Appendix A

Animal Services Special Operating Agency

2015-2017 Business Plan

Service Overview:

Animal Services continues to provide animal control measures under the City of Winnipeg Charter and related by-law. 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 (WHS) 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 64,000 dogs are now licensed in Winnipeg versus 35,000 in 2009. 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.
- Implement Cat Licensing
    - In 2013, Council approved cat licensing in Winnipeg. Similar to dog licensing, cat licensing offers protection for cats, and provides a new revenue stream. Revenues will be used not only to administer the program, but also to offer additional funding to expand low income spay/neuter programs for cats in our community.
    - In 2015, cat licensing will be launched in tandem with a marketing plan to ensure the community is aware of this new program.
    - Cat licenses will be available through similar outlets as dog licenses, including online, the 311 Service Centre, veterinary clinics and pet stores.
- 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 modernized its software system which enabled better customer service and more efficient license processing and bylaw enforcement.
- Support ongoing staff training and development.

Improve health and safety of neighbourhoods through the enforcement of the animal control By-law 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 WHS 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 pets.
- Use social media to help increase return rate of lost pets.
- Develop innovative strategies to encourage pet owners to spay/neuter their pets.
- Attend stakeholder events in the community as opportunities to promote the Agency and responsible pet ownership.
- 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.

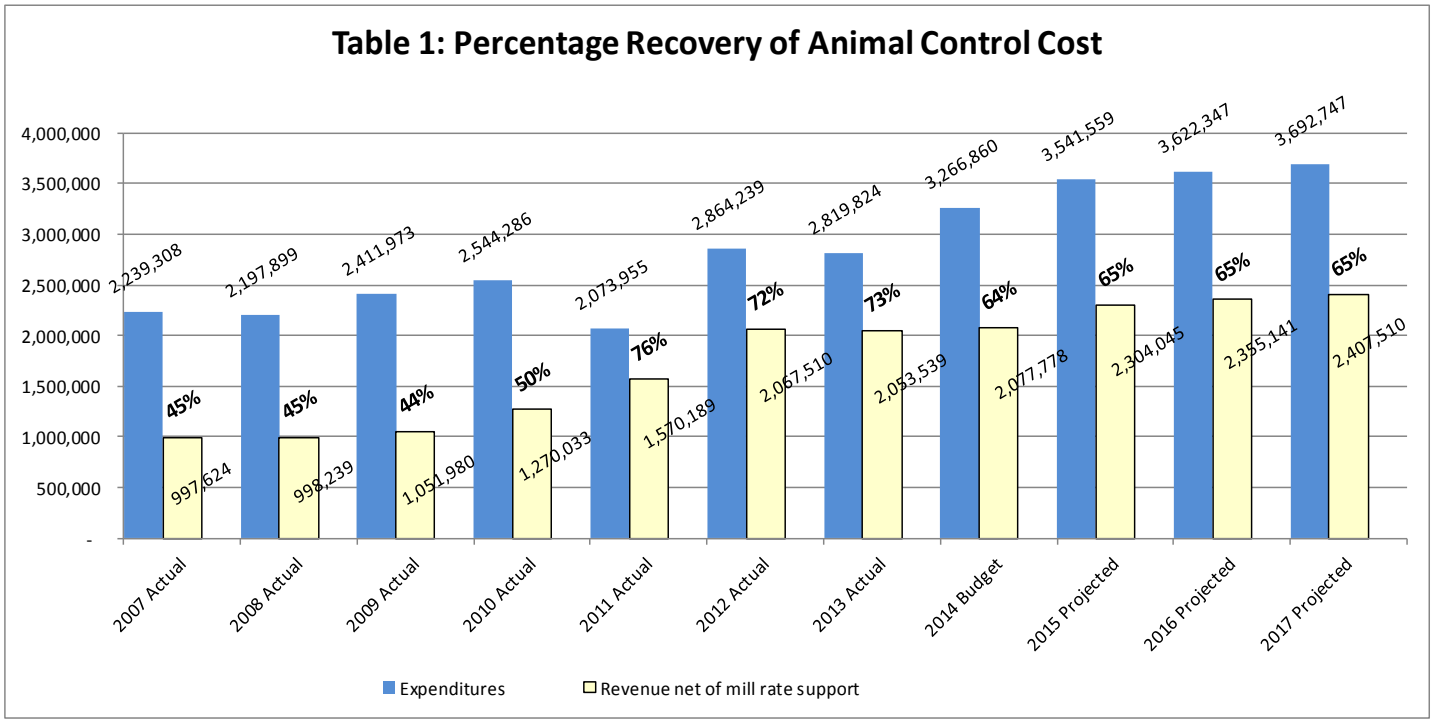
Financial: (see 2015 – 2017 Financial Projections)

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.

