Agenda – Executive Policy Committee – December 11, 2013

REPORTS

Item No. 3 Animal Services Special Operating Agency – 2014-2016 Business Plan (Selection Report)

COMMITTEE RECOMMENDATION:

On December 6, 2013, the Alternative Service Delivery Committee concurred in Recommendations 1 and 2 of the Winnipeg Public Service and recommended to the Executive Policy Committee:

1. That the 2014 Business Plan (Selection Report) for the Animal Services Special Operating Agency, including the 2014 budget, be approved and the 2015 – 2016 financial projections as tabled in the Selection Report 2014 – 2016 (Appendix A), be received as information.

2. That the proposed tax supported funding for the Animal Services Special Operating Agency of $1,404,276 in 2014 through 2016 be approved, subject to confirmation in the annual tax supported budget process.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

STANDING COMMITTEE RECOMMENDATION:

On December 2, 2013, the Standing Policy Committee on Protection and Community Services concurred in the recommendation of the Winnipeg Public Service and recommended to the Executive Policy Committee:

1. That fees and charges for 2014 – 2016 be approved as per the attached “Fees and Charges Schedule” (Appendix C).

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

COMMITTEE RECOMMENDATION:

On December 6, 2013, the Alternative Service Delivery Committee concurred in Recommendations 1 and 2 of the Winnipeg Public Service and recommended to the Executive Policy Committee:

1. That the 2014 Business Plan (Selection Report) for the Animal Services Special Operating Agency, including the 2014 budget, be approved and the 2015 – 2016 financial projections as tabled in the Selection Report 2014 – 2016 (Appendix A), be received as information.

2. That the proposed tax supported funding for the Animal Services Special Operating Agency of $1,404,276 in 2014 through 2016 be approved, subject to confirmation in the annual tax supported budget process.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

COMMITTEE DECISION:

On December 6, 2013, the Alternative Service Delivery Committee concurred in Recommendation 3 of the Winnipeg Public Service and approved the Advisory Board members as per the attached Advisory Board Members list (Appendix B), namely:

- Deepak Joshi, COO, Chairperson – Corporate ASD Representative
- Cindy Fernandes, Manager of Finance and Administrative Services – designate (ex-officio)
- Leland Gordon, Chief Operating Officer – Agency Head (ex-officio)
- Charlene Slingsby, Field Operations / Court Coordinator – Animal Services SOA
- D'Arcy Johnson, Executive Director, D'Arcy A.R.C. – Customer Representative
- Dr. Colleen Marion, Companion Animal Welfare, Veterinarian, Office of the Chief Veterinarian, Manitoba Agriculture, Food, and Rural Initiative – Business Representative
- Robert Brissette, President/CEO PetLand Canada – Business Representative
- Bill McDonald, CEO, Winnipeg Humane Society – Winnipeg Humane Society
- Dr. Lynn Webster – Veterinarian Association
- Barbara Verschoore, Representative, Local 500, CUPE – Executive Member, Canadian Union of Public Employees

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

On December 2, 2013, the Standing Policy Committee on Protection and Community Services concurred in the recommendation of the Winnipeg Public Service and recommended to the Executive Policy Committee:

1. That fees and charges for 2014 – 2016 be approved as per the attached "Fees and Charges Schedule" (Appendix C).

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: 2014 - 2016 Business Plan (Selection Report) Animal Services Special Operating Agency

Critical Path: Alternative Service Delivery Committee - Standing Policy Committee on Protection and Community Services - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
L. Gordon	C. Wightman	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

That the Alternative Service Delivery Committee submits the following recommendations to the Executive Policy Committee and Council:

1. That Council approves the 2014 Business Plan (Selection Report) for the Animal Services Special Operating Agency, including the 2014 budget, and receives as information the 2015 – 2016 financial projections as tabled in the Selection Report 2014 – 2016 (Appendix A).

2. That Council approves the proposed tax supported funding for the SOA of $1,404,276 in 2014 through 2016, subject to confirmation in the annual tax supported budget process.

3. That Advisory Board members be approved as per the attached Advisory Board Members list (Appendix B).

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

That the Standing Policy Committee on Protection and Community Services submit the following recommendations to the Executive Policy Committee and Council:

1. That fees and charges for 2014 – 2016 be approved as per the attached “Fees and Charges Schedule” (Appendix C).

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required for the Animal Services Agency 2014 - 2016 Business Plan and budget.

IMPLICATIONS OF THE RECOMMENDATIONS

- In the year 2000, the Agency completed 6,416 incidents and received $1,125,000 of operational mill rate support. In 2012, the Agency completed 13,396 incidents and received $904,276 of operational mill rate support. Animal Services, as a Division and then as an SOA, has been protecting people and animals in Winnipeg for over 135 years.
- To maintain the Agency's deficit reduction plan first implemented in 2013 and sustain the Agency's essential service of animal control, it is recommended that Council approve Animal Services' mill-rate support in 2014 of $1,404,276 as a transfer from the Community Services Department.
- These projected mill rate support transfers are included in the Community Services Department's proposed 2014 – 2016 Tax-Supported Operating Budget Submission.
- Animal Services projects a surplus of $215,194 in 2014, $215,044 in 2015, and $210,123 in 2016. The SOA's accumulated deficit will decrease from the December 31, 2012 balance of $1,014,955 to $138,801 by the end of 2016.
- Animal Services will continue with a yearly licensing campaign in an effort to boost dog license sales to help reduce the Agency's accumulated deficit over the next number of years.
- Fees and charges are expected to increase by the rate of inflation in all budget years, as provided by the City's Fees and Charges Policy. Above inflationary increases are proposed for kennel fee, vaccination fee, veterinary exam charge, excess animal permit annual inspection fee, excess animal permit initial application fee, and skunk trap rental.
- Animal Services occasionally picks up exotic and commercial animals. New exotic and commercial adoption fees are proposed to facilitate adoptions of these animals.

HISTORY

Animal Services was designated by Council as a Special Operating Agency (SOA) effective January 1, 2000. The Agency enforces the Pound By-law and the Exotic Animal By-law.

The Animal Services Operating Charter stipulates that a Business Plan (Selection Report - summary of the annual business plan) will be provided to Council each year.

The mandate of the Animal Services Agency is to promote, protect and safeguard the health of the community by establishing and maintaining an urban environment which permits the city's human and animal populations to co-exist free of conditions which adversely affect the health, safety and enjoyment of the community. Animal Services Agency is responsible for the enforcement of animal care and control by-laws to minimize risk in the communities served.

The Agency operates successful adoption, volunteer, and foster programs. License revenues help fund the services provided, including housing stray dogs and reuniting them with their owners, attending house fires or car accidents to help in the removal of animals where needed, and providing an Adoption Program.

