THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands of dollars)

	Actual 2018	Budget 2019	Forecast 2019	Variance 2019	**2020**	2021	2022	2023
FINANCIAL ASSETS								
Cash	$ 51	$ -	$ -	$ -	**$ -**	$ -	$ -	$ -
Accounts receivable	384	209	393	184	**401**	408	417	417
	435	209	393	184	**401**	408	417	417
LIABILITIES								
Due to The City of Winnipeg - General Revenue Fund (Note 3)	14,765	18,347	15,205	(3,142)	**9,525**	12,235	13,391	12,722
Accounts payable and accrued liabilities	1,343	1,796	1,344	(452)	**1,370**	1,398	1,426	1,454
Debt (Note 4)	37,415	44,207	46,553	2,346	**51,474**	50,293	50,404	52,323
Other liabilities	-	81	-	(81)	**-**	-	-	-
Accrued employee benefits (Note 5a)	1,991	2,109	2,031	(78)	**2,071**	2,113	2,155	2,198
	55,514	66,540	65,133	(1,407)	**64,440**	66,039	67,376	68,697
NET FINANCIAL LIABILITIES	(55,079)	(66,331)	(64,740)	1,591	**(64,039)**	(65,631)	(66,959)	(68,280)
NON-FINANCIAL ASSETS								
Tangible capital assets *(Note 6)*	74,571	85,100	83,780	(1,320)	**84,334**	86,511	88,190	90,243
Inventories	1,670	1,562	1,703	141	**1,537**	1,506	1,476	1,447
Prepaid expenses	647	643	660	17	**673**	674	673	673
	76,888	87,305	86,143	(1,162)	**86,544**	88,691	90,339	92,363
ACCUMULATED SURPLUS	$ 21,809	$ 20,974	$ 21,403	$ 429	**$ 22,505**	$ 23,060	$ 23,380	$ 24,083

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Actual 2018	Budget 2019	Forecast 2019	Variance 2019	**2020**	2021	2022	2023
REVENUES								
Fleet leases	$ 25,521	$ 27,800	$ 26,564	$ (1,236)	**$ 27,907**	$ 26,592	$ 26,351	$ 26,726
Fuel sales	8,368	7,625	8,493	868	**8,160**	8,440	8,670	8,728
Services and parts revenue (Schedule 1)	9,618	8,748	9,716	968	**9,514**	9,614	9,839	10,069
Rental income	3,802	3,892	3,875	(17)	**4,621**	4,603	3,911	4,004
Gain on sale of tangible capital assets	1,472	800	1,248	448	**800**	800	800	800
Transfer from The City of Winnipeg - Innovative Capital Fund	101	-	-	-	**-**	-	-	-
Total Revenues	48,882	48,865	49,896	1,031	**51,002**	50,049	49,571	50,327
EXPENSES								
Amortization	15,224	15,428	15,836	408	**15,528**	15,209	14,819	14,420
Supplies	11,431	10,341	11,706	1,365	**11,246**	11,557	11,856	11,999
Salaries and employee benefits	9,908	11,043	10,032	(1,011)	**10,238**	9,458	9,269	9,448
Services	9,195	8,945	9,722	777	**9,963**	10,239	10,081	10,292
Interest (Notes 3 and 4)	1,224	1,362	1,357	(5)	**1,613**	1,839	2,023	2,251
Other expenses	1,393	1,432	1,406	(26)	**1,220**	1,100	1,111	1,122
Total Expenses	48,375	48,551	50,059	1,508	**49,808**	49,402	49,159	49,532
Annual Surplus Before Other	507	314	(163)	(477)	**1,194**	647	412	795
OTHER								
Transfer to The City of Winnipeg - General Revenue Fund (Note 7b)	(243)	(242)	(242)	-	**(92)**	**(92)**	**(92)**	**(92)**
Annual (Deficit) Surplus	264	72	(405)	(477)	**1,102**	555	320	703
ACCUMULATED SURPLUS, BEGINNING OF YEAR	21,545	20,902	21,808	906	**21,403**	22,505	23,060	23,380
ACCUMULATED SURPLUS, END OF YEAR	$ 21,809	$ 20,974	$ 21,403	$ 429	**$ 22,505**	$ 23,060	$ 23,380	$ 24,083
See accompanying notes and schedules to the financial statements	-	-	-	-	-	-	-	-