2013 Audited Financial Statements are attached for reference (Appendix B).

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 (Revenue net of mill rate support divided by cost of service). Since 2007 the percentage recovery of animal control costs has increased from 45% to 65% as projected in 2015.



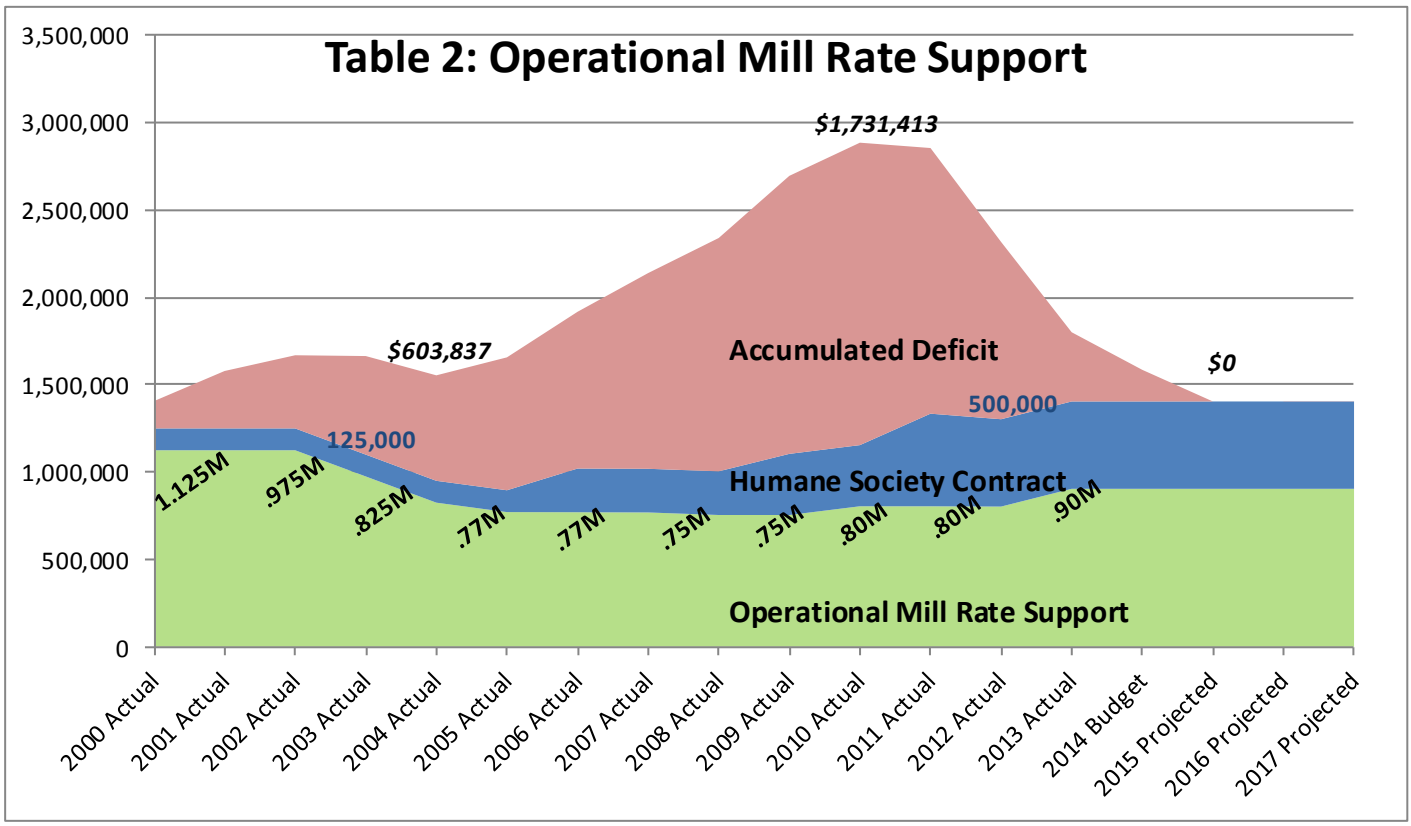
REVENUE:

Mill Rate Support

- The direct mill rate support to Animal Services in 2014 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 (a total of $1,404,276).

- The Winnipeg Humane Society service agreement expired December 31, 2013. Funds for 2014 through 2017 have been budgeted on a status quo basis.

- Table 2 outlines the historical tax support received by Animal Services to run its operations net of the Winnipeg Humane Society service agreement. The deficit reduction plan initiated in 2013 provided an increased mill rate support of $100,000 per year and has been helping reduce the SOA's accumulated deficit. When the deficit has been eliminated, the mill rate support level will be revisited.



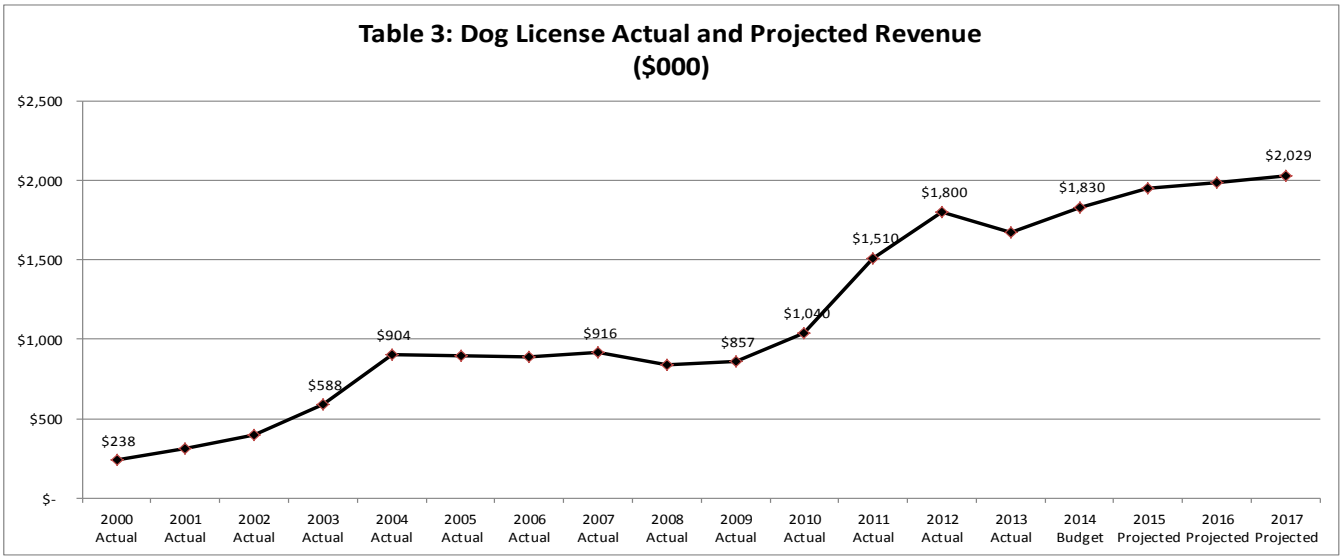
Revenue (Non Mill-Rate Sources)

The Agency receives revenue from a number of sources including dog licenses, pound and kennel fees, permits, adoption sales, surrendered animals, and trap rentals. Table 1 showed that the rate of cost recovery from non-mill rate sources is approximately 65%.

Dog Licensing

With Council approval, the Agency increased the annual dog license fees effective January 1, 2014 from $29.00 to $30.00 for sterilized dogs and from $64.00 to $65.00 for intact dogs. Annual inflationary increases of $1.00 are projected for 2015 through 2017.