A contingent of Animal Services Officers patrols the streets of Winnipeg to help resolve neighbourhood disputes and incidents involving animals.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 3, 2013

Project Name:

First Year of Program **2014**

2014 - 2016 Business Plan (Selection Report) Animal Services Special Operating Agency

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 1,404,276	$ 1,404,276	$ 1,404,276	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 1,404,276	$ 1,404,276	$ 1,404,276	$ -	$ -
Less: Existing Budget Amounts	1,404,276	1,404,276	1,404,276	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The 2014 - 2016 Animal Services Selection Report assumes a tax-supported subsidy of $1,404,276 for 2014 to 2016. This level of Mill Rate Support is provided in the Community Services' 2014 proposed and 2015-2016 projected budget.
The SOA projects a surplus of $215,194 in 2014, $215,044 in 2015, and $210,123 in 2016. This plan will reduce the accumulated deficit from the December 31, 2012 balance of $1,014,955 to $138,801 by the end of 2016.

original signed by
Cindy Fernandes, CMA
Controller
Community Services Department

CONSULTATION

In preparing this Report there was consultation with:

Community Services Department
Legal Services Department

SUBMITTED BY

Department: Community Services
Division: Animal Services Agency
Prepared by: Leland Gordon
Brenda Kautz
Date: December 3, 2013
File No.

Appendix A: ***2014 – 2016 Business Plan (Selection Report)***

Appendix A

Appendix A-3: ***2012 Audited Financial Statements***

Appendix A-3

Appendix B: ***Advisory Board Members List***

Appendix B

Appendix C: ***Fees and Charges Schedule***

Appendix C

Appendix A

Animal Services Special Operating Agency

2014-2016 Business Plan

Service Overview:

Animal Services 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
Kenneling	o Kenneling and care for stray animals and dogs running at large picked up by the Agency o Quarantine kenneling 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 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:

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.

- Maintain "Zero Tolerance" dog licensing policy.
  - The Animal Services Agency embarked on a dog licensing campaign in June of 2011. The "Amnesty" campaign allowed delinquent and non-licensed dog owners the opportunity to purchase a license while avoiding any penalty fees and additional fines. Through the Agency's educational / promotion efforts, residents were made aware of the Amnesty, and that, effective September 1, 2011, Winnipeg would become a zero-tolerance dog licensing city. Zero tolerance means that if you are a

dog owner and your dog has never been licensed, you will be immediately subject to a $250 fine.
    - The Amnesty Campaign and Zero Tolerance Program have proved to be tremendously successful. Over 61,000 dogs are now licensed in Winnipeg versus 35,000 in 2009. More new licenses are being processed daily. Advertising and media collaboration will continue to be used to educate the public about the zero tolerance policy and the value and importance of dog licensing. License revenues help protect one's dog while supporting the essential service of animal control. Licensing enforcement will continue with the Agency's complement of Animal Services Officers.

- Annually review all fees and charges.
- Active follow-up on delinquent accounts and no-license complaints.
- Continue e-commerce capabilities on Winnipeg.ca:
    - Online pet licensing invoicing
    - Online license renewals
    - Online new license payments
    - Online donations for sick and injured animals
- Expansion of e-commerce pet licensing purchasing options:
    - In August of 2012, the 311 service centre began offering pet license sales over the phone utilizing the e-commerce capabilities of Winnipeg.ca
- Actively pursue sponsorship opportunities to offset operating costs of Agency programs such as adoptions.
    - Dog kennel sponsorships have proven popular.
- Target common dog walking areas with both educational and dog license messaging.

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

- Review Agency's technological needs and upgrade as necessary. In 2014, the Agency will replace its aging licensing system, which will enable better customer service and more efficient license processing and bylaw enforcement.
- Support ongoing staff training and development.
- Expand performance metrics.

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

- 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.
- Target dog parks and other common dog-walking routes with enforcement, focusing on on/off leash compliance and licensing.
- Continue financial support of the Winnipeg Humane Society's low-cost spay/neuter programs.
- Develop creative marketing promotions stressing responsible pet ownership with an emphasis on neighbourhood relations and licensing.
- Continue to expand relationship with 311, including 24/7 reunification of licensed dogs.
- Develop innovative strategies to encourage pet owners to spay/neuter their pets.
- 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 the Winnipeg Humane Society, veterinarian community, Animal Services Agency Advisory Board, and other rescue organizations to develop joint strategies to provide solutions for neighbourhoods.
- Review and amend by-laws as necessary.
- Establish a comprehensive performance measurement system.
- Develop a comprehensive and sustaining marketing plan and communications strategy.
- Expand relationship with media promoting special dog incidents and activities at Animal Services.
- Continue online promotion of adoption of unclaimed dogs on Petfinder.com and on Facebook through volunteer collaboration.

Financial: (see Appendix A-1: 2014 – 2016 Financial Projections)

Pro forma financial statements are attached, which include a Projected Statement of Financial Position, Projected Statement of Operations and Accumulated Deficit, Projected Statement of Cash Flows and a Projected Statement of Net Financial Liabilities (see Appendix A-1 and A-2).

2012 Audited Financial Statements are attached for reference (Appendix A-3).

Tax-supported funding for the Agency is reflected as a Mill Rate Support Transfer to Animal Services in the Community Services Department budget.

Table 1 outlines the effectiveness of the cost management of the Animal Services Agency. The chart following is based on the OMBI guideline (Ontario Municipal Benchmarking Initiative) which measures Percentage Recovery of Animal Control Cost.

Table 1: Percentage Recovery of Animal Control Cost

Percentage Recovery of Animal Control Cost	2007	2008	2009	2010	2011	2012
Revenue net mill rate support (per Audited Financial Reports)	$ 997,624	$ 998,239	$ 1,051,980	$ 1,271,033	$ 1,570,189	$ 2,067,510
Total expenditures (per Audited Financial Reports)	$ 2,239,308	$ 2,197,899	$ 2,411,973	$ 2,544,286	$ 2,703,955	$ 2,864,239
Percentage recovered	45%	45%	44%	50%	58%	72%

REVENUE:

Mill Rate Support

2000	2001	2002	2003	2004	2005	2006	2007	2008
$1,250,000	$1,250,000	$1,250,000	$1,100,000	$950,000	$895,877	$1,020,121	$1,018,850	$1,004,276

2009	2010	2011	2012	2013	2014	2015	2016
$1,104,276	$1,154,276	$1,334,276	$1,302,504	$1,404,276	$1,404,276	$1,404,276	$1,404,276
					Current Budget Period		

- The direct mill rate support to Animal Services in 2013 as at December 31st is projected to be $904,276 after $500,000 of the gross mill rate support is transferred to the Winnipeg Humane Society.
- The current Winnipeg Humane Society service agreement will expire December 31, 2013. Funds for 2014 through 2016 have been budgeted on a status quo basis.