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF CASH FLOWS

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

	Actual 2018	Budget 2019	Forecast 2019	Variance 2019	**2020**	2021	2022	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:								
OPERATING								
Annual (Deficit) Surplus	$ 264	$ 72	$ (405)	$ (477)	**$ 1,102**	$ 555	$ 320	$ 703
Non-cash charges to operations								
Amortization	15,224	15,428	15,836	408	**15,528**	15,209	14,819	14,420
Gain on sale of tangible capital assets	(1,472)	(800)	(1,248)	(448)	**(800)**	(800)	(800)	(800)
Retirement allowance and compensated absences	-	26	25	(1)	**25**	26	26	26
	14,016	14,726	14,208	(518)	**15,855**	14,990	14,365	14,349
Net change in non-cash working capital related to operations	(689)	200	11	(189)	**186**	67	65	74
Cash provided by operating activities	13,327	14,926	14,219	(707)	**16,041**	15,057	14,430	14,423
CAPITAL								
Acquisition of tangible capital assets	(20,943)	(23,477)	(25,045)	(1,568)	**(16,082)**	(17,386)	(16,498)	(16,473)
Proceeds on disposal of tangible capital assets	1,927	800	1,248	448	**800**	800	800	800
Cash used in capital activities	(19,016)	(22,677)	(23,797)	(1,120)	**(15,282)**	(16,586)	(15,698)	(15,673)
FINANCING								
Change in due to/from The City of Winnipeg - General Revenue Fund	(681)	620	440	(180)	**(5,680)**	2,710	1,156	(669)
Proceeds from term loans	17,100	17,700	19,300	1,600	**15,000**	10,000	12,000	14,000
Repayment of term loans	(10,680)	(10,569)	(10,162)	407	**(10,079)**	(11,181)	(11,888)	(12,081)
Cash provided by (used in) financing activities	5,739	7,751	9,578	1,827	**(759)**	1,529	1,268	1,250
Increase in cash	50	-	-	-	-	-	-	-
CASH, BEGINNING OF YEAR	1	-	-	-	-	-	-	-
CASH, END OF YEAR	$ 51	$ -	$ -	$ -	**$ -**	$ -	$ -	-

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

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

	Actual 2018	Budget 2019	Forecast 2019	Variance 2019	**2020**	2021	2022	2023
ANNNUAL (DEFICIT) SURPLUS	$ 264	$ 72	$ (405)	$ (477)	**$ 1,102**	$ 555	$ 320	703
Amortization of tangible capital assets	15,224	15,428	15,836	408	**15,528**	15,209	14,819	14,420
Proceeds on disposal of tangible capital assets	1,927	800	1,248	448	**800**	800	800	800
Gain on sale of tangible capital assets	(1,472)	(800)	(1,248)	(448)	**(800)**	(800)	(800)	(800)
Change in inventories and prepaid expenses	(5)	153	(47)	(200)	**153**	30	31	29
Acquisition of tangible capital assets	(20,943)	(23,477)	(25,045)	(1,568)	**(16,082)**	(17,386)	(16,498)	(16,473)
(INCREASE) DECREASE IN NET FINANCIAL LIABILITIES	(5,005)	(7,824)	(9,661)	(1,837)	**701**	(1,592)	(1,328)	(1,321)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(50,074)	(58,507)	(55,079)	3,428	**(64,740)**	(64,039)	(65,631)	(66,959)
NET FINANCIAL LIABILITIES, END OF YEAR	$ (55,079)	$ (66,331)	$ (64,740)	$ 1,591	**$ (64,039)**	$ (65,631)	$ (66,959)	(68,280)

See accompanying notes and schedules to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

For the four years ending December 31, 2023
(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. Status of the Winnipeg Fleet Management Agency

On May 28, 2003, City Council adopted the Fleet Management Agency Selection Report, that recommended the Equipment and Material Services operation of the Public Works Department commence operations as a Special Operating Agency effective January 1, 2003.

The Agency provides economical, state-of-the-art, safe and eco-friendly fleet vehicle, equipment and other asset management services to The City of Winnipeg and other public organizations in support of their service delivery.

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

b) 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 annual deficit (surplus), provides the change in net financial liabilities for the year.

i) Tangible capital assets

Tangible capital assets, other than land and buildings, transferred from The City of Winnipeg on January 1, 2003 are recorded at their estimated fair 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. Land and buildings are stated at fair value as of January 1, 2003, which was determined by The City of Winnipeg Assessment and Taxation Department.