Table 3 outlines dog license revenues, recognized and recorded on an accrual basis, for 2000 – 2013 with projected revenues for 2014 through 2017.



- Dog license terms have varied from 7 months to 30 months in order to align license renewal dates with a schedule based on the pet owner's surname. This schedule was established for the purpose of spreading renewals through the calendar year.

- With the implementation of a new enterprise software system in 2014, the staggered renewal schedule will be discontinued and all renewals will be for a 12 month period.

- Since license purchases and renewals occur throughout the year, there is unearned revenue on hand at year-end that is deferred to future years. Also, deferred revenue from previous years is recognized in income throughout the year. As the variable license terms are phased out, it is expected that differences between the deferred and recognized revenue amounts will be immaterial.

- After several years of declining or neutral growth, license sales increased due primarily to a successful 2011 Amnesty Campaign.

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.

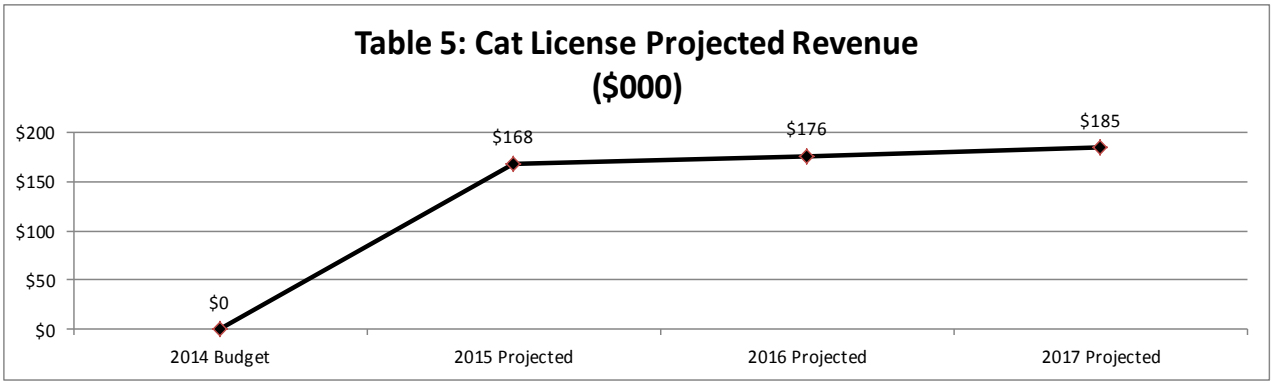
Table 4: Number of Dogs Licenses per 100,000 population

Number of Dog Licenses Active per 100,000 Population	2006	2007	2008	2009	2010	2011	2012	2013
Licenses per Animal Services Information System (ASIS)	35,876	36,615	36,300	35,027	41,592	61,163	63,689	64,538
City of Winnipeg estimated population	653,500	658,900	665,900	675,100	684,100	691,800	704,800	699,346
Number of dogs licensed per 100,000 population	5,490	5,557	5,451	5,188	6,080	8,841	9,036	9,228

Cat Licensing

Council has approved the implementation of cat licensing effective January 1, 2015. The annual cat license fees will be $15.00 for sterilized cats and $50.00 for intact cats.

Table 5 outlines projected revenues for 2015 through 2017. Revenues are based on an estimated 10,000 cat licenses being sold in 2015, of which 95% are for sterilized cats.



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.

EXPENSES*:*

Table 6 shows the Agency's expenses, actual and projected, for the period 2012 through 2017.

Table 6: Expenses	2012 Actual	2013 Actual	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Salaries & Benefits	1,441,480	1,425,429	1,649,270	1,756,518	1,818,799	1,870,555
Services	351,116	314,274	371,086	402,921	410,980	419,199
Departmental Services	149,978	150,326	153,676	197,721	198,074	198,074
Materials, Parts, Supplies	94,877	70,662	150,036	158,778	161,853	164,990
Fleet	71,735	92,127	114,629	125,866	126,777	127,706
Assets & Purchases	5,165	12,100	3,202	3,306	3,372	3,440
Debt & Finance Charges	48,854	44,353	61,250	63,599	64,871	66,168
Grants, Transfers, WHS	701,035	729,739	763,711	832,849	837,621	842,615
Total Expenses	**2,864,240**	**2,839,010**	**3,266,860**	**3,541,559**	**3,622,347**	**3,692,747**