Table 2: 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	($156,225)
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	6.6%	($1,731,413)
2011	1,334,276	530,000	804,276	0.0%	($1,520,730)
2012	1,302,504	500,000	802,504	-0.2%	($1,296,709)
Projected					
2013	1,404,276	500,000	904,276	12.7%	($779,162)
2014	1,404,276	500,000	904,276	0.0%	($563,968)
2015	1,404,276	500,000	904,276	0.0%	($348,924)
2016	1,404,276	500,000	904,276	0.0%	($138,801)

Based on Projection as at April 30, 2013

Table 2 outlines the historical tax support received by Animal Services to run its operations net of the Winnipeg Humane Society service agreement. In 2014, the deficit reduction plan initiated in 2013 will continue to reduce the Agency's accumulated deficit by a minimum of $100,000 per year. Thus the 2014 proposed mill rate support is projected to be $904,276 net of the service contract to the Winnipeg Humane Society of $500,000.

Revenue (Non Mill-Rate Sources)

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$2,067,510	$1,924,440	$2,077,778	$2,119,334	$2,164,834

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

With Council approval, the Agency increased the annual dog license fees effective January 1, 2013 from $28.00 to $29.00 for sterilized dogs and from $63.00 to $64.00 for intact dogs. Further $1.00 increases were previously approved for 2014 and are projected for 2015 through 2016.

Table 3 outlines actual dog license revenues, recognized and recorded on an accrual basis, for 2000 – 2012 with projected revenues for 2013 through 2016.

Table 3: Dog licenses - Actual and Projected Revenue

		Year over Year	
Year	License Revenue	$ Increase or (Decrease)	% Increase or (Decrease)
Actual			
2000	$ 237,708	N/A	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	2.2%
2010	$ 1,040,174	$ 182,828	21.3%
2011	$ 1,510,125	$ 469,951	45.2%
2012	$ 1,799,914	$ 495,796	38.0%
Projected			
2013	$ 1,672,000	$ (127,914)	-7.1%
2014	$ 1,830,000	$ 158,000	9.4%
2015	$ 1,866,600	$ 36,600	2.0%
2016	$ 1,912,100	$ 45,500	2.4%

Based on projection at April 30, 2013

- Dog license terms vary from 7 months to 30 months. As a result there is unearned revenue on hand at year-end that is deferred to future years.
- After several years of declining or neutral growth, license sales increased due primarily to a successful 2011 Amnesty Campaign.
- Changes to license revenue from 2013 to 2016 consider previous years' deferrals at lower average license rates resulting in a revenue decrease in 2013, even though the license levels are projected to be maintained. Dog license revenue is projected to increase again in 2014 as the average license rate increases.

Table 4 outlines the effectiveness of the dog licensing program in relationship to the City's human population. The chart is based on the OMBI guideline (Ontario Municipal Benchmarking Initiative) which measures Number of Dog licenses per 100,000 Population.

Table 4: Number of Dogs Licenses per 100,000 population

Number of Dog Licenses Active per 100,000 Population	2006	2007	2008	2009	2010	2011	2012
Licenses per Animal Services Information System (ASIS)	35,876	36,615	36,300	35,027	41,592	61,163	63,689
City of Winnipeg estimated population	653,500	658,900	665,900	675,100	684,100	691,800	704,800
Number of dogs licensed per 100,000 population	5,490	5,557	5,451	5,188	6,080	8,841	9,036

Other Regulation Fees

- Fees and charges are expected to increase by the rate of inflation in all budget years, as provided by the City's Fees and Charges Policy. Above inflationary increases are proposed for kennel fee, vaccination fee, veterinary exam charge, excess animal permit annual inspection fee, excess animal permit initial application fee, and skunk trap rental.

- Animal Services occasionally picks up exotic and commercial animals. New exotic and commercial adoption fees are proposed to facilitate adoptions of these animals.

- Projected revenues are based on returning dogs to their owners with an average stay of 5 days.

EXPENSES*:*

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$2,864,239	$3,092,923	$3,266,860	$3,308,565	$3,358,986

Salaries and Benefits

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$1,441,480	$1,592,931	$1,649,270	$1,709,029	$1,758,828

- 2014 proposed salary levels are based on existing grades and levels as per the collective agreements. The proposed 2014 CUPE staff complement will consist of:
    - One Clerk C
    - One Clerk B
    - Three permanent Clerk A's
    - Three part-time temporary Clerk A's (for evenings and weekends, total 2.4 FTE)
    - One Adoption/Education Coordinator
    - Two ASO (Animal Services Officer) II's
    - Ten permanent ASO I's
    - One temporary ASO I
    - One Kennel Attendant
    - Three part-time Kennel Attendant Assistants (total 1.29 FTE).

  The WAPSO/WAPSO exempt positions include:
    - One Chief Operating Officer
    - One Field Operations/Court Coordinator
    - One Financial Analyst.

- The total full time equivalent (FTE) number of employees will remain at the 2012 level of 26.69 FTE.

Services

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$388,452	$333,747	$407,198	$413,659	$413,659

- The Agency pays approximately $50,000 per year for a service contract with Scotia Enterprises for animal control services in the Charleswood/Tuxedo area.
- The Agency budget includes payments for General Government Charges of $70,280 in 2014, $70,631 in 2015 and $70,631 in 2016 for support provided by Corporate Finance and Corporate Services.
- The Agency budgeted $60,000 for commission on dog license sales through veterinarians and pet stores.
- Animal Services expects to continue purchasing administrative services from the City's Community Services Department for 2014 - 2016. Included in these services is assistance with respect to finance, human resources, strategic support and information technology. (See Table 5 below for Interdepartmental Support)

Table 5: Interdepartmental Support

	Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
Financial	27,500	27,500	30,500	31,110	31,732
Human Resources	16,000	16,000	16,000	16,000	16,000
Strategic	16,000	16,000	16,000	16,000	16,000
Information Systems	20,896	20,896	20,896	21,314	21,314
Total	$ 80,396	$ 80,396	$ 83,396	$ 84,424	$ 85,046

- Other major services used by the Agency include Veterinarian Services ($75,500) and postage ($45,000).

Materials, Parts and Supplies

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$129,276	$140,920	$176,036	$148,857	$148,857

- The budget for materials, parts and supplies is higher in 2014 because Animal Services Agency requires $30,000 in 2014 for purchasing a new licensing software package to better suit the needs of the Agency.
- Animal Services Agency replaced its animal control fleet in 2013 and is anticipating a lower consumption of fuel and lower emissions, with budgeted expense decreasing from over $30,000 down to $26,000 per annum.

