THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	Actual 2015	Budget 2016	Forecast 2016	Variance 2016	**2017**	2018	2019
FINANCIAL ASSETS							
Accounts receivable (Note 3)	$ 278	$ 199	$ 284	$ (85)	**$ 289**	$ 295	$ 301
LIABILITIES							
Due to The City of Winnipeg - General Revenue Fund (Note 4)	7,055	6,331	6,485	(154)	**5,838**	5,183	4,451
Accounts payable and accrued liabilities	57	84	58	26	**59**	60	62
Deferred revenue	92	69	94	(25)	**96**	98	100
Debt (Note 5)	2,900	2,866	2,866	-	**2,830**	2,791	2,750
Accrued employee benefits (Note 6a)	166	158	169	(11)	**173**	176	180
	10,270	9,508	9,672	(164)	**8,996**	8,309	7,542
NET FINANCIAL LIABILITIES	(9,992)	(9,309)	(9,389)	80	**(8,706)**	(8,014)	(7,241)
NON-FINANCIAL ASSETS							
Tangible capital assets (Note 7)	22,787	22,894	22,789	105	**22,737**	22,633	22,529
Inventories	43	42	44	(2)	**45**	46	47
	22,830	22,936	22,833	103	**22,782**	22,679	22,575
ACCUMULATED SURPLUS (Note 8)	$ 12,838	$ 13,627	$ 13,445	$ 182	**$ 14,076**	$ 14,665	$ 15,334

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 2015	Budget 2016	Forecast 2016	Variance 2016	**2017**	2018	2019
REVENUES							
Green fees	$ 1,585	$ 1,737	$ 1,798	$ (61)	**$ 1,915**	$ 2,016	$ 2,121
Transfer from The City of Winnipeg - General Revenue Fund	970	750	750	0	**462**	750	1,750
Transfer from The City of Winnipeg - Golf Course Reserve Fund	168	270	153	117	**451**	-	-
Equipment rentals	355	317	362	(45)	**369**	377	384
Net revenue from leasing operations	307	247	309	(62)	**209**	219	231
Merchandise sales	58	45	59	(14)	**60**	62	63
Transfer from The City of Winnipeg - Contributions in Lieu of Land Dedication Reserve Fund	30	-	13	(13)	**50**	-	-
Other	86	44	47	(3)	**48**	49	50
Concessions	36	52	39	13	**39**	40	41
Total Revenues	3,595	3,462	3,530	(68)	**3,604**	3,512	4,640
EXPENSES							
Salaries and employee benefits (Note 6)	1,353	1,506	1,355	151	**1,557**	1,599	1,635
Services (Note 9)	704	605	738	(133)	**725**	738	752
Amortization	217	197	223	(26)	**232**	234	230
Supplies	208	182	216	(34)	**220**	224	229
Other	188	39	199	(160)	**203**	96	98
Interest (Note 4)	51	73	41	33	**36**	32	27
Total Expenses	2,721	2,602	2,772	(170)	**2,973**	2,923	2,971
Annual Surplus Before Other	874	860	758	102	**631**	590	1,669
OTHER							
Transfer to The City of Winnipeg - General Capital Fund	-	-	-	-	-	-	1,000
Transfer to The City of Winnipeg - Golf Course Reserve Fund	150	148	152	(4)	-	-	-
Total Other	150	148	152	(4)	-	-	1,000
Annual Surplus	724	712	607	105	**631**	590	669
ACCUMULATED SURPLUS, BEGINNING OF YEAR	12,114	12,914	12,838	76	**13,445**	14,076	14,665
ACCUMULATED SURPLUS, END OF YEAR	$ 12,838	$ 13,626	$ 13,445	$ 181	**$ 14,076**	$ 14,665	$ 15,334

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 2015	Budget 2016	Forecast 2016	Variance 2016	**2017**	2018	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:							
OPERATING							
Annual Surplus	$ 724	$ 712	$ 607	$ 105	**$ 631**	$ 590	$ 669
Non-cash charges to operations							
Amortization	217	197	223	(26)	**232**	234	230
Retirement allowance and compensated absences	12	3	3	-	**3**	3	4
	953	912	833	79	**866**	827	902
Net change in non-cash working capital balances related to operations	32	(1)	(3)	2	**(4)**	(4)	(4)
Cash provided by operating activities	985	911	830	81	**863**	823	899
CAPITAL							
Acquisition of tangible capital assets	(321)	(270)	(226)	(45)	**(180)**	(130)	(125)
Cash used in capital activities	(321)	(270)	(226)	(45)	**(180)**	(130)	(125)
FINANCING							
Change in due to The City of Winnipeg - General Revenue Fund	(601)	(607)	(570)	(37)	**(647)**	(654)	(733)
Repayment of debt - The City of Winnipeg	(63)	(34)	(34)	-	**(36)**	(39)	(41)
Cash used in financing activities	(664)	(641)	(604)	(37)	**(683)**	(693)	(774)
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 2015	Budget 2016	Forecast 2016	Variance 2016	**2017**	2018	2019
ANNUAL SURPLUS	$ 774	$ 712	$ 607	$ 105	**$ 631**	$ 590	$ 669
Amortization of tangible capital assets	217	197	223	(26)	**232**	234	230
Change in inventories	(3)	-	(1)	1	**(1)**	(1)	(1)
Acquisition of tangible capital assets	(321)	(270)	(226)	(45)	**(180)**	(130)	(125)
DECREASE IN NET FINANCIAL LIABILITIES	617	639	603	36	**682**	693	773
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(10,609)	(9,948)	(9,992)	44	**(9,389)**	(8,706)	(8,014)
NET FINANCIAL LIABILITIES, END OF YEAR	$ (9,992)	$ (9,309)	$ (9,389)	$ 80	**$ (8,706)**	$ (8,014)	$ (7,241)

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, 2019
(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	5 to 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. *Accounts Receivable*

	2017	2018	2019
Trade accounts receivable	**$ 592**	$ 643	$ 695
Allowance for doubtful accounts	**(303)**	(348)	(394)
	$ 289	$ 295	$ 301

4. *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.

5. *Debt*

	2017	2018	2019
The City of Winnipeg - General Revenue Fund			
Start-up loan, non-interest bearing	**$ 2,830**	$ 2,791	$ 2,750

6. *Accrued Employee Benefits*

a) Retirement allowance, vacation and compensated absences

	2017	2018	2019
Retirement allowance, vacation and compensated absences	**$ 173**	$ 176	$ 180

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.

7. *Tangible Capital Assets*

	Net Book Value		
	2017	2018	2019
Land	**$ 20,377**	$ 20,377	$ 20,377
Building, equipment, and golf course improvements	**2,360**	2,256	2,152
	$ 22,737	$ 22,633	$ 22,529

8. *Accumulated Surplus*

	2017	2018	2019
Invested in tangible capital assets	**$ 2,663**	$ 2,793	$ 2,788
Allocated equity	**587**	687	770
Contributed surplus	**20,574**	20,574	20,574
Operating	**(9,748)**	(9,389)	(8,798)
	$ 14,076	$ 14,665	$ 15,334

9. *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:

	2017	2018	2019
Planning, Property and Development Department, Municipal Accommodations Fund for miscellaneous services	**$ 174**	$ 177	$ 181
Winnipeg Fleet Management Agency for fleet leasing services	**137**	138	140
Water and Waste Department for landfill tipping fees	**6**	7	7
	$ 317	$ 322	$ 327

10. *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
2017	$ 41
2018	41
2019	41
2020 and thereafter	826
	$ 949