Appendix A

Animal Services Special Operating Agency

2011 - 2013 Business Plan

Service Overview

Animal Services Agency continues to provide animal control measures under the City of Winnipeg Charter and related by-laws. The Agency's current service consists of four sub-service areas:

Sub-Service	Description
Licensing	o Animal licensing and registration o Animal permits
Adoption/Education	o Adoption of unclaimed dogs o Public education programs on responsible pet ownership
Kennelling	o Kennelling and care for stray animals and dogs running at large picked up by the Agency o Quarantine kennelling for biting dogs
By-Law Enforcement	o Enforcement of all animal related by-laws o Neighbourhood dispute resolution o Investigation and response o Picking up injured animals o After hours emergency response o Investigation of illegal animal complaints

Animal Services Agency continues to embrace and support the Community Services Department's vision, mission and values. The Agency also continues to work in partnership with the veterinarian community, the Winnipeg Humane Society and other industry providers to ensure the human and animal populations of the City of Winnipeg can co-exist in harmony.

Strategic Direction:

Animal Services continues to build on the expectations of its stakeholders and remains committed to its goals and strategies, which are critical to improved customer service, core business operation and financial stability. These expectations relate to:

- Shifting the cost base from the general taxpayer towards the users of the system, with the objective of becoming financially self-sustainable to the greatest extent possible,
- a strengthened commitment to public health and safety through increased public awareness and increased pet ownership education,
- an improved public image, and
- improving and increasing the value of products and services.

Summary of Goals and Strategies:

Working together with the Animal Services Special Operating Agency Advisory Board, our overall goals and strategies are to:

Reduce reliance on the Agency's mill-rate support through the enforcement of by-laws and the education of pet owners as to their responsibilities, as it pertains to pet licensing.

- Effective January 1, 2009 annually increase dog license fees.
- Active follow-up on delinquent accounts and no-license complaints.
- Develop e-commerce capabilities in 2011 such as:
    - Online license renewals
    - Online new license payments

    - Online license processing for veterinarians and vendors
- Develop first-time licensing program with recognized breeders.
- Actively pursue sponsorship opportunities to offset operating costs of Agency programs such as adoptions and licensing.
- Offer a one time license amnesty opportunity in 2011 to dog owners to encourage compliance with licensing regulations per the Pound By-law.
- Develop a new dog license sales commission structure to enhance partnerships between the Agency, veterinary clinics, and other retail outlets.

Increase customer service and satisfaction through improvement to response times and front line service delivery.

- Develop partnerships and corporate sponsorships to offset costs of promoting the Agency and its services.
- Evaluate general Agency technological needs and upgrade as necessary.
- Support ongoing staff training and development.
- Review staff training needs and implement training specific to the Agency's services and to better respond to the changing face of the community.
- Voice Response Unit (VRU) – a computer system that sends automated voice reminders to dog owners for license renewals.
- Replacement of existing Agency fleet:
    - six vans specially equipped for humane animal transportation;
    - increase fuel efficiency by reducing engine size from V8 to V6; and
    - reduce environmental impact with newer, lower emission vehicles.

Improve health and safety of neighbourhoods through the enforcement of animal control bylaws and the administration of responsible pet ownership.

- Significant review of the Pound Bylaw in conjunction with Legal Services in 2011.
- Active follow-up process on delinquent accounts and no-license complaints.
- Enhance prevention and education programs.
- Consult with community groups and industry service providers in regard to effective communication strategies.
- Develop an advertising/education campaign for responsible cat ownership in conjunction with the Humane Society and community groups.
- Be an active partner in community initiatives targeting stray cats and other related concerns.
- Explore other opportunities for new partnerships.

Improve the Agency's public image by providing professional, caring and appropriate response to citizens/pet owner concerns and humane alternatives to unclaimed animals.

- Improve complaint response systems.
- Consult with Humane Society, veterinarian community and other rescue organizations to develop joint strategies to provide solutions for neighbourhoods.
- Review and amend by-law as necessary.
- Develop a comprehensive and sustaining marketing plan and communications strategy.

Financial: (see Appendix 1: 2011 – 2013 Financial Projections and Notes)

Pro forma financial statements are attached, which include a projected statement of financial position, projected statement of loss and deficit and a projected statement of cash flow (see Appendix 1 and 2).

2009 Audited Financial Statements are attached for reference (Appendix 3).

Tax-supported funding for the Agency continues to be reflected as a separate line item (Cost Center) in the Community Services Department budget.

REVENUE:

Mill Rate Support

2000	2001	2002	2003	2004	2005	2006
$ 1,250,000	$ 1,250,000	$ 1,250,000	$ 1,100,000	$ 950,000	$ 895,877	$ 1,020,101

2007	2008	2009	2010	2011	2012	2013
$ 1,018,850	$ 1,004,276	$ 1,104,276	$ 1,154,276	$ 1,334,276	$ 1,304,276	$ 1,304,276

- The Business Plan for the Agency is premised upon obtaining mill rate funding from the City of Winnipeg at $1,334,276 for 2011 and $1,304,276 for 2012 and 2013. The mill rate support transfer budget increased as a result of a proposed increase of $150,000 to the general operating grant provided to the Winnipeg Humane Society. Additionally a one time grant of $30,000 is proposed in 2011 for the Winnipeg Humane Society *See Spot Read* program.
- The $50,000 increase in 2010 allowed funding for enhanced advertising/education programs targeting responsible pet ownership.
- The mill rate support transfer budget increased by $100,000 over 2008 to fund the increase to the Winnipeg Humane Society service agreement that year.
- The current Winnipeg Humane Society service agreement expired on December 31, 2010. Negotiations are in progress between Animal Services and the Humane Society.

