financial statements are prepared on the basis of generally accepted accounting principles.

The projections include the following significant accounting policies:

Inventory

Merchandise inventory is stated at the lower of cost and net realizable value.

Land

Land is recorded at values as determined by the City of Winnipeg Property Assessment Department as of January 1, 2002.

Buildings

Buildings are recorded at January 1, 2002 assessed values and projected additions are valued at estimated construction or acquisition cost. Buildings are depreciated on a straight-line basis at 4% annually.

Golf Course Improvements

Improvements are recorded at estimated total cost of construction. Improvements are depreciated on a straight line basis at the rate of 5%.

Furniture and other Equipment

These assets are being depreciated on a straight line basis at the rate of 10%.

3 HYPOTHESES

The financial projections have been based on the following hypothesis:

Green Fees

Green fees represent approximately 80% of total revenues. Projections included assume that time available for play on all courses will remain constant in each of the five years. Weather variables, over which management has no control, represents the largest risk to attaining projected revenues.

4 ASSUMPTIONS - REVENUE

a) Green Fees

Green fee revenue is projected to increase by an average of 3% per year. The number of rounds is projected to remain constant over the term of the business plan.

b) Equipment Rentals

The auto cart fleet consists of 62 units (all owned). The number of auto carts will be increased to 72 in 2009. The fee per use will remain constant at $26.00. Other rental equipment includes individual clubs, club sets and pull carts. Rates are assessed annually and adjusted to be competitive within the local market.

c) Merchandise Gross Profits

Golf Services will be aggressive in merchandise sales. Pro shops at the 18 hole facilities have been expanded and clothing lines have been introduced. Gross sales are projected to increase by 20% over the term of the business plan and the average profit margin will remain constant at approximately 33%. WGS will continue to focus on the beginner and recreational golfer market with high-end sales being accommodated through selective purchasing and special orders. The effect of new major golf merchandise retailers in the Winnipeg market continue to challenge the SOA to achieve sales targets.

d) Concessions

Over the past four years the concession contractor has worked to restore quality and customer confidence in concession services. Lower than projected rounds over the term of the contract affected concession revenues. The concession operation will continue to be monitored.

e) Miniature Golf

A miniature golf course is tentatively planned to be developed at Crescent Drive Golf Course in 2010 This site offers the advantage of not requiring additional operating staffing as it will be located in close proximity to the existing clubhouse and starter building. The current staff compliment can service the mini golf. Revenues are being conservatively estimated with the number of rounds growing modestly over the term of the plan. The construction of the course will be dependant upon results of the Golf Strategic Review, availability of funding and its relative priority in comparison to other capital projects.

f) Other

Other revenues include the City's share of sport activity sales at Harbour View complex and miscellaneous income from promotions and special events. Revenues in this category are flat over the term of the plan.

g) Leasing Operations

Revenues from leased and privately contracted courses (net of property taxes and leasing support costs) is returned to the golf operation.

5 ASSUMPTIONS - EXPENSES

a) Salaries and employee benefits

The SOA operates with the following staff compliment over the 5 year period assuming that the mix of leased / contracted courses versus City operated courses does not change:

1 Chief Operating Officer (full time) WAPSO Exempt

1 Operations Assistant (full time) CUPE

1 Foreman II/III (full time) CUPE

51 seasonal CUPE Utility, Maintenance and Clerk positions (may vary due to operational requirements)

Salaries are based on existing grades with provision for increments. Projections include a 3% inflation factor. Employee benefits are estimated at 17%.

b) Professional & Consultative Services

The SOA is responsible for the Manager's retainer fee for Harbour View Golf Course and Recreation Complex.

c) Special Services - Non-Professional

Provision for cash pick up and security services as well as miscellaneous service requirements.

d) Allocated Departmental Costs

The SOA receives building maintenance services from the Public Works Department. Funds are budgeted for routine and preventative maintenance, equipment repairs and replacements and special projects that are required to maintain current code, health and occupancy regulations and standards. The Agency will continually assess the cost of Public Works providing building maintenance service against that of alternative methods of service delivery and will make adjustments based on cost effectiveness and service quality over the term of the business plan.

e) Auto Allowance

Auto allowance is paid as per provisions in the collective agreement.

f) Utilities

Heat, power and water charges are paid by Golf Services for all clubhouse and maintenance buildings.

g) Telephone

Telephone, cellular phone and alarm system charges are expected to remain constant. An inflationary increase has been projected.

h) Advertising

Advertising costs will vary over the term of the business plan. Special events, launches and promotions will dictate advertising costs.

l) Rentals

Rental of auto carts, mobile concession carts, portable toilets and various maintenance equipment is required in situations where it is not practical or cost effective to purchase the equipment.

j) Training

Employees are trained in pesticide application, turf maintenance, customer service, supervisory skills and other programs that contribute to a more effective operation.

k) Other Parts and Accessories

Parts for aging equipment and irrigation systems.

6) ASSUMPTIONS - AMOUNTS ALLOCATED TO CITY

a) Property tax Equivalents and Departmental Support Costs

Property tax equivalents have been estimated based on existing assessments and mill rates that would apply to Golf Course operations. Support Costs from the Planning, Property and Development Department consist of estimated variable costs of providing Financial, Human Resources/Payroll and Information Technology Services.

b) Office Accommodation Costs

The costs are as allocated by the Civic Accommodations Utility and apply to the office space allocated to G at 65 Garry Street.

c) Provisions for Payroll and Business Taxes

These imputed costs have been estimated based on the prevailing rates of taxation.

d) City's Return on Investment

The Return on Investment is in accordance with Council's transfer policy for SOAs.

7) ASSUMPTIONS - ASSETS AND LIABILITIES

a) Accounts Receivable

Since the Agency's year end normally occurs 1.5 to two months after the completion of the golf season, there are no trade receivables outstanding as at December 31.

b) Accounts payable and accrued liabilities

Normal trade accounts payable and accruals are projected to be nil based on the year end timing referred to in a) above.

c) Due To/Due From the City of Winnipeg

The City extends an operating line of credit through the General Revenue Due To/Due From account at prevailing rates of interest, and pays interest to the Agency at prevailing rates at such times in which the City owes money on current account to the Agency. The limit of this line of credit will be $3M

d) Retirement allowance and vacation liability

The initial liability of $155,661 is based on the estimated monetary value of unused sick time and accrued vacation time at December 31, 2001. It is assumed that further vacation time will be taken as earned. An expense estimate of sick time payouts has been projected for that portion of possible payouts that have not been accrued as at December 31, 2001.

e) Long Term Debt

The City provides funds for golf course capital improvements using the Golf Course Reserve as the source of funds. Interest is scheduled at the rate of 6% and principle repayment is scheduled over ten years commencing in two years after borrowing. A long-term loan has been provided by the City to finance the depreciable assets listed in Schedule 1. This loan, in the amount of $3,975,690 will generate interest at the rate of 6%, and will be repayable commencing in 2007.

8) FINANCIAL PROJECTIONS

These projections have been prepared using assumptions that reflect Golf Service's planned courses of action for the period covered given management's judgment as to the most probable set of economic conditions, together with one or more hypotheses that are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgment.

The reader should be cautioned that the actual results achieved for the period covered will vary from the information presented and that the variations may be material.