Assets and Purchases

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$5,164	$3,155	$3,202	$3,266	$3,266

- Animal Services Agency maintains an inventory of trapping equipment and anti-barking devices.
- The Agency will maintain or update office equipment in 2014.

External Debt and Finance Charges (including interest expense)

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$17,640	$66,877	$61,250	$61,755	$61,755

- Provision for bad debts is reduced for 2014 to reflect the 2012 through 2013 trend.
- Animal Services Agency has a line of credit with an interest rate of prime plus 2.5%.

Grants, Transfers and Others

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$506,285	$525,075	$525,576	$526,087	$526,087

- The City of Winnipeg provides an annual operating grant of $500,000 to the Winnipeg Humane Society. There are two components to the Winnipeg Humane Society agreement :
    - The operating portion ($425,000) is for the Winnipeg Humane Society to provide kennelling space for all cats pursuant to the Pound By-law and to manage other animal welfare issues, mainly caring for injured animals
    - The second component is a low-cost cat spay and neuter program (to a maximum of $75,000).

Accommodations

Audited Actual 2012	Adopted 2013	Proposed 2014	Projected 2015	Projected 2016
$211,439	$211,564	$211,564	$211,564	$211,564

- 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 for storage of bicycles, and Winnipeg Repair Education and Cycling Hub (WRENCH).

Appendix A-1

2014 – 2016 Financial Projections and Notes

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

As At December 31	Audited Actual 2012	Adopted Budget 2013	Proposed Budget 2014	Projected Budget 2015	Projected Budget 2016
FINANCIAL ASSETS					
Cash	13,640	-	-	-	-
Due From the City Of Winnipeg - General Revenue Fund	226,152		-	-	-
Accounts receivable	69,055	40,000	40,000	40,000	40,000
	308,847	40,000	40,000	40,000	40,000
LIABILITIES					
Accounts payable and accrued liabilities	98,070	50,000	50,000	50,000	50,000
Deferred revenue	1,145,478	836,000	915,000	933,300	956,050
Vacation and overtime payable	94,377	100,000	100,000	100,000	100,000
Retirement allowance and compensated absences	81,000	104,000	104,000	104,000	104,000
	1,418,925	1,090,000	1,169,000	1,187,300	1,210,050
NET FINANCIAL LIABILITIES	(1,110,078)	(1,050,000)	(1,129,000)	(1,147,300)	(1,170,050)
NON-FINANCIAL ASSETS					
Tangible capital assets (Note 6)	46,229	78,929	100,600	69,055	69,055
Inventories	9,779	6,000	6,000	6,000	6,000
Prepaid expenses	39,115	32,000	32,000	32,000	32,000
	$ 95,123	$ 116,929	$ 138,600	$ 107,055	$ 107,055
ACCUMULATED DEFICIT	$ (1,014,955)	$ (779,162)	$ (563,968)	$ (348,924)	$ (138,801)

See accompanying notes and schedules to the financial projections

Projected Statement of Operations and Accumulated Deficit

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31	Audited Actual 2012	Adopted Budget 2013	Proposed Budget 2014	Projected Budget 2015	Projected Budget 2016
REVENUES					
Government grant	25,218	25,075	25,578	26,089	26,089
Regulation fees	1,896,231	1,763,265	1,918,400	1,956,768	2,002,268
Sales of goods and services	110,900	123,100	103,800	105,876	105,876
Transfer (Note 5h)	1,302,504	1,404,276	1,404,276	1,404,276	1,404,276
Other revenue	35,161	13,000	30,000	30,600	30,600
Total Revenues	3,370,014	3,328,716	3,482,054	3,523,609	3,569,109
EXPENSES					
Salaries and employee benefits	1,441,480	1,592,931	1,649,270	1,709,029	1,758,828
Services (Note 6)	388,452	333,747	410,088	417,968	418,590
Rent (Note 6)	211,439	211,564	211,564	211,564	211,564
Administrative expenses (Note 6)	159,730				
Material, parts and supplies	129,276	140,920	176,036	148,857	148,857
Grants, transfers and other	506,285	718,852	730,372	730,546	730,546
Amortization	22,711	24,707	25,078	25,579	25,579
Debt and finance charges	26,143	66,877	61,078	61,579	61,579
Assets and purchases	5,164	3,155	3,202	3,266	3,266
Interest (Note 6)	12	170	172	177	177
Recoveries	(26,453)	-			-
Total Expenses	2,864,239	3,092,923	3,266,860	3,308,565	3,358,986
Excess Revenues Over Expenses	505,775	235,793	215,194	215,044	210,123
ACCUMULATED DEFICIT BEGINNING OF YEAR	(1,520,730)	(1,014,955)	(779,162)	(563,968)	(348,924)
ACCUMULATED DEFICIT, END OF YEAR	(1,014,955)	(779,162)	(563,968)	(348,924)	(138,801)

See accompanying notes and schedules to the financial projections

Projected Statement of Cash Flows

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31	Audited Actual 2012	Adopted Budget 2013	Proposed Budget 2014	Projected Budget 2015	Projected Budget 2016
Net inflow (outflow) of cash related to the following activities					
OPERATING					
Excess/(Deficiency) of revenue over expenses	505,775	235,793	215,194	215,044	210,123
Non-cash charges to operations					
Amortization	22,711	24,707	25,078	25,579	25,579
Retirement allowance and compensated absences	16,000	-	-	-	-
	544,486	260,500	240,272	240,623	235,702
Net change in non-cash working capital balances related to operatic	(95,367)	(134,058)	79,001	18,299	22,751
Cash used in operating activities	449,119	126,442	319,273	258,922	258,453
CAPITAL					
Acquisition of tangible capital assets	(20,392)	(42,000)	(64,000)	-	-
FINANCING					
Change in due to The City of Winnipeg - General Revenue Fund	(438,812)	(98,082)	(261,909)	-	-
Increase (Decrease) in Cash	(10,085)	(13,640)	-	-	-
CASH, BEGINNING OF YEAR	23,725	13,640	-	-	-
CASH, END OF YEAR	13,640	-	-	-	-

