Appendix A

Animal Services Special Operating Agency

2017 – 2019 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 areas:

Sub-