Table 1: Operational Mill Rate Support					
Year	Gross Mill Rate Support	Humane Society Contract	Operational Mill Rate Support	% Change	Accumulated Deficit
2000	1,250,000	125,000	1,125,000	N/A	(156,255)
2001	1,250,000	125,000	1,125,000	0.0%	(328,539)
2002	1,250,000	125,000	1,125,000	0.0%	(418,802)
2003	1,100,000	125,000	975,000	-13.3%	(564,158)
2004	950,000	125,000	825,000	-15.4%	(603,837)
2005	895,877	125,000	770,877	-6.6%	(760,919)
2006	1,020,101	250,000	770,101	-0.1%	(897,504)
2007	1,018,850	250,000	768,850	-0.2%	(1,120,338)
2008	1,004,276	250,000	754,276	-1.9%	(1,335,719)
2009	1,104,276	350,000	754,276	0.0%	(1,591,436)
*2010	1,154,276	350,000	804,276	4.6%	(1,822,025)
Projected					
2011	1,334,276	530,000	804,276	0.0%	(1,889,825)
2012	1,304,276	500,000	804,276	0.0%	(2,017,092)
2013	1,304,276	500,000	804,276	0.0%	(2,098,599)
* Based on Monthly Projection at the end of Aug 31, 2010					

Table 1 outlines the historic tax support received by Animal Services to run its operations net of the Winnipeg Humane Society service agreement. In 2011, the operational mill rate support funding is proposed to be $804,276, net of the service contract to the Winnipeg Humane Society of $530,000. This represents a reduction of 29% or $320,724 from the original level of operational mill rate support in 2000. The Scotia Enterprise service contract (approximately $55,000 per year) further reduces the operating support. Total support for the1057 Logan operation is approximately $750,000 per year.

Revenue (Non Mill-Rate Sources)

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 1,051,980	$ 1,520,124	$ 1,258,345	$ 1,479,465	$ 1,500,767	$ 1,589,799

The Agency receives revenue from a number of sources including dog licenses, pound and kennel fees, permits, adoption sales, surrendered animals, trap rentals, and retail sales.

Dog Licensing

The Agency increased the annual dog license fees effective January 1, 2010 from $25.00 to $26.00 for sterilized dogs and from $60.00 to $61.00 for intact dogs with an annual $1.00 increase planned for January 1, 2011. Further $1.00 increases are projected for 2012 and 2013.

Table 2 outlines historic performance for dog licenses issued through 2000 – 2010 in the City of Winnipeg.

Table 2: Dog Licenses Issued 2000 - 2010

Year	Licenses Sold	No Charge Licenses	Total Issued	% change in issued licenses	License Fees Collected (Cash Basis)	Increase (Decrease)	Yearly % Change in Fees Collected
Base Year							
1999	**7,795**	**-**	**7,795**		**$ 134,465.00**		
2000	14,858	1,086	15,944	104.5%	$ 256,010.25	$ 121,545.25	90.4%
2001	19,935	1,060	20,995	31.7%	$ 344,807.00	$ 88,796.75	34.7%
2002	19,478	1,025	20,503	-2.3%	$ 437,944.78	$ 93,137.78	27.0%
2003	38,174	914	39,088	90.6%	$ 897,508.22	$ 459,563.44	104.9%
2004	31,971	779	32,750	-16.2%	$ 728,463.10	$ (169,045.12)	-18.8%
2005	35,149	877	36,026	10.0%	$ 962,769.11	$ 234,306.01	32.2%
2006	31,229	869	32,098	-10.9%	$ 874,816.03	$ (87,953.08)	-9.1%
2007	30,235	963	31,198	-2.8%	$ 870,001.55	$ (4,814.48)	-0.6%
2008	30,555	755	31,310	0.4%	$ 882,747.18	$ 12,745.63	1.5%
2009	29,383	1,294	30,677	-2.0%	$ 960,198.89	$ 77,451.71	8.8%
*2010	32,258	1,202	33,460	9.1%	$ 1,128,062.26	$ 167,863.37	17.5%

**2010 licenses sales based on Projection at the end of August 31, 2010*

- Licenses issued are all licenses physically sold during the year regardless of the length or term of the license (non accrual basis).
- "License Fees Collected" includes multi-year licenses and reflects the total cash collected on those licenses issued during the year.
- After several years of decline or neutral growth, license sales are projected to grow at a modest pace.

Table 3 outlines dog license revenues for 2000 – 2009 with projected revenues for 2010 through 2013. Revenues are recognized on an accrual basis. 2010 adopted budget for dog license revenue was $1,323,888. 2010 projected revenues will not meet budget.