Tangible capital assets are amortized on the basis of their cost less approximate residual value over their estimated useful lives using the following rates and methods:

Buildings	4% to 8%	Straight-line
Fleet assets		
Acquired at start-up	30%	Declining balance
Purchased	1 to 15 years	Straight-line
Equipment	3% to 30%	Straight-line

Amortization begins once an asset is placed into service.

ii) Inventories

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

2. Significant Accounting Policies (continued)

c) Revenue recognition

The Agency enters into operating lease agreements to supply and maintain vehicles and equipment to lessees for specified lease periods. The Agency recognizes the monthly lease payments from the lessees as income each month. Services and parts revenue, including insurance and fuel sales, are recognized upon the completion of the work or transfer of the goods or service. Revenue from short-term rentals of vehicles or equipment is recognized as income evenly over the rental period.

d) Government transfers

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.

e) 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.

f) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions. 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/from" 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. As well, the Agency has negotiated an operating line of credit up to $20 million from The City of Winnipeg.

Funds were advanced during the year as short-term bridge financing between the time when cash is needed and term financing is arranged for capital acquisition.

4. Debt

	Forecast 2019	**2020**	2021	2022	2023
Term loans	$ 46,375	**$ 51,296**	$ 50,115	$ 50,226	52,145
The City of Winnipeg, non-interest bearing, no repayment schedule	178	**178**	178	178	178
	$ 46,553	**$ 51,474**	$ 50,293	$ 50,404	52,323

5. Accrued Employee Benefits

a) Accrued employee benefits

	Forecast 2019	**2020**	2021	2022	2023
Retirement allowance and compensated absences	$ 1,258	**$ 1,283**	$ 1,309	$ 1,335	1,361
Vacation	773	**788**	804	820	837
	$ 2,031	**$ 2,071**	$ 2,113	$ 2,155	2,198

Under the retirement allowance program, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustment arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 13.3 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.

The Agency measures its accrued retirement allowance obligation as at December 31 of each year.

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

Demographic assumptions such as utilization of sick leave credits, salary increases as a result of increments and promotion, continuation of employment and the probability of retirement or death in future years are based on employment experience.

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.

6. Tangible Capital Assets

Net Book Value

	Forecast 2019	**2020**	2021	2022	2023
Land	$ 390	**$ 390**	$ 390	$ 390	$ 390
Buildings	2,835	**2,790**	2,680	2,627	2,543
Fleet assets	76,221	**76,736**	78,017	79,678	81,735
Equipment	4,334	**4,418**	5,424	5,495	5,575
	$ 83,780	**$ 84,334**	$ 86,511	$ 88,190	$ 90,243

7. 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 related party transactions that occurred are as follows:

	Forecast 2019	**2020**	2021	2022	2023
a) Sales of goods and services to The City of Winnipeg	$ 47,511	**$ 49,968**	$ 47,993	$ 47,493	$ 48,225
b) Dividend transfer to The City of Winnipeg	$ 242	**92**	$ 92	$ 92	$ 92
c) Municipal Accomodations Fund:					
Repair facility lease	$ 759	**$ 759**	$ 759	$ 759	$ 759
d) Corporate Support Services Deparment:					
Business technology services	$ 143	**$ 143**	$ 143	$ 143	$ 143
Human resource services	$ 161	**$ 258**	$ 265	$ 274	$ 280

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

SCHEDULE 1 - PROJECTED SCHEDULE OF SERVICES AND PARTS REVENUE

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

	Actual 2018	Budget 2019	Forecast 2019	Variance 2019	**2020**	2021	2022	2023
Consumables and corrective maintenance	$ 5,399	$ 4,823	$ 5,509	$ 686	**$ 5,395**	$ 5,403	$ 5,534	$ 5,667
Insurance revenue	2,012	2,013	2,060	47	**2,101**	2,152	2,203	2,256
Power tools	723	704	704	-	**688**	701	715	730
Manufacturing sales	917	787	930	143	**811**	830	850	871
Autopac rebate	-	-	-	-	**-**	-	-	-
Other	393	249	339	90	**345**	354	363	371
Provincial support grant	174	172	174	2	**174**	174	174	174
	$ 9,618	$ 8,748	$ 9,716	$ 968	**$ 9,514**	$ 9,614	$ 9,839	$ 10,069