Salaries and Benefits *(2015 = $1,756,518)*

- 2015 proposed salary levels are based on existing grades and levels as per the collective agreements. The proposed 2015 CUPE staff complement will consist of 27.69 FTE:
    - One Clerk C
    - One Clerk B
    - Four 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 increase from the 2014 level of 26.69 FTE to 27.69 FTE, due to Council's approval of one additional Clerk A in support of increased work volume related to cat licensing.

Services *(2015 = $402,921)*

- 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 budgeted $81,380 for commissions on dog and cat license sales through veterinarians and pet stores. This represents an increase of $20,000 compared to 2014 to reflect anticipated vendor sales of cat licenses in 2015.
- Animal Services budgeted $29,520 for telephone and GPS expenses.

- Other major services used by the Agency include veterinary professional services ($46,035), advertising ($51,150), audit fees ($31,150), printing and postage ($61,500), training ($14,000) and miscellaneous services such as shredding and pest control ($41,584).

Departmental Services *(2015 = $197,721)*

- Animal Services expects to continue purchasing administrative services from the City's Community Services Department for 2015 - 2017. Included in these services is assistance with respect to finance, human resources, strategic support and information technology. The Agency's Departmental Services budget also includes payments for General Government Charges for support provided by Corporate Finance and Corporate Services (See Table 7 below for Interdepartmental Support).

Table 7: Departmental Services

	2012 Actual	2013 Actual	2014 Budget	2015 Projected	2016 Projected	2017 Projected
Financial Services	27,500	27,500	30,500	40,000	40,000	40,000
Human Resources	16,000	16,000	16,000	20,000	20,000	20,000
Strategic Planning	16,000	16,000	16,000	40,000	40,000	40,000
Information Systems	20,896	20,896	20,896	20,000	20,000	20,000
General Government Charges	69,582	69,930	70,280	77,721	78,074	78,074
Total	**$149,978**	**$150,326**	**$153,676**	**$197,721**	**$198,074**	**$198,074**

Materials, Parts and Supplies *(2015 = $158,778)*

- The budget for materials, parts and supplies increased in 2014 as a result of the Animal Services Agency purchasing a new business system software package to better suit the needs of the Agency. The new software, Chameleon, replaced the Animal Services Information System (ASIS) which had been in service since 1995 and lacked the functionality required by the Agency. License fees for the software are budgeted at $35,578.

- Spay/neuter operations for adopted dogs are budgeted at $61,380. Also, operating supplies related to caring for dogs is budgeted at $25,302.

- Other expenses in this category include uniforms and protective clothing ($20,651) and stationery and office supplies ($12,434).

Fleet *(2015 = $125,866)*

- Animal Services Agency replaced its animal control fleet of six vans in 2013 and is anticipating a lower consumption of fuel and lower emissions. The consumption reduction is offset, however, by steadily increasing fuel prices. Overall, the fleet cost has increased due to higher capital lease costs associated with the new vehicles. Budgeted fleet cost for 2015 is $125,866.

Assets and Purchases *(2015 = $3,306)*

- Animal Services Agency updated outdated desktop computers and radios in 2013.

- The Agency maintains an inventory of trapping equipment and anti-barking devices.

- The Agency will maintain or update office equipment in 2015.

Debt and Finance Charges *(2015 = $63,599)*

- Animal Services Agency has a line of credit with an interest rate of prime plus 2.5%.

- Depreciation of $25,565 will be charged in 2015.

- Finance charges include bank service charges ($5,000), provision for bad debts ($15,000) and credit card commissions ($17,768).

Grants, Transfers, WHS and Other (including Accommodations) *(2015 = $832,849)*

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

    - The operating portion ($425,000) is for the WHS 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).

- 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). Animal Services is charged rent of $211,564 per year.

- Other transfers include payroll tax ($26,164, offset by revenue from a provincial grant) and inter-fund transfer for information services ($8,302).