See accompanying notes and schedules to the financial projections

ANIMAL SERVICES - SPECIAL OPERATING AGENCY

PROJECTED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

For the year ended December 31	Audited Actual 2012	Adopted Budget 2013	Proposed Budget 2014	Projected Budget 2015	Projected Budget 2016
EXCESS REVENUES OVER EXPENSES	505,775	235,793	215,194	215,044	210,123
Amortization of tangible capital assets	22,711	24,707	25,078	25,579	25,579
Change in inventories and prepaid expenses	23,555	(15,065)	-	-	-
Acquisition of tangible capital assets	(20,392)	(42,000)	(64,000)	-	-
INCREASE IN NET FINANCIAL LIABILITIES	531,649	203,435	176,272	240,623	235,702
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(1,641,727)	(1,596,937)	(849,848)	(673,576)	(432,953)
NET FINANCIAL LIABILITIES, END OF YEAR	(1,110,078)	(1,393,502)	(673,576)	(432,953)	(197,251)

See accompanying notes and schedules to the financial projections

NOTES TO THE FINANCIAL PROJECTION
THREE YEARS ENDING DECEMBER 31, 2016

1. DESCRIPTION OF BUSINESS

Animal Services, Special Operating Agency commenced operations on January 1, 2000. The Agency completed its 13th year of operations on December 31, 2012. Animal Services continues to work towards its goals;

- To be financially self-sustainable to the greatest extent possible.
- 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
- Multi-year licensing
- Numerous retail outlets for license sales
- Enhanced education programs
- Increased Marketing Campaigns
- Revamped fines schedule
- Three per page invoice printing for paper/printing economies and bar-coding for new technology
- Automatic electronic payments through Banking Institutions
- Voice Response Unit – a computer system that sends automated voice reminders to dog owners for license renewals
- On line licensing website launched - January 1st, 2011.
- Zero tolerance licensing policy effective September 1st, 2011.
- 311 started selling licenses for Animal Services Agency in August, 2012 though Winnipeg.ca.

2. SIGNIFICANT ACCOUNTING POLICIES

The projected financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for governance established by Public Sector Accounting Board (PSA) of Canadian Institute of Chartered Accountant. The projections include the following significant accounting policies:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue in the period which it is earned provided it is measurable and collection reasonably certain. 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.

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 excess of revenues over expenses, provides the changes in net financial liabilities for the year.

1. **Tangible capital assets**

   Tangible capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives using the following annual rates:

Computer equipment	25%
Furniture and other equipment	20%
Communication radios	20%

2. **Inventories**

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

Employee benefit plan

The Winnipeg Civic Employees' Benefits Program is a multi-employer contributory defined benefit program and accordingly contributions are expenses 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.

Estimates

The preparation of projected financial statements in conformity with Canadian generally accepted 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 from actual results.

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, 2016. 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. The hypotheses are consistent with the purpose of the information. 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.

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 $1,404,276 for 2014 to 2016.
(b) 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.
(c) That the Agency will be allowed to purchase any support services required to sustain ongoing operations.
(d) That the Consumer Price Index is 1.5% for 2014 and 2.0% for 2015 and 2016.
(e) That the City of Winnipeg re-negotiates a new service agreement with the Winnipeg Humane Society based on the status quo. The current contract will expire December 31, 2013.

5. ASSUMPTIONS – REVENUE

(a) Pound Fees

The basic fees for running at large are: first offence - $54, second offence - $161 and third offence - $242.

(b) Kenneling Fees

Kenneling fees are set at $26 per day effective January 1, 2014 and are projected to increase annually by $1 per day.

(c) Dog Licenses

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

	Annual Intact Dog License Fee	Annual Sterilized Dog License Fee
2014 Approved	$65	$30
2015 Projected	$66	$31
2016 Projected	$67	$32

Dog license fees for intact dogs in 2014 are $65 annually. A 54% discount is offered for sterilized dogs, reducing this fee to $30 annually. Intact and sterilized dog license fees will increase annually by $1. Dangerous dog license fees are set at $81 annually.

(d) Excess Animal Permit

2014 permit revenue is increased to reflect the Animal Services resources required by the permit application process: $200 application fee and $80 annual inspection fee.

(e) Surrendered Animals

Revenue is based on 65 turnovers per year. Surrender fees are subject to inflationary increase as per City of Winnipeg Fees and Charges guidelines and schedules and are projected as follows:

	2013	2014	2015	2016
Surrender Fee	$76.00	$77.00	$79.00	$81.00

(f) Trap Rentals/Set Ups

A fee of $99 is charged for skunk trap rentals and an administration fee of $12 for cat trap rentals Skunk trap rentals and related charges are proposed as follows:

	2013	2014	2015	2016
Skunk trap rental prices	$77.00	$99.00	$99.00	$99.00
Skunk trap late fee	$15.00	$15.25	$15.55	$15.85
Cat trap rental administration fees	$11.75	$12.00	$12.25	$12.50

(g) Dog Adoptions

Adoption fees are $221 for dogs less than four months, $188 for dogs over four months, and $139 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. Adoption fees will be adjusted to reflect inflation projected as follows:

	2013	2014	2015	2016
Less than four months Old	$218	$222	$226	$230
Over four months	$185	$188	$193	$197
Sterilized dogs	$137	$139	$143	$146
Senior intact dogs	$122	$124	$126	$128
Senior sterilized dogs	$ 66	$ 67	$ 68	$ 69

(h) Grant from the City of Winnipeg

The Agency has requested an annual operating grant of $1,404,276 for 2014-2016.

In 2013, a deficit reduction plan started reducing the Agency's accumulated deficit by a minimum of $100,000 per year.

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	$1,020,121
2007	$1,018,850
2008	$1,004,276
2009	$1,104,276
2010	$1,154,276
2011	$1,334,276
2012	$1,302,504
2013	$1,404,276
2014	$1,404,276
2015	$1,404,276
2016	$1,404,276

6. ASSUMPTIONS – EXPENSES

(a) Salaries and Employee Benefits

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

	2013	2014	2015
WAPSO/WAPSO Exempt	3	3	3
CUPE	23.69	23.69	23.69
Total FTEs	26.69	26.69	26.69

(b) Grants and non-professional fees

The City of Winnipeg provides an annual operating grant of $500,000 to the Winnipeg Humane Society. There are two components to the Winnipeg Humane Society agreement :

- The operating portion ($425,000) is for the Winnipeg Humane Society to provide kennelling space for all cats pursuant to the Pound By-law and to manage other animal welfare issues namely care for injured animals
- The second componet is a low-cost cat spay and neuter program (to a maximum of $75,000).

(c) Audit Fee

The Agency expects to pay approximately $10,000 annually for audit fees.

(d) Auto Allowances

In 2014, four staff members are provided with “occasional” auto allowance; one with “required” car allowance.

(e) Equipment Maintenance

The Agency expects to pay estimated $500 annually in equipment repairs and maintenance.

(f) Telephone

The Agency has budgeted $32,000 annually for land and mobile phone service, GPS mapping and mobile computer data usage.

(g) Advertising

The Agency uses various advertising mediums to help build its revenue base. Methods of advertising include billboards, bus kings, newspaper ads and brochures.

