THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	Actual 2014	Budget 2015	Forecast 2015	Variance 2015	**2016**	2017	2018
FINANCIAL ASSETS							
Accounts receivable	$ 309	$ 195	$ 195	$ -	**$ 199**	$ 203	$ 207
LIABILITIES							
Due to The City of Winnipeg - General Revenue Fund (Note 3)	7,656	6,745	6,938	(193)	**6,331**	5,755	5,122
Accounts payable and accrued liabilities	81	56	83	(27)	**84**	86	88
Deferred revenue	66	55	67	(12)	**69**	70	71
Debt (Note 4)	2,963	2,783	2,900	(117)	**2,866**	2,830	2,791
Accrued employee benefits (Note 5a)	152	123	155	(32)	**158**	161	165
	10,918	9,762	10,143	(381)	**9,508**	8,902	8,237
NET FINANCIAL LIABILITIES	(10,609)	(9,567)	(9,948)	381	**(9,309)**	(8,699)	(8,030)
NON-FINANCIAL ASSETS							
Tangible capital assets (Note 6)	22,683	22,678	22,821	(143)	**22,894**	22,879	22,878
Inventories	40	23	41	(18)	**42**	42	43
	22,723	22,701	22,862	(161)	**22,936**	22,921	22,921
ACCUMULATED SURPLUS (Note 7)	$ 12,114	$ 13,134	$ 12,914	$ 220	**$ 13,626**	$ 14,222	$ 14,892

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Actual 2014	Budget 2015	Forecast 2015	Variance 2015	**2016**	2017	2018
REVENUES							
Green fees	$ 1,448	$ 1,901	$ 1,643	$ 258	**$ 1,737**	$ 1,829	$ 1,928
Transfer from The City of Winnipeg - General Revenue Fund	150	750	750	-	**750**	750	750
Equipment rentals	305	368	291	77	**317**	326	336
Transfer from The City of Winnipeg - Golf Course Reserve Fund	95	206	332	(126)	**270**	190	213
Net revenue from leasing operations	268	264	299	(35)	**247**	142	142
Concessions	43	51	52	(1)	**52**	53	53
Merchandise sales	43	42	44	(2)	**45**	46	47
Other	35	37	35	2	**44**	45	46
Debt forgiven (Note 4)	844	-	-	-	**-**	-	-
Transfer from The City of Winnipeg - Contributions in Lieu of Land Dedication Reserve Fund	25	-	-	-	**-**	-	-
Gain on sale of tangible capital assets	24	-	-	-	**-**	-	-
Total Revenues	3,280	3,619	3,446	173	**3,462**	3,381	3,515
EXPENSES							
Salaries and employee benefits (Note 5)	1,241	1,441	1,441	-	**1,506**	1,533	1,572
Services (Note 8)	577	619	576	43	**605**	601	610
Amortization	209	194	194	-	**197**	205	214
Supplies	171	225	179	46	**182**	185	189
Interest (Note 3)	80	67	73	(6)	**73**	70	66
Other	40	29	39	(10)	**39**	39	39
Total Expenses	2,318	2,575	2,502	73	**2,602**	2,633	2,690
Annual Surplus Before Other	962	1,044	944	100	**860**	748	825
OTHER							
Transfer to The City of Winnipeg - Golf Course Reserve Fund	132	177	144	33	**148**	152	155
Annual Surplus	830	867	800	67	**712**	596	670
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,284	12,267	12,114	(1,133)	**12,914**	13,626	14,222
ACCUMULATED SURPLUS, END OF YEAR	$ 12,114	$ 13,134	$ 12,914	$ (1,066)	**$ 13,626**	$ 14,222	$ 14,892

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF CASH FLOWS

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

	Actual 2014	Budget 2015	Forecast 2015	Variance 2015	**2016**	2017	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:							
OPERATING							
Annual Surplus	$ 830	$ 867	$ 800	$ 67	**$ 712**	$ 596	$ 670
Non-cash charges to operations							
Gain on forgiveness of debt	(844)	-	-	-	**-**	-	-
Amortization	209	194	194	-	**197**	205	214
Gain on disposal of tangible capital assets	(24)	-	-	-	**-**	-	-
Retirement allowance and compensated absences	8	(10)	3	(13)	**3**	3	3
	179	1,051	997	54	**912**	804	887
Net change in non-cash working capital balances related to operations	(41)	(3)	116	(119)	**(1)**	(2)	(2)
Cash provided by operating activities	138	1,048	1,113	(65)	**911**	802	885
CAPITAL							
Acquisition of tangible capital assets	(233)	(206)	(332)	126	**(270)**	(190)	(213)
Proceeds on disposal of tangible capital assets	24	-	-	-	**-**	-	-
Cash used in capital activities	(209)	(206)	(332)	126	**(270)**	(190)	(213)
FINANCING							
Change in due to The City of Winnipeg - General Revenue Fund	71	(752)	(718)	(34)	**(607)**	(576)	(633)
Repayment of debt - The City of Winnipeg	-	(90)	(63)	(27)	**(34)**	(36)	(39)
Cash provided by financing activities	71	(842)	(781)	(61)	**(641)**	(612)	(672)
CASH, BEGINNING OF YEAR	-	-	-	-	**-**	-	-
CASH, END OF YEAR	$ -	$ -	$ -	$ -	**$ -**	$ -	$ -