2015 – 2017 Financial Projections and Notes

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

As At December 31	Audited Actual 2013	Adopted Budget 2014	Projected 2015	Projected 2016	Projected 2017
FINANCIAL ASSETS					
Cash	4,428	-	-	-	-
Due From the City Of Winnipeg - General Revenue Fund	734,137	-	-	-	-
Accounts receivable	52,080	40,000	40,000	40,000	40,000
	790,645	40,000	40,000	40,000	40,000
LIABILITIES					
Accounts payable and accrued liabilities	82,926	50,000	50,000	50,000	50,000
Deferred revenue	1,013,730	800,000	800,000	800,000	800,000
Vacation and overtime payable	90,313	90,313	90,313	90,313	90,313
Retirement allowance and compensated absences	94,000	94,000	94,000	94,000	94,000
	1,280,969	1,034,313	1,034,313	1,034,313	1,034,313
NET FINANCIAL LIABILITIES	(490,324)	(994,313)	(994,313)	(994,313)	(994,313)
NON-FINANCIAL ASSETS					
Tangible capital assets (Note 6)	50,527	50,527	50,527	50,527	50,527
Inventories	4,070	6,000	6,000	6,000	6,000
Prepaid expenses	39,577	32,000	32,000	32,000	32,000
	$ 94,174	$ 88,527	$ 88,527	$ 88,527	$ 88,527
ACCUMULATED (DEFICIT) / SURPLUS	$ (396,150)	$ (180,956)	$ (14,193)	$ 122,877	$ 241,917

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 2013	Adopted Budget 2014	Projected 2015	Projected 2016	Projected 2017
REVENUES					
Government grant	25,373	25,578	26,166	26,690	27,224
Regulation fees	1,903,130	1,918,400	2,151,001	2,199,036	2,248,284
Sales of goods and services	82,078	103,800	96,188	98,110	100,073
Transfer (Note 5h)	1,404,276	1,404,276	1,404,276	1,404,276	1,404,276
Other revenue	42,958	30,000	30,690	31,304	31,930
Total Revenues	3,457,815	3,482,054	3,708,321	3,759,416	3,811,787
EXPENSES					
Salaries and employee benefits	1,425,429	1,649,270	1,756,518	1,818,799	1,870,555
Services (Note 6)	372,869	467,976	493,987	502,261	510,699
Rent (Note 6)	211,564	211,564	211,564	211,564	211,564
Administrative expenses (Note 6)	150,326	153,676	197,721	198,074	198,074
Material, parts and supplies	104,194	176,036	193,578	197,349	201,196
Grants, transfers and other	518,175	543,886	621,285	626,057	631,051
Amortization	19,186	25,078	25,655	26,168	26,691
Debt and finance charges	25,167	36,000	37,768	38,523	39,294
Assets and purchases	12,100	3,202	3,306	3,372	3,440
Interest (Note 6)	-	172	176	179	183
Recoveries	-			-	-
Total Expenses	2,839,010	3,266,860	3,541,558	3,622,346	3,692,747
Excess Revenues Over Expenses	618,805	215,194	166,763	137,070	119,040
ACCUMULATED (DEFICIT) / SURPLUS BEGINNING OF YEAR	(1,014,955)	(396,150)	(180,956)	(14,193)	122,877
ACCUMULATED (DEFICIT) / SURPLUS END OF YEAR	(396,150)	(180,956)	(14,193)	122,877	241,917

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 2013	Adopted Budget 2014	Projected 2015	Projected 2016	Projected 2017
Net inflow (outflow) of cash related to the following activities					
OPERATING					
Excess/(Deficiency) of revenue over expenses	618,805	215,194	166,763	137,070	119,040
Non-cash charges to operations					
Amortization	19,186	25,078	25,655	26,168	26,691
Retirement allowance and compensated absences	13,000	-	-	-	-
	650,991	240,272	192,418	163,238	145,731
Net change in non-cash working capital balances related to operations	(128,733)	(228,928)	-	-	-
Cash used in operating activities	522,258	11,344	192,418	163,238	145,731
CAPITAL					
Acquisition of tangible capital assets	(23,485)	-	-	-	-
FINANCING					
Change in due to The City of Winnipeg - General Revenue Fund	(507,985)	(261,909)	-	-	-
Increase (Decrease) in Cash	(9,212)	-	-	-	-
CASH, BEGINNING OF YEAR	13,640	4,428	4,428	4,428	4,428
CASH, END OF YEAR	4,428	4,428	4,428	4,428	4,428