(h) Equipment Rental, Internal

Vehicles are provided by the Fleet SOA. The Agency operates six vehicles. In 2013, the Agency replaced its old fleet with six environmentally friendlier vehicles, resulting in a smaller carbon footprint.

(i) Training/Workshops/Tuition

The Agency expects to incur costs of over $10,000 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).

(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 2013 line of credit is $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. The Agency’s share of these costs is $80,000 annually.

(n) Corporate Support Services Charges

The City of Winnipeg incurs corporate costs that relate to various shared services such as Legal and Peoplesoft support. The Agency is charged $70,280 for 2014, and $70,631in 2015 and 2016 by Corporate Support Services.

7. ASSUMPTIONS – CASH RECEIPTS AND DISBURSEMENTS

(a) Cash on hand

Petty cash of $75 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. The Agency constantly reviews its technology needs and upgrade 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

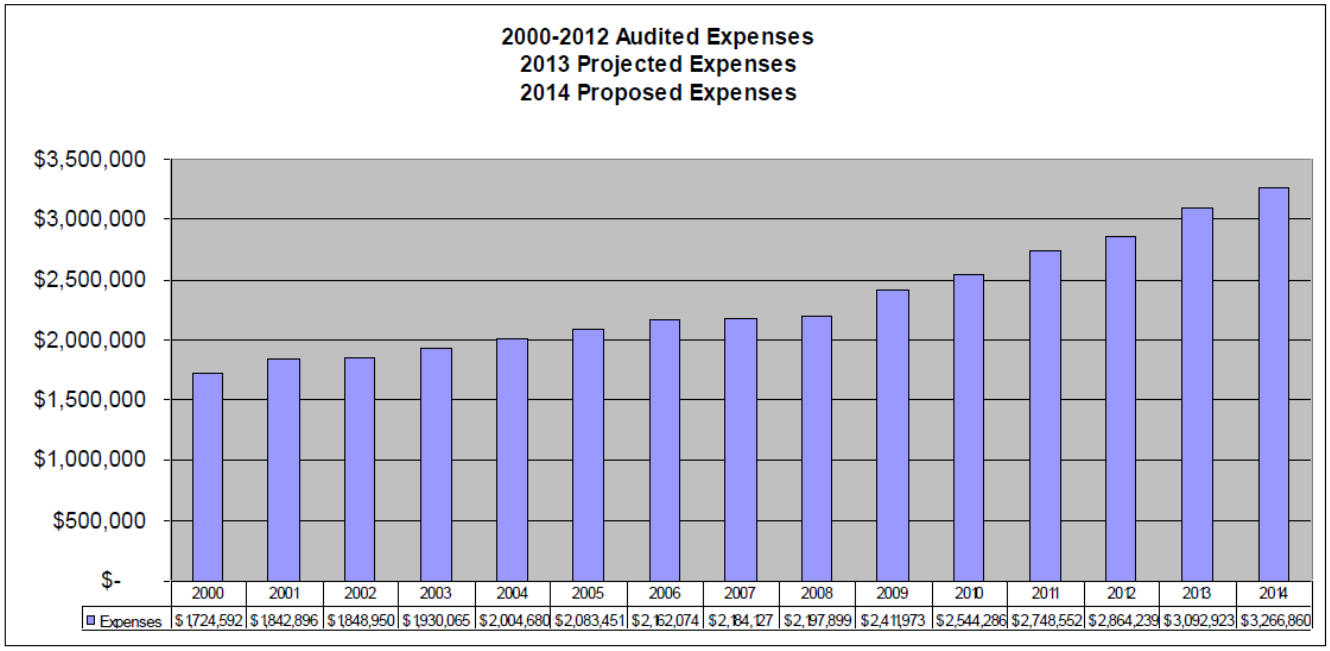
Accounts payable are paid on the basis of 30-day terms and it has been assumed that accounts payable will be nominal at year-end. Accrued liabilities include such items as unpaid contract fees, salary accruals and other year-end payables.

(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 is unearned revenue on hand at year-end. In 2005 a two-year licensing option was introduced.

Appendix A-2

2000-2012 Actual Expense and Revenue (Net of Mill Rate Support) Comparisons with 2013 Projections and 2014 Proposal



THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31

	2012	2011
FINANCIAL ASSETS		
Cash	**$ 13,640**	$ 23,725
Accounts receivable (Note 3)	**69,055**	65,775
Due from the City of Winnipeg - General Revenue Fund (Note 4)	**226,152**	-
	308,847	89,500
LIABILITIES		
Due to the City of Winnipeg - General Revenue Fund (Note 4)	**-**	212,660
Accounts payable and accrued liabilities	**98,070**	62,021
Deferred revenue	**1,145,478**	1,305,758
Vacation and overtime payable	**94,377**	85,788
Retirement allowance and compensated absences (Note 5a)	**81,000**	65,000
	1,418,925	1,731,227
NET FINANCIAL LIABILITIES	**(1,110,078)**	(1,641,727)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	**46,229**	48,548
Inventories	**9,779**	8,158
Prepaid expenses	**39,115**	64,291
	95,123	120,997
ACCUMULATED DEFICIT	**$ (1,014,955)**	$ (1,520,730)

Commitments (Note 7)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For the years ended December 31

	Budget 2012 (unaudited)	Actual 2012	Actual 2011
REVENUES			
Regulation fees	**$ 1,838,689**	**$ 1,896,231**	$ 1,403,781
Transfer (Notes 8 and 10)	**1,302,504**	**1,302,504**	1,344,449
Sales of goods and services	**119,631**	**110,900**	95,965
Other revenue	**12,620**	**35,161**	45,125
Government transfers	**24,585**	**25,218**	25,318
Total Revenues	**3,298,029**	**3,370,014**	2,914,638
EXPENSES			
Salaries and employee benefits	**1,568,560**	**1,441,480**	1,343,190
Grants, transfers and other	**523,992**	**506,285**	519,018
Services (Note 9)	**471,072**	**388,452**	326,494
Rent (Note 9)	**211,437**	**211,439**	211,437
Administrative expenses (Note 9)	**157,957**	**159,730**	157,958
Material, parts and supplies	**97,490**	**129,276**	127,069
Debt and finance charges	**16,037**	**26,143**	33,818
Amortization	**24,349**	**22,711**	22,198
Assets and purchases	**1,511**	**5,164**	5,680
Interest (Note 4)	**1,603**	**12**	1,690
Recoveries (Note 10)	**-**	**(26,453)**	(44,597)
Total Expenses	**3,074,008**	**2,864,239**	2,703,955
Excess of Revenues Over Expenses	**224,021**	**505,775**	210,683
ACCUMULATED DEFICIT, BEGINNING OF YEAR	**(1,520,730)**	**(1,520,730)**	(1,731,413)
ACCUMULATED DEFICIT, END OF YEAR	**$ (1,296,709)**	**$ (1,014,955)**	$ (1,520,730)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF CASH FLOWS