Table 3: Dog Licenses - Actual and Projected Revenues

			Year over Year	
Actual		License Revenues	Increase (Decrease)	% Increase (Decrease)
2000	$	237,708	N/A	
2001	$	315,566	$ 77,858	32.8%
2002	$	396,298	$ 80,732	25.6%
2003	$	587,916	$ 191,618	48.4%
2004	$	903,503	$ 315,587	53.7%
2005	$	893,645	$ (9,858)	-1.1%
2006	$	887,645	$ (6,000)	-0.7%
2007	$	916,097	$ 28,452	3.2%
2008	$	839,191	$ (76,906)	-8.4%
2009	$	857,346	$ 18,155	2.0%
*2010	$	1,041,366	$ 184,020	20.7%
Projected				
2011	$	1,333,300	$ 291,934	34.1%
2012	$	1,355,350	$ 22,050	1.7%
2013	$	1,430,150	$ 74,800	5.5%

- 2010 license revenue is based on projections as at August 31, 2010.
- Revenue is calculated on an accrual basis.
- Dog license terms vary from 7 months to 30 months. Licenses have staggered monthly renewals based on the first letter of the last name. As a result there will be unearned revenue on hand at year-end which is deferred to future years.
- In 2009, $433,554 of license revenue was deferred to 2010.
- 2010 license revenue deferred to 2011 is projected to be $565,950.
- 2010 projected license sales are based on sales of 32,258 licenses.
- 2011 projected revenues reflect a $1 price increase and a volume increase of 5,742 for a total of 38,000 licenses sold.
- 2012 and 2013 prices reflect a $1 price increase each year and sales volumes of 39,000 and 40,000 respectively.

Table 4 outlines the effectiveness of the dog licensing program in Winnipeg using the number of active licenses at each year end in relationship to number of dogs. Based on a 2008 Ipso Reid Survey there are 269,586 households in Winnipeg with an estimated dog population of 112,139. At December 31, 2010, 32.7% of dogs in the City of Winnipeg are projected to have a valid license (36,627 active licenses).

Table 4: Portion of Dog Population Licensed

			Year over Year	
Actual	Active Licenses	% Licensed	% Licensed Increase Decrease	Active License Increase (Decrease)
1999 Base Year	8,555	7.6%	N/A	N/A
2000	16,500	14.7%	7.1%	7,945
2001	21,338	19.0%	4.3%	4,838
2002	21,007	18.7%	-0.3%	(331)
2003	39,604	35.3%	16.6%	18,597
2004	40,023	35.7%	0.4%	419
2005	39,630	35.3%	-0.4%	(393)
2006	35,876	32.0%	-3.3%	(3,754)
2007	36,615	32.7%	0.7%	739
2008	36,279	32.4%	-0.3%	(336)
2009	35,027	31.2%	-1.1%	(1,252)
*2010	36,627	32.7%	0.3%	1,600

** Estimation based on Aug 31, 2010 active licenses report*

Table 5 outlines the effectiveness of the dog licensing program in relationship to the City's human population. The chart below is based on the OMBI guideline (Ontario Municipal Benchmarking Initiative) which measure Number of Dog licenses Issued per 100,000 Population.

	Licenses Issued (includes estimated 3,000 2nd year licenses each year)	Winnipeg estimated population based on report prepared by City of Winnipeg - CAO Secretariat Apr 6 2010	Number of dogs licensed per 100,000 population	% Licensed Increase Decrease	Licenses Issued Increase Decrease
2005	39,026	650,900	5,995.70	N/A	N/A
2006	35,098	653,500	5,370.77	-1.6%	-624.93
2007	34,198	658,700	5,191.74	-0.5%	-179.03
2008	34,310	665,900	5,152.43	-0.1%	-39.32
2009	33,677	675,100	4,988.45	-0.5%	-163.98
***2010**	36,627	683,200	5,361.09	1.1%	372.65

**Estimate based on Aug 31, 2010 monthly projection*

Other Regulation Fees

- The basic dog pound fees for running at large are:
  - first offence - $52
  - second offence - $155
  - third offence - $232
- Kennelling fees (per Pound By-law updated 66/2009):
  - $22/day – 2010
  - $23/day – 2011
  - $24/day – 2012 (Projected)
  - $25/day – 2013 (Projected)
- Projected revenues are based on returning dogs to their owners with an average stay of 5 days.
- An amendment to the City of Winnipeg Pound By-law No. 2443/79 will be required to increase pound fees for 2012.

EXPENSES:

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 2,411,973	$ 2,623,410	$ 2,643,210	$ 2,881,541	$ 2,932,310	$ 2,975,582

Salaries and Benefits

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 1,224,370	$ 1,306,280	$ 1,304,437	$ 1,360,689	$ 1,401,898	$ 1,434,249

- 2011 proposed salary levels are based on existing grades and levels as per the collective agreements and include 19.5 CUPE positions and 2 WAPSO/WAPSO exempt positions. Employee benefits are estimated to be 15.44% of total gross salaries.

Services

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 851,453	$ 933,692	$ 904,952	$ 1,148,519	$ 1,159,529	$ 1,165,786

- The City of Winnipeg has proposed entering into a service agreement with the Winnipeg Humane Society (WHS) in support of the general operating grant with a yearly budget of $500,000. There are two components to the agreement. The service portion costing $425,000 annually in part requires the Humane Society to provide kennelling space for all cats trapped pursuant to the Pound By-law as well as handle other general and specific animal welfare issues. The second component is a low cost cat spay and neuter program. The program is administered by the Humane Society and subsidized in part by the City of Winnipeg (to a maximum of $75,000 annually).
- Additionally a one time grant of $30,000 in 2011 is proposed for the *See Spot Read* program delivered by the WHS.
- This service agreement is funded through the Animal Services Agency's budget. The current contract expired December 31, 2010. A new three-year contract is currently under negotiation.
- The Agency pays approximately $55,000 for a service contract with Scotia Enterprises for animal control services in the Charleswood/Tuxedo area.
- The Agency continues its Licensing Awareness Advertising Campaign for City of Winnipeg.
- Animal Services expects to continue purchasing administrative services from the City's Community Services Department for 2011 - 2013. Included in these services is assistance with respect to finance, human resources, strategic support and information technology. (See Table 5 for Interdepartmental Support)