See accompanying notes and schedules to the financial projections

PROJECTED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31	Audited Actual 2013	Adopted Budget 2014	Projected 2015	Projected 2016	Projected 2017
EXCESS REVENUES OVER EXPENSES	618,805	215,194	166,763	137,070	119,040
Amortization of tangible capital assets	19,186	25,078	25,655	26,168	26,691
Change in inventories and prepaid expenses	5,248	-	-	-	-
Acquisition of tangible capital assets	(23,485)	-	-	-	-
INCREASE IN NET FINANCIAL LIABILITIES	619,754	240,272	192,418	163,238	145,731
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(1,110,078)	(481,583)	(241,311)	(48,893)	114,345
NET FINANCIAL LIABILITIES, END OF YEAR	(490,324)	(241,311)	(48,893)	114,345	260,076

See accompanying notes and schedules to the financial projections

NOTES TO THE FINANCIAL PROJECTION
THREE YEARS ENDING DECEMBER 31, 2017

1. DESCRIPTION OF BUSINESS

Animal Services, Special Operating Agency commenced operations on January 1, 2000. The Agency completed its 15th year of operations on December 31, 2014. Animal Services continues to work towards its goals;

- Reduce reliance on the Agency's mill-rate support
- Increase customer service and satisfaction
- Improve the health and safety of neighborhoods
- Improve the Agency's 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
- Numerous retail outlets for license sales
- Enhanced education programs
- Increased marketing campaigns
- Revamped fines schedule
- 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 through Winnipeg.ca.
- Replaced Animal Services Information System (ASIS) software in 2014 with Chameleon to provide enhanced and updated support for all operational areas of Animal Services.

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 recognizes 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, 2017. 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 2015 to 2017.
(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 2.3% for 2015 and 2.0% for 2016 and 2017.
(e) That the City of Winnipeg re-negotiates a new service agreement with the Winnipeg Humane Society based on the status quo. The last contract expired December 31, 2013.

5. ASSUMPTIONS – REVENUE

(a) Fees and Charges

Refer to Appendix C – Fees and Charges Schedule for a complete list of all fees charged by the Agency.

(b) Grant from the City of Winnipeg

The Agency has requested an annual operating grant of $1,404,276 for 2015-2017.

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	$1,404,274
2014	$1,404,276
2015	$1,404,276
2016	$1,404,276
2017	$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:

	2015	2016	2017
WAPSO/WAPSO Exempt	3	3	3
CUPE	24.69	24.69	24.69
Total FTEs	27.69	27.69	27.69

(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 RPO By-law and to manage other animal welfare issues namely care for injured animals
- The second component is a low-cost cat spay and neuter program (to a maximum of $75,000).

As mentioned in Note 4, it is assumed that the City of Winnipeg will re-negotiate the service agreement with the Winnipeg Humane Society based on the status quo. The last contract expired December 31, 2013.

(c) Audit Fee

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

(d) Advertising

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

(e) Municipal Accommodations

The Agency occupies the main floor of the building at 1057 Logan Avenue (12,296 square feet).

(f) Depreciation

Depreciation is based on rates identified in Note 2.

(g) Interest on Operating Line of Credit

The Agency has negotiated a line of credit with an interest rate of prime plus 2.5%. The 2015 line of credit is $1,100,000.

(h) 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 $120,000 annually.

(i) 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 $77,721 for 2015, and $78,074 in 2016 and 2017 by the Corporate Support Services Department.

7. ASSUMPTIONS – CASH RECEIPTS AND DISBURSEMENTS

(a) Cash on hand

Petty cash of $100 is available for incidental expenditures. Change funds of $450 are available for the cash register float.

(b) Inventory

The Agency carries inventory for animal license tags 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 upgrades 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 licenses are renewed throughout the year for a one-year term. As a result there is unearned revenue on hand at year-end.