For the years ended December 31

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:

	2012	2011
OPERATING		
Excess of revenues over expenses	**$ 505,775**	$ 210,683
Non-cash charges to operations		
Amortization	**22,711**	22,198
Retirement allowance and compensated absences	**16,000**	(39,000)
	544,486	193,881
Net change in non-cash working capital balances related to operations	**(95,367)**	525,191
Cash provided by operating activities	**449,119**	719,072
CAPITAL		
Acquisition of tangible capital assets	**(20,392)**	(22,559)
FINANCING		
Change in due from/to The City of Winnipeg - General Revenue Fund	**(438,812)**	(690,694)
(Decrease) increase in cash	**(10,085)**	5,819
CASH, BEGINNING OF YEAR	**23,725**	17,906
CASH, END OF YEAR	**$ 13,640**	$ 23,725

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

For the years ended December 31

	Budget 2012 (unaudited)	Actual 2012	Actual 2011
Excess of Revenues Over Expenses	**$ 224,021**	**$ 505,775**	$ 210,683
Amortization of tangible capital assets	**24,349**	**22,711**	22,198
Change in inventories and prepaid expenses	**(15,065)**	**23,555**	(36,868)
Acquisition of tangible capital assets	**(38,000)**	**(20,392)**	(22,559)
DECREASE IN NET FINANCIAL LIABILITIES	**195,305**	**531,649**	173,454
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	**(1,641,727)**	**(1,641,727)**	(1,815,181)
NET FINANCIAL LIABILITIES, END OF YEAR	**$ (1,446,422)**	**$ (1,110,078)**	$ (1,641,727)

See accompanying notes and schedule to the financial statements

THE CITY OF WINNIPEG
ANIMAL SERVICES - SPECIAL OPERATING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

1. *Description of Business*

Animal Services - Special Operating Agency (the "Agency") commenced operations on January 1, 2000. Goals since the establishment of the Agency have been to become financially self-sustaining to the greatest degree possible and to improve both the services provided to the public and the public's perception of Animal Services.

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:

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue in the period of which it is earned provided it is measurable and collection is reasonably certain. 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.

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 excess of revenues over expenses, provides the change in net financial liabilities for the year.

i) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives using the following annual rates:

Computer equipment	25%
Furniture and other equipment	20%
Communication radios	20%

ii) Inventories

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

2. *Significant Accounting Policies (continued)*

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.

Estimates

The preparation of financial statements in conformity with Canadian generally accepted 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 from actual results.

3. *Accounts Receivable*

	2012	2011
Trade accounts receivable	$ 47,313	$ 42,992
Allowance for doubtful accounts	(3,476)	(2,535)
	43,837	40,457
Province of Manitoba	25,218	25,318
	$ 69,055	$ 65,775

4. *Due from/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. Bank transactions are credited or charged to the "Due from/to" account when they are processed through the bank. Interest is charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2012 interest rate was 1.05% (2011 - 1.05%). The 2012 budget approved by City Council includes an operating line of credit of $1,100,000.

During the year, the Agency paid $12 (2011 - $1,690) in interest costs.

5. *Employee Benefits*

a) Retirement allowance and compensated absences

	2012	2011
Retirement allowance - accrued benefit liability	$ 51,000	$ 37,000
Compensated absences	30,000	28,000
	$ 81,000	$ 65,000

5. *Employee Benefits (continued)*

Qualifying City of Winnipeg employees are entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). These costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions and experienced gains and losses are amortized on a straight-line basis over 13.3 years. This 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 liability as at December 31 of each year. An actuarial valuation of the liability was calculated as of July 31, 2011. The results of this valuation were extrapolated to the financial reporting date of December 31, 2012 using year-end assumptions.

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

Information about the Agency's retirement allowance benefit plan and compensated absences is as follows:

	2012		2011	
	Retirement allowance	**Compensated absences**	Retirement allowance	Compensated absences
Accrued benefit liability:				
Balance, beginning of year	**$ 84,000**	**$ 25,000**	$ 97,000	$ 19,000
Current service cost	**5,000**	**2,000**	6,000	37,000
Interest cost	**3,000**	**1,000**	3,000	1,000
Benefit payments	**-**	**(1,000)**	(61,000)	(30,000)
Net actuarial (gain)/loss	**(12,000)**	**-**	39,000	(2,000)
Balance, end of year	**80,000**	**27,000**	84,000	25,000
Unamortized net actuarial (gain)/loss	**(29,000)**	**3,000**	(47,000)	3,000
Accrued benefit liability	**$ 51,000**	**$ 30,000**	$ 37,000	$ 28,000
Benefit expenses:				
Current service cost	**$ 5,000**	**$ 2,000**	$ 6,000	$ 37,000
Interest cost	**3,000**	**1,000**	3,000	1,000
Amortization of net actuarial (gain)/loss	**6,000**	**-**	5,000	-
	$ 14,000	**$ 3,000**	$ 14,000	$ 38,000
Reconciliation of accrued benefit liability:				
Balance, beginning of year	**$ 37,000**	**$ 28,000**	$ 84,000	$ 20,000
Benefit expense	**14,000**	**3,000**	14,000	38,000
Benefit payments	**-**	**(1,000)**	(61,000)	(30,000)
Balance, end of year	**$ 51,000**	**$ 30,000**	$ 37,000	$ 28,000

5. *Employee Benefits (continued)*

The significant actuarial assumptions adopted in measuring the accrued benefit liability for the year ended December 31 are as follows:

	2012	2011
Valuation interest rate	**3.60%**	3.60%
General increases in pay	**3.50%**	3.50%
Expected average remaining service life	**13.3 years**	13.3 years

b) Pensions

The Agency's employees are eligible for pension under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pension costs to various departments. During the year, $100,092 (2011 - $80,447) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employee's Benefits Program was made as of December 31, 2011 and it has an actuarial surplus.

6. *Tangible Capital Assets*

	Net Book Value	
	2012	2011
Computer equipment	**$ 7,530**	$ 23,138
Furniture and other equipment	**36,699**	21,303
Communication radios	**2,000**	4,107
	$ 46,229	$ 48,548

For additional information, see Schedule of Tangible Capital Assets.