Table 5: Interdepartmental Support

	Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
Financial	27,500	27,500	27,500	27,500	27,500	27,500
Human Resources	16,000	16,000	16,000	16,000	16,000	16,000
Strategic	16,000	16,000	16,000	16,000	16,000	16,000
Information System	20,500	25,500	25,500	25,500	25,500	25,500
Corporate Service	69,582	69,582	69,582	69,582	69,582	69,582
Total Interdepartmental Support	149,582	154,582	154,582	154,582	154,582	154,582

The City of Winnipeg incurs Corporate Services charges that relate to the operation of the individual departments. The Agency will share in paying these costs. It is anticipated that the Agency's share of these general government charges will be $69,582 for 2011.

Materials, Parts and Supplies

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 73,347	$ 86,527	$ 101,466	$ 86,306	$ 89,129	$ 100,613

Assets and Purchases

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 960	$ 500	$ 16,173	$ 500	$ 511	$ 521

- The Agency is making some one-time purchases of security camera equipment in 2010 and is reflected in the Projected Actuals as at August 31, 2010.

Debt and Finance Charges

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 27,938	$ 57,073	$ 55,996	$ 48,135	$ 43,332	$ 37,814

Grants, Transfers and Others

Audited Actual 2009	Adopted 2010	Projected Actual (As at August 31/10) 2010	Proposed 2011	Projected 2012	Projected 2013
$ 233,905	$ 239,338	$ 260,186	$ 237,392	$ 237,911	$ 236,599

- The Agency occupies the main floor of the building at 1057 Logan Avenue (12,296 square feet). Municipal Accommodations leases the lower level to the Community Services Department, Community By-Law Enforcement Services Division for storage of bicycles.

APPENDIX 1: 2011 – 2013 Financial Projections and Notes

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

As At December 31		Audited Actual 2009 (A)	Adopted Budget 2010	Projected Actual* 2010 (B)	*Variance* *(B - A)*	Proposed Budget 2011	Projected Budget 2012	Projected Budget 2013
Assets								
CURRENT	*Note 7*							
Cash		$8,347	$8,347	$0	*($8,347)*	$0	($0)	$0
Due from City of Winnipeg		-	-	-	-	-		
Receivables		52,870	40,000	40,000	*($12,870)*	40,000	40,000	40,000
Inventory		6,251	12,000	6,000	*($251)*	12,000	12,000	12,000
Prepaid expenses		34,551	31,000	31,000	*($3,551)*	31,000	32,000	32,000
		102,019	91,347	$77,000	*($25,019)*	83,000	84,000	84,000
EQUIPMENT	*Note 7*							
Computer equipment		141,377	143,946	143,946	*$2,569*	143,946	149,946	151,946
Furniture and other equipment		76,269	76,270	76,270	*$1*	76,270	76,270	76,270
Communication Radios		37,503	37,502	37,502	*($1)*	37,502	37,502	77,502
		255,149	257,718	257,717	*$2,569*	257,718	263,718	305,718
Less: accumulated depreciation		182,238	182,963	205,878	*$23,640*	232,290	250,344	264,219
		72,911	74,755	51,839	*($21,071)*	25,428	13,374	41,499
		$ 174,930	$ 166,102	$ 128,839	*($46,090)*	$ 108,428	$ 97,374	$ 125,499
Liabilities								
CURRENT	*Note 7*							
Accounts payable & accrued liabilities		$138,372	$ 50,000	$ 50,000	*($88,372)*	$ 50,000	$ 50,000	$ 50,000
Vacation and overtime payable		96,968	100,000	100,000	*$3,032*	100,000	107,000	107,000
Deferred revenue		593,905	576,738	648,888	*$54,983*	576,738	674,000	659,300
Due to City of Winnipeg - Line of Credit		866,121	929,810	1,070,976	*$204,855*	1,158,589	1,155,540	1,214,871
		1,695,366	1,656,548	1,869,864	*$174,498*	1,885,327	1,986,540	2,031,171
LONG-TERM	*Note 7*							
Retirement allowance		71,000	50,000	81,000	*$10,000*	50,000	65,000	130,000
		1,766,366	1,706,548	1,950,864	*$184,498*	1,935,327	2,051,540	2,161,171
CAPITAL DEFICIENCY								
Deficit		(1,591,436)	(1,540,446)	(1,822,025)	*($230,589)*	(1,889,825)	(2,017,092)	(2,098,599)
		$ 174,930	$ 166,102	$ 128,839	$ (46,091)	$ 45,502	$ 34,448	$ 62,572

