THE CITY OF WINNIPEG
GOLF SERVICES - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	Actual 2017	Budget 2018	Forecast 2018	Variance 2018	**2019**	2020	2021
FINANCIAL ASSETS							
Accounts receivable (Note 3)	$ 134	$ 167	$ 137	$ 30	**$ 139**	$ 142	$ 145
LIABILITIES							
Due to The City of Winnipeg - General Revenue Fund (Note 4)	6,495	6,020	6,487	(467)	**6,199**	5,924	5,673
Accounts payable and accrued liabilities	109	103	111	(8)	**113**	116	118
Deferred revenue	112	99	114	(15)	**117**	119	121
Debt (Note 5)	2,830	2,791	2,792	(1)	**2,751**	2,708	2,662
Accrued employee benefits (Note 6a)	172	171	175	(4)	**179**	183	186
	9,718	9,184	9,680	(496)	**9,359**	9,049	8,760
NET FINANCIAL LIABILITIES	(9,584)	(9,017)	(9,543)	526	**(9,219)**	(8,907)	(8,615)
NON-FINANCIAL ASSETS							
Tangible capital assets (Note 7)	22,960	22,994	23,056	(62)	**22,901**	22,761	22,629
Inventories	47	49	48	1	**49**	50	51
	23,007	23,043	23,104	(61)	**22,950**	22,811	22,680
ACCUMULATED SURPLUS (Note 8)	$ 13,423	$ 14,026	$ 13,561	$ 465	**$ 13,731**	$ 13,904	$ 14,065

Commitments and Contingencies (Note 10)

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 2017	Budget 2018	Forecast 2018	Variance 2018	**2019**	2020	2021
REVENUES							
Green fees	$ 1,455	$ 1,728	$ 1,551	$ 177	**$ 1,600**	$ 1,659	$ 1,717
Transfer from The City of Winnipeg - General Revenue Fund	452	354	730	(376)	**730**	1,730	730
Equipment rentals	344	730	341	389	**348**	355	362
Net revenue from leasing operations	172	219	186	33	**174**	189	189
Other	59	48	60	(12)	**60**	61	62
Merchandise sales	54	50	55	(5)	**56**	57	59
Concessions	39	46	40	6	**45**	50	56
Transfer from The City of Winnipeg - Golf Course Reserve Fund	344	-	-	-	-	-	-
Transfer from The City of Winnipeg - Contributions in Lieu of Land Dedication Reserve Fund	34	-	-	-	-	-	-
Total Revenues	2,953	3,175	2,964	211	**3,013**	4,102	3,175
EXPENSES							
Salaries and employee benefits (Note 6)	1,288	1,530	1,530	-	**1,517**	1,553	1,576
Services (Note 9)	809	718	709	9	**716**	766	820
Supplies	261	219	262	(43)	**272**	272	278
Amortization	238	240	232	8	**243**	240	242
Interest (Note 4)	49	30	50	(20)	**51**	52	53
Other	43	58	43	15	**44**	45	46
Transfer to The City of Winnipeg - General Capital Fund	-	-	-	-	-	1,000	-
Total Expenses	2,688	2,795	2,826	(31)	**2,843**	3,928	3,014
Annual Surplus	265	380	138	242	**170**	174	161
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,158	13,646	13,423	223	**13,561**	13,731	13,904
ACCUMULATED SURPLUS, END OF YEAR	$ 13,423	$ 14,026	$ 13,561	$ 465	**$ 13,731**	$ 13,904	$ 14,065

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 2017	Budget 2018	Forecast 2018	Variance 2018	**2019**	2020	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:							
OPERATING							
Annual Surplus	$ 265	$ 380	$ 138	$ 242	**$ 170**	$ 174	$ 161
Non-cash charges to operations							
Amortization	238	240	232	8	**243**	240	242
Retirement allowance and compensated absences	3	3	3	-	**4**	4	4
	506	623	373	250	**417**	417	406
Net change in non-cash working capital balances related to operations	58	-	1	(1)	**1**	1	1
Cash provided by operating activities	564	623	374	249	**417**	418	407
CAPITAL							
Acquisition of tangible capital assets	(336)	(342)	(328)	(14)	**(88)**	(100)	(110)
FINANCING							
Change in due to The City of Winnipeg - General Revenue Fund	(192)	(242)	(8)	(234)	**(288)**	(275)	(251)
Repayment of debt - The City of Winnipeg	(36)	(39)	(38)	(1)	**(41)**	(43)	(46)
Cash used in financing activities	(228)	(281)	(46)	(235)	**(329)**	(318)	(297)
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 2017	Budget 2018	Forecast 2018	Variance 2018	**2019**	2020	2021
ANNUAL SURPLUS	$ 265	$ 380	$ 138	$ 242	**$ 170**	$ 174	$ 161
Amortization of tangible capital assets	238	240	232	8	**243**	240	242
Change in inventories	-	(1)	(1)	-	**(1)**	(1)	(1)
Acquisition of tangible capital assets	(336)	(342)	(328)	(14)	**(88)**	(100)	(110)
DECREASE IN NET FINANCIAL LIABILITIES	167	277	41	236	**324**	313	292
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(9,751)	(9,294)	(9,584)	290	**(9,543)**	(9,219)	(8,907)
NET FINANCIAL LIABILITIES, END OF YEAR	$ (9,584)	$ (9,017)	$ (9,543)	$ 526	**$ (9,219)**	$ (8,907)	$ (8,615)

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, 2021
(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 cards 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

	2019	2020	2021
Trade accounts receivable	**$ 558**	$ 561	$ 564
Allowance for doubtful accounts	**(419)**	(419)	(419)
	$ 139	142	145

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

	2019	2020	2021
The City of Winnipeg - General Revenue Fund			
Start-up loan, non-interest bearing	**$ 2,751**	$ 2,708	$ 2,662

6. Accrued Employee Benefits

a) Retirement allowance, vacation and compensated absences

	2019	2020	2021
Retirement allowance, vacation and compensated absences	**$ 179**	$ 183	$ 186

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, 2017 and it has an actuarial surplus.

7. Tangible Capital Assets

	Net Book Value		
	2019	2020	2021
Land	**$ 20,377**	$ 20,377	$ 20,377
Building, equipment, and golf course improvements	**2,524**	2,384	2,252
	$ 22,901	$ 22,761	$ 22,629

8. Accumulated Surplus

	2019	2020	2021
Invested in tangible capital assets	**$ 2,327**	$ 2,187	$ 2,055
Allocated equity	**17**	49	72
Contributed surplus	**20,574**	20,574	20,574
Operating	**(9,187)**	(8,906)	(8,636)
	$ 13,731	$ 13,904	$ 14,065

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:

	2019	2020	2021
Planning, Property and Development Department, Municipal Accommodations Fund for miscellaneous services	**$ 101**	$ 103	$ 105
Winnipeg Fleet Management Agency for fleet leasing services	**170**	209	249
Water and Waste Department for miscellaneous services	**6**	6	6
	$ 277	$ 318	$ 360

10. Commitments and Contingencies

a) 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
2019	$ 41
2020	41
2021	41
2022 and thereafter	744
	$ 867

b) Legal obligations

As part of the normal course of operations, lawsuits are pending against the Agency. The final outcome with respect to actions that will arise from these lawsuits cannot be predicted with certainty.