7. *Commitments*

The Agency and the Winnipeg Humane Society entered into a contract that is effective January 1, 2011 to December 31, 2013. Subject to the Winnipeg Humane Society complying with the terms of the agreement, the Agency agrees to pay the Winnipeg Humane Society the sum of $425,000 per year, payable in quarterly instalments of $106,250. In addition, the Agency agrees to pay $20 for every spay/neuter that the Winnipeg Humane Society performs up to an annual maximum of $75,000.

8. *Transfer from The City of Winnipeg*

In 2012 the transfer from The City of Winnipeg was reduced by 3% or $41,945 to $1,302,504.

The transfers from the City of Winnipeg over the past five years are as follows:

2008	$ 1,004,276
2009	1,104,276
2010	1,154,276
2011	1,344,449
2012	1,302,504

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:

Included in the Agency's expenditures is a transfer to The City of Winnipeg Municipal Accommodations Fund for rent of $211,439 (2011 - $211,437) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $80,396 (2011 - $80,396). Also included are lease costs of $66,139 (2011 - $76,472) to The City of Winnipeg Fleet Management - Special Operating Agency and $69,582 (2011 - $69,582) for general government charges that have been paid to the City of Winnipeg - General Revenue Fund, which represents the estimated share of The City of Winnipeg's general expenses applicable to the Agency.

10. *Comparative Figures*

Certain comparative figures have been reclassified to conform with the current year's presentation.

Appendix B

ANIMAL SERVICES SPECIAL OPERATING AGENCY
Advisory Board

MEMBERS

Deepak Joshi, COO Chairperson	} Corporate ASD Representative
Cindy Fernandes, Manager of Finance and Administrative Services	} Department Head or designate (ex-officio)
Leland Gordon, Chief Operating Officer	} Agency Head (ex-officio)
Charlene Slingsby, Field Operations / Court Coordinator	} Animal Services Special Operating Agency
D'Arcy Johnson, Executive Director, D'Arcy A.R.C.	} Customer Representative
Dr. Colleen Marion Companion Animal Welfare Veterinarian Office of the Chief Veterinarian Manitoba Agriculture, Food, and Rural Initiative	} Business Representatives
Robert Brissette President/CEO PetLand Canada	
Bill McDonald, CEO Winnipeg Humane Society	} Winnipeg Humane Society
Dr. Lynn Webster	} Veterinarian Association
Barbara Verschoore, Representative Local 500 - CUPE	} Executive Member, Canadian Union of Public Employees

JURISDICTION

Council Minute 90 – November 17, 1999
Clause 1 of the Report of the Alternate Service Delivery Committee dated October 29, 1999

COMPOSITION

The Advisory Board Chair is chaired by the Corporate ASD representative, upon appointment by the Chief Administrative Officer. Other than the Corporate ASD Representative and the ex-officio members, members are appointed by the Alternate Service Delivery Committee for a two-year renewable term. Board membership should be representative of both civic government and non-government.

Civic Government

- Department Head or designate (ex-officio)
- The Agency Head (ex-officio)
- A Corporate ASD Initiative representative
- One Agency staff representative

Non-government

- One customer representative
- Two business representatives external to government
- A Humane Society representative
- A Veterinarian Association representative
- An Executive Member of the Canadian Union of Public Employees

Last Update: October 1, 2012

ANIMAL SERVICES SPECIAL OPERATING AGENCY
Advisory Board

Council is advised annually of the current Advisory Board members through the annual business plan Selection Report.

FUNCTION

The role of the Advisory Board is to provide advice on the Agency's strategic operations and on changes to its mandate, structure, business practises and finances. The Advisory Board reviews and comments on the Agency's proposed business plans, quarterly and annual reports, and operating charter revisions.

CONTACT

Leland Gordon, Chief Operating Officer
Animal Services Special Operating Agency
1057 Logan Avenue
Winnipeg, MB R3E 3N8

Appendix C

Fees and Charges - Animal Services Agency

GST not included, application varies	Current 2013	Proposed 2014
Animal services - animal adoption fees		
Over 4 months	$185.00	$188.00
Over 4 months - 10% Discount	$166.00	$168.00
Over 4 months - Senior's Discount	$148.00	$150.00
Sterilized	$137.00	$139.00
Sterilized - 10% Discount	$123.00	$125.00
Sterilized - Senior's Discount	$110.00	$112.00
Under 4 months	$218.00	$221.00
Under 4 months - 10% Discount	$195.00	$198.00
Under 4 months - Senior's Discount	$175.00	$178.00
Senior Dog - Intact	$122.00	$124.00
Senior Dog - Sterilized	$66.00	$67.00
Exotic Animal		$100.00
Commercial Animal		$100.00
Animal services - fees		
Kennel fee - fowl	$10.20	$10.40
Fowl - care and maintenance	$51.00	$52.00
Kennel fee - horses/cattle/sheep/goats/pigs	$20.50	$21.00
Kennel fee - cats	$9.30	$9.40
Kennel fee - dogs	$25.00	$26.00
Horses/cattle/sheep/goats/pigs - initial fee	$51.00	$52.00
Micro chipping dogs/cats	$36.00	$36.50
Running at large cats - 1st offence	$15.60	$15.80
Running at large cats - 2nd offence (within the current license year)	$52.00	$53.00
Running at large cats - 3rd or subsequent offence (within the current license year)	$78.00	$79.00
Running at large: dogs - 1st offence	$53.50	$54.00
Running at large: dogs - 2nd offence (within the current license year)	$159.00	$161.00
Running at large: dogs - 3rd or subsequent offence (within the current license year)	$238.00	$242.00
Vaccination Fee	$10.25	$25.00
Veterinary Examination Charge	$30.75	$35.00
Surrendered animal fee/turnover fee	$76.00	$77.00
Exotic Animal - care and maintenance	$10.25	$10.40
Kennel Fee - exotic animal - initial fee	$51.00	$52.00
Replacement tag/Transfer Fee	$5.10	$5.20
Animal services - licenses & permits		
Animal services - excess animal permit - annual inspection fee	$64.00	$80.00
Animal services - excess animal permit - initial application fee	$128.00	$200.00
Animal services - unsterilized cat permit	$54.00	$55.00
Dangerous dog annual fee	$80.00	$81.00
Dangerous dog pro-rated April - June	$60.00	$61.00

Dangerous dog pro-rated July - Sep	$41.00	$42.00
Dangerous dog pro-rated Oct - Dec	$20.50	$21.00
Every dog: annual fee	$64.00	$65.00
Every sterile dog: annual fee	$29.00	$30.00
Animal services - trap rental		
Cat trap - refundable deposit for five days	$53.00	$54.00
Cat trap administration fee	$11.75	$12.00
Skunk trap rental	$77.00	$99.00
Skunk trap late fee	$15.00	$15.25
Trap set up/removal	$39.00	$40.00