** Based on Projections as at August 31, 2010*

Projected Statement of Loss and Deficit

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31		Audited Actual 2009 (A)	Adopted Budget 2010	Projected Actual* 2010 (B)	*Variance* (B - A)	Proposed Budget 2011	Projected Budget 2012	Projected Budget 2013
Revenues								
Grant from the Province of Manitoba		23,222	25,052	24,444	*$1,222*	25,955	26,474	27,003
Regulation Fees		953,331	1,394,012	1,121,952	*$168,621*	1,400,779	1,419,071	1,490,332
Sales of Goods and Services		52,236	89,865	96,967	*$44,731*	41,536	44,027	61,262
Transfers	*Note 5*	1,104,276	1,154,276	1,154,276	*$50,000*	1,334,276	1,304,276	1,304,276
Other Revenue		23,191	11,195	14,982	*($8,209)*	11,195	11,195	11,202
Revenues	*Note 5*	$ 2,156,256	$ 2,674,400	$ 2,412,621	$ 256,365	$ 2,813,741	$ 2,805,043	$ 2,894,075
Expenses								
	Note 6							
Salaries and Benefits		1,224,370	1,306,280	1,304,437	*$80,067*	1,360,689	1,401,898	1,434,249
Services		851,453	933,692	904,952	*$53,499*	1,148,519	1,159,529	1,165,786
Material, parts and supplies		73,347	86,527	101,466	*$28,119*	86,306	89,129	100,613
Assets and Purchases		960	500	16,173	*$15,213*	500	511	521
Debt and Finance Charges		27,938	57,073	55,996	*$28,058*	48,135	43,332	37,814
Grants, Transfers and other		233,905	239,338	260,186	*$26,281*	237,392	237,911	236,599
Recoveries		-	-	-	*$0*			
Expenses		2,411,973	2,623,410	2,643,210	*$231,237*	2,881,541	2,932,310	2,975,582
Net Income)Loss) from Operations		(255,717)	50,990	(230,589)	*$25,128*	(67,800)	(127,267)	(81,507)
Deficit, beginning of year		(1,335,719)	(1,591,436)	(1,591,436)	*($255,717)*	(1,822,025)	(1,889,825)	(2,017,092)
Prior Year Adjustment								
Surplus(deficit)		$ (1,591,436)	$ (1,540,446)	$ (1,822,025)	*($230,589)*	$ (1,889,825)	$ (2,017,092)	$ (2,098,599)

** Based on Projections as at August 31, 2010*

Projected Statement Change in Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31	Audited Actual 2009 (A)	Adopted Budget 2010	Projected Actual* 2010 (B)	*Variance* *(B - A)*	Proposed Budget 2011	Projected Budget 2012	Projected Budget 2013
Net inflow (outflow) of cash related to the following activities							
Operating							
Net earnings (loss) for the year	$ (255,717)	$ 50,990	$ (230,589)	*$ 25,128*	$ (67,800)	$ (127,267)	$ (81,507)
Non-cash items related to operations							
Depreciation	17,365	1,094	23,640	*6,275*	24,234	18,054	13,876
Deferred Revenue	66,156	-	54,983		(72,150)	97,262	(14,700)
Increase(decrease)Retirement Allowance	(49,000)	(70,000)	10,000	*59,000*	(31,000)	15,000	65,000
Working capital from operations	(221,196)	(17,916)	(141,966)	*79,230*	(146,716)	3,049	(17,331)
Net change in working capital other than cash assets	27,735	(78,150)	(68,668)	*(96,403)*	(6,000)	6,000	-
	(193,461)	(96,066)	(210,634)	*(17,173)*	(152,716)	9,049	(17,331)
Financing							
Due to Line of Credit							
Due to/from the City of Winnipeg	254,730	96,066	204,855	*(49,875)*	152,716	(3,049)	59,331
	254,730	96,066	204,855	*(49,875)*	152,716	(3,049)	59,331
Investing							
Purchase of equipment	(62,431)	-	(2,569)	*59,862*	0	(6,000)	(42,000)
Proceeds from disposal of equipment							
	(62,431)	-	(2,569)	*59,862*	0	(6,000)	(42,000)
Increase (decrease in cash assets)	(1,162)	-	(8,348)	*(7,186)*	(0)	0	-
Cash position, beginning of year	9,509	8,347	8,348	*(1,162)*	-	0	(0)
Cash position, end of year	$ 8,347	$ 8,347	$ (0)	*$ (8,348)*	$ (0)	$ 0	$ (0)

** Based on Projections as at August 31, 2010*

NOTES TO THE FINANCIAL PROJECTION
THREE YEARS ENDING DECEMBER 31, 2013

1. DESCRIPTION OF BUSINESS

Animal Services Special Operating Agency commenced operations on January 1, 2000. The Agency completed its 10th year of operations on December 31, 2009. Animal Services continues to work towards its goals;

- To be financially self-sustainable to the greatest extent possible, (significantly less reliance on mill-rate support)
- Improve Health and Safety of neighbourhoods
- Improve Customer Service
- Improve Public Image

Since 2000 Animal Services has brought in the following new programs and initiatives:

- Adoption program to give strays a second chance
- Volunteer program to enhance the adoption program
- Work placement for students in our community
- Enhanced Free Ride program
- Added-value coupon strip
- Multi-year licensing
- Numerous retail outlets for license sales
- Enhanced education programs
- Increased Marketing Campaigns
- Revamped fines schedule
- 3-per-page invoice printing for paper/printing economies and bar-coding for new technology
- Automatic electronic payments through Banking Institutions
- Voice Response Unit (VRU) – a computer system that sends automated voice reminders to dog owners for license renewals

2. ACCOUNTING POLICIES

The projected financial statements have been prepared on the basis of generally accepted accounting principles. The projections include the following significant accounting policies:

Inventory

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

Equipment

Equipment is recorded at cost and is depreciated on a straight-line basis over the estimated useful life of the asset using the following annual rates:

Computer equipment	25%
Furniture and other equipment	20%

Budget Column

The 2010 adopted budget information, from the Council approved 2010-2012 Selection Report - Animal Services Special Operating Agency, has been added to the financial statement to facilitate effective analysis and comparison.

3. FINANCIAL PROJECTION

This financial projection is an estimate of the financial position, results of operations and change in cash flow, for the operations of Animal Services Special Operating Agency, using management's assumptions that reflect the Agency's planned course of action for the three years ending December 31, 2013. Management's judgment has been used in the assumptions and the most probable set of economic conditions, together with the hypotheses stated in note 4 below. The hypotheses are consistent with the purpose of the information, but are not necessarily the most probable in management's judgment. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this projection. Therefore, the actual results achieved during the projected period will vary from the projections and the variations may be material.

4. HYPOTHESES

The financial projection has been prepared based on the following hypotheses:

(a) That the City of Winnipeg will agree to provide an annual operating grant of $1,334,276 for 2011 and $1,304,276 for 2012 and 2013.
(b) The mill rate support transfer budget increased as a result of a proposed increase of $150,000 to the general operating grant provided to the Winnipeg Humane Society. Additionally a one time grant of $30,000 is proposed in 2011 for the Winnipeg Humane Society *See Spot Read* program.
(c) That the City of Winnipeg will extend a line of credit as detailed in the Financial Statements contained within the Council approved annual Selection Report prepared by the Agency, sufficient for the Agency to carry on operations.
(d) That the Agency will be allowed to purchase any support services required to sustain ongoing operations.
(e) That the Consumer Price Index is 1.8% for 2011; 2.0% for 2012 and 2.0% for 2013.
(f) That the City of Winnipeg re-negotiates a new service agreement with the Winnipeg Humane Society based on the status quo. The current contract expired on December 31, 2010. A new three-year contract is currently under negotiation.

5. ASSUMPTIONS – REVENUE

(a) Pound Fees

The basic fees for running at large are: first offence - $52, second offence - $155 and third offence - $232. Pound revenues are based on 338 -1st offences, 25 - 2nd offences and two - 3rd offences per year.

(b) Kennelling Fees

Kennelling fees are set at $23 per day effective 2011 and are projected to increase annually by $1 per day. 2011 volumes are based on servicing 402 dogs annually with an average stay of 5 days.

(c) Dog Licenses

The following fees and volumes are based on the Agency's analysis of the market:

Year	Average License Fee	Anticipated Sales
2011	$34.70	38,000
2012	$35.70	39,000
2013	$36.70	40,000

Dog license fees for intact dogs in 2011 are $62 annually. A 56% discount is offered for sterilized dogs, reducing this fee to $27 annually. Intact and sterilized dog license fees will increase annually by $1. Dangerous dog license fees are set at $75 annually. There is no charge for service dog licenses and for the first license period for dogs adopted through the Humane Society and other animal shelters.

(d) Excess Animal Permit

2011 permit revenue is based on 9 renewals and 12 new applications with a modest annual increase to follow.

(e) Surrendered Animals

Revenue is based on 62 turnovers per year. Surrender fees are subject to Corporate Fees and Charges guidelines and schedules as follows:

	2011	**2012**	**2013**
Surrender Fee	$73.00	$75.00	$77.00

(f) Trap Rentals/Set Ups

A fee of $65.00 is charged for skunk trap rentals and an administration fee of $11 for cat trap rentals Skunk trap rentals are subject to Corporate Fees and Charges guidelines and schedules as follows:

	2011	**2012**	**2013**
Skunk trap rental prices	$65.00	$66.00	$67.00

(g) Dog Adoptions

Adoption fees are $209 for dogs less than four months, $177 for dogs over four months, and $132 for sterilized dogs. Adoptions include a health check by a veterinarian, vaccinations, spaying or neutering, microchip, first license and other value-added items. In an effort to stimulate sales the Agency introduced a discount for senior citizens of 20% and a reduced fee for dogs seven years and older. After costs, the Agency expects to net approximately $100 per animal with 200 animals adopted annually. With some exceptions, adoption fees will be adjusted to reflect inflation as follows:

	2010	**2011**	**2012**	**2013**
Less than four months Old	$204	$209	$213	$217
Over four months	$173	$177	$180	$184

Sterilized dogs	$129	$132	$135	$136
Senior intact dogs	$117	$120	$122	$125
Senior sterilized dogs	$ 64	$ 65	$ 67	$ 68

(h) Grant from the City of Winnipeg

The Agency has requested an annual operating grant from the City of Winnipeg in the amount of $1,154,276 for 2011, 2012 and 2013. This grant represents the mill rate support of operating costs.

YEAR	FUNDING AMOUNT
2000	$1,250,000
2001	$1,250,000
2002	$1,250,000
2003	$1,100,000
2004	$950,000
2005	$895,877
2006	$1,020,101
2007	$1,018,850
2008	$1,004,276
2009	$1,104,276
2010	$1,154,276
2011	$1,334,276
2012	$1,304,276
2013	$1,304,276

6. ASSUMPTIONS – EXPENSES

(a) Salaries and Employee Benefits

The Agency expects to operate with the following staff levels over the next three years:

	2011	2012	2013
WAPSO/WAPSO Exempt	2	2	2
CUPE	19.5	19.5	19.5

The 2011 CUPE staff complement consists of an Office Administrator, an Adoption/Community Education Coordinator, one Clerk C, two full-time and one part-time Clerk As, ten ASO Is, two ASO IIs and two Kennel Attendants. The WAPSO/WAPSO exempt positions include a Chief Operating Officer and a Field Operations/Court Coordinator. Projections include an inflationary adjustment of 2% for 2011 - 2013 for CUPE and WAPSO/WAPSO exempt staff. Employee benefits are estimated to be 15.44% of total gross salaries. Retirement Allowance is an accumulated provision for sick time severance payable.

(b) Professional and Consulting Services

The Council approved service contract with the Winnipeg Humane Society expired December 31, 2010. Negotiations between the parties are currently under way. The City also pays approximately $55,000 per year for a service contract with Scotia Enterprises for the provision of animal control services in the Charleswood/Tuxedo area.

(c) Audit Fee

The Agency expects to pay approximately $10,000 annually for audit fees in 2011 through 2013.

(d) Auto Allowances

In 2011, four staff members are provided with "occasional" auto allowance.

(e) Office Equipment Maintenance

The Agency expects to pay $2,500 annually in office equipment repairs and maintenance.

(f) Telephone

The Agency has budgeted $19,734 annually for land and mobile phone service.

(g) Advertising

The Agency uses various advertising mediums to help build its revenue base. Methods of advertising include billboards, bus posters, newspaper ads and brochures, Royal Ad mail-outs, etc.

(h) Equipment Rental, Internal

Fleet services for SOA vehicles are provided by Fleet SOA. The Agency operates six vehicles.

(i) Training/Workshops/Tuition

The Agency expects to incur costs of $2,700 annually to provide training to staff.

(j) Municipal Accommodations

The Agency occupies the main floor of the building at 1057 Logan Avenue (12,296 square feet). Municipal Accommodations leases the lower level to the Community Services Department, By-Law Enforcement Services Division for storage of bicycles.

(k) Depreciation

Depreciation is based on rates identified in note 2.

(l) Interest on Operating Line of Credit

The Agency has negotiated a line of credit with an interest rate of prime plus 2.5%. The 2010 line of credit was set at $900,000. The 2011 – 2013 Selection Report recommends that the 2011 line of credit be increased to $1,100,000.

(m) Administrative Charges

The Agency expects to purchase administrative services from the City's Community Services Department. Included in these services is assistance with respect to finance, human resources, strategic support and information technology. It is anticipated that the Agency's share of these costs will amount to/or approximate $85,000 yearly.

(n) Corporate Services Charges

The City of Winnipeg incurs corporate costs that relate to various shared services such as legal and PeopleSoft support. The Agency will share in paying these costs. The Agency's share of these costs is $69,582 yearly.

7. ASSUMPTIONS – CASH RECEIPTS AND DISBURSEMENTS

(a) Cash on hand

Petty cash of $150 is available for incidental expenditures. Change funds of $300 are available for the cash register float.

(b) Inventory

The Agency carries inventory for animal license tags, food, supplies and retail sales. A physical inventory count is done on December 31st.

(c) Equipment

On start-up, the Agency acquired equipment from the City of Winnipeg. In 2009 the Agency reviewed its technology needs and upgraded equipment as needed. The Agency has assumed that all dispositions will be made at net book value and there will be no gain or loss resulting from the disposition of assets.

(d) Accounts Payable and Accrued Liabilities

Accounts payable are paid on the basis of 30-day terms and it has been assumed that accounts payable will be nominal at year-end. Accrued liabilities include such items as unpaid contract fees, salary accruals and other year-end payables.

(e) Deferred Revenue

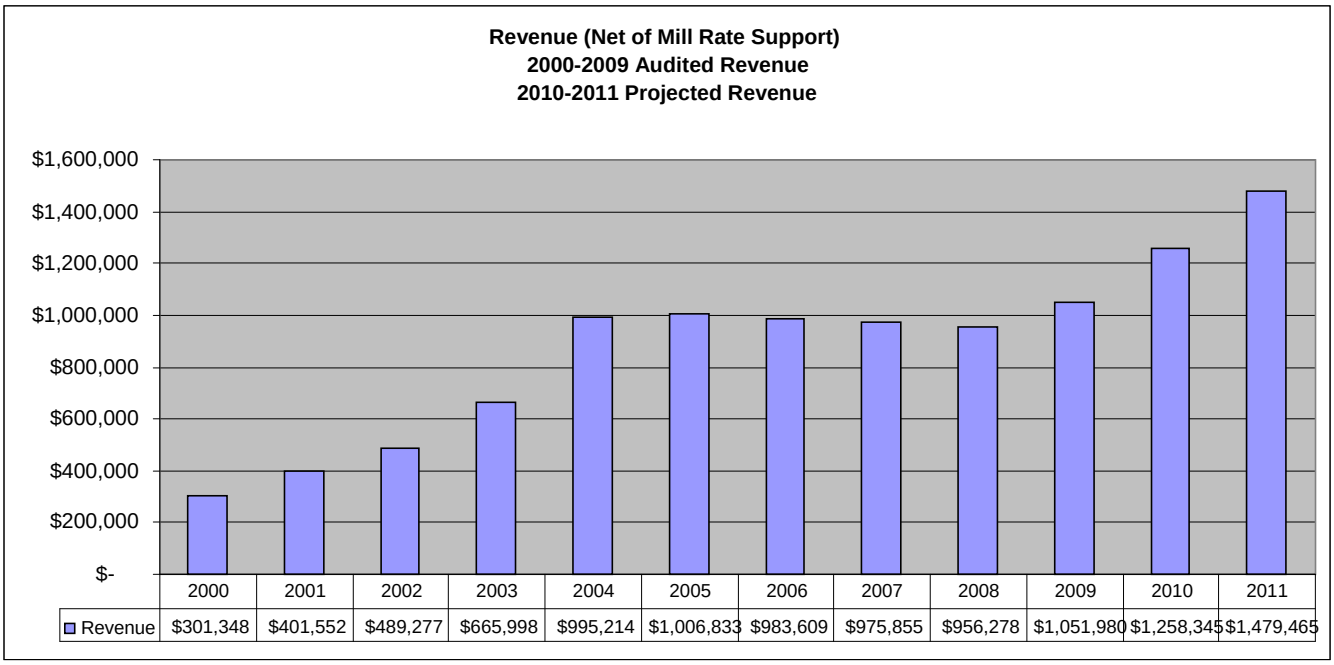
Animal license terms vary from 7 months to 30 months. Licenses have staggered monthly renewals based on the first letter of the last name. As a result there will be unearned revenue on hand at year-end. In 2005 a two-year licensing option was introduced. This has resulted in a slightly higher deferral of unearned revenue.