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

	Actual 2014	Budget 2015	Forecast 2015	Variance 2015	**2016**	2017	2018
ANNNUAL SURPLUS	$ 830	$ 867	$ 800	$ 67	**$ 712**	$ 596	$ 670
Amortization of tangible capital assets	209	194	194	-	**197**	205	214
Proceeds on disposal of tangible capital assets	24	-	-	-	**-**	-	-
Gain on disposal of tangible capital assets	(24)	-	-	-	**-**	-	-
Change in inventories	(40)	-	(1)	1	**-**	(2)	(1)
Acquisition of tangible capital assets	(233)	(206)	(332)	126	**(270)**	(190)	(214)
DECREASE (INCREASE) IN NET FINANCIAL LIABILITIES	766	855	661	194	**639**	609	669
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(11,375)	(10,422)	(10,609)	187	**(9,948)**	(9,309)	(8,699)
NET FINANCIAL LIABILITIES, END OF YEAR	$ (10,609)	$ (9,567)	$ (9,948)	$ 381	**$ (9,309)**	$ (8,699)	$ (8,030)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

For the three years ending December 31, 2018
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. Status of Golf Services - Special Operating Agency

On February 23, 2000, City Council directed that a Business Plan and Operating Charter for Golf Services - Special Operating Agency (the "Agency") be prepared and further that the municipal golf course operations be realigned under the purview of the Planning, Property and Development Department.

The Agency manages the golf courses operated by The City of Winnipeg 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 of Winnipeg on golf operations and ensure the long-term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

2. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Basis of accounting

The 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 recorded as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

b) Deferred revenue

Sales of prepaid passes that have not been redeemed are deferred and recognized as revenue in the year in which the rounds are played.

c) Employee benefit plan

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 retirement benefits have been accounted for based on actuarially determined amounts using the projected benefits 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. The liabilities are discounted using current interest rates on long-term bonds.

d) 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 deficiency of revenues over expenses, provides the change in financial liabilities for the year.

2. Significant Accounting Policies (continued)

i) Tangible capital assets

Land and buildings are stated at assessed values as of January 1, 2002, which were determined by The City of Winnipeg Assessment and Taxation Department. All golf course improvements incurred up to January 1, 2002 are assumed to be fully amortized. Equipment on hand as at January 1, 2002 is recorded at its estimated net realizable value on that date. Subsequent acquisitions are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Building	25 years
Equipment	10 years
Golf course improvements	20 years

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

e) Revenue recognition

Green fees and equipment rentals income are recognized when the services are provided. Sale of goods are recorded when the customer receives the product. Income from prepaid passes is recognized in the year in which the rounds are played.

f) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as employee benefits, and the useful life of tangible capital assets. These estimates and assumptions are based on the Agency's best information and judgment and may differ significantly from actual results.

3. Due to The City of Winnipeg - General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank. Interest is credited or charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate.

4. Debt

	2016	2017	2018
The City of Winnipeg - General Revenue Fund			
Start-up loan, non-interest bearing (2013 - 6%)	**$ 2,866**	$ 2,830	$ 2,791

On December 11, 2013, Council adopted the recommendation that, effective January 1, 2014, the golf course improvement loans totaling $844 thousand be forgiven and the start-up loan owed to the City of Winnipeg - General Revenue Fund be changed from interest at 6% to a non-interest bearing loan.

5. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

	2016	2017	2018
Retirement allowance and compensated absences	**$ 135**	$ 138	$ 142
Vacation	**23**	23	23
	$ 158	$ 161	$ 165

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 15.3 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

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

b) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2013 and it has an actuarial surplus.

6. Tangible Capital Assets

	Net Book Value		
	2016	2017	2018
Land	**$ 20,377**	$ 20,377	$ 20,377
Building	**1,005**	1,046	1,131
Golf course improvements	**1,145**	1,115	1,057
Equipment	**367**	341	313
	$ 22,894	$ 22,879	$ 22,878

7. Accumulated Surplus

	2016	2017	2018
Contributed surplus	**$ 20,574**	$ 20,574	$ 20,574
Deficit	**(6,948)**	(6,352)	(5,682)
	$ 13,626	$ 14,222	$ 14,892

8. Related Party Transactions

The Agency is wholly-owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to those disclosed elsewhere in the financial statements, the transactions that occurred are as follows:

	2016	2017	2018
Planning, Property and Development Department, Municipal Accommodations Fund for miscellaneous services	**$ 106**	$ 108	$ 110
Winnipeg Fleet Management Agency for fleet leasing services	**94**	95	95
Water and Waste Department for land tipping fees	**4**	4	5
	$ 204	$ 207	$ 210

9. Commitments

The Agency has entered into a lease agreement with a third party for the lease of a building facility for a 25 year term until 2040. Future minimum annual lease payments are as follows:

	Operating Leases
2015	$ 41
2016	41
2017	41
2018 and thereafter	908
	$ 1,031