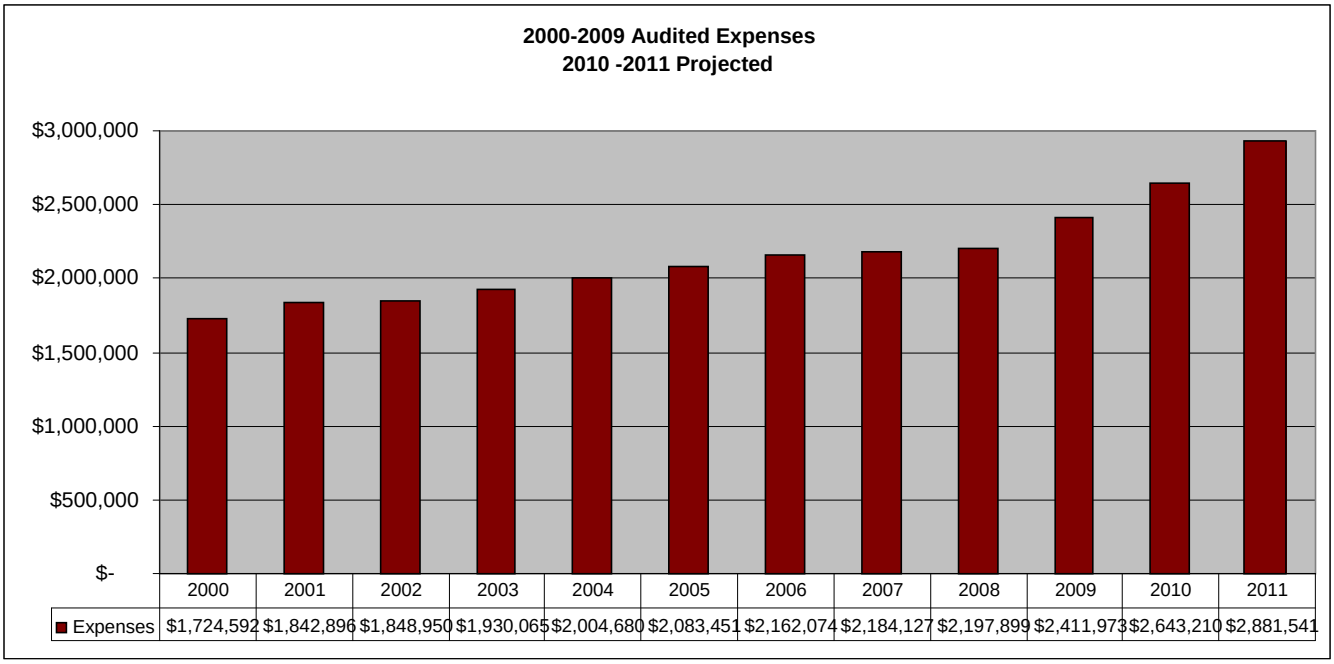
8. SPECIAL NOTE

(a) Deficit Balance Restated

The December 31, 2007 closing balance for accumulated deficit has been restated as the result of an under accrual of vacation liability. The under accrual was corrected in 2008.

Appendix 2: 2000-2009 Actual Expense and Revenue (Net of Mill Rate Support) Comparisons with 2010 - 2011 Projections





APPENDIX B

ANIMAL SERVICES AGENCY 2010 ADVISORY BOARD MEMBERS

Advisory Board Chair Corporate ASD Representative	
Cindy Fernandes Controller / Manager of Finance & Administrative Services Community Services Department	
Leland Gordon, Chief Operating Officer (COO) Animal Services SOA	
Ted Turk, Field Operations/Court Coordinator Animal Services Agency	
Lisa Rosin, Director – Shelter Operations Winnipeg Humane Society	
D'Arcy Johnson, Executive Director D'Arcy's A.R.C.	
Dr. Wenchao Zheng Animal Hospital of Manitoba	
Tim Pasma, DVM Manitoba Agriculture – Animal Health and Welfare	
Peter Wm. Solilak, R.A.H.T., President - MAHTA Manitoba Animal Health Technologist Association COO, McPhillips Animal Hospital	
Joan McMahon, Representative CUPE Local 500	
Minutes only to: Jason Baird, Staff Accountant Ernst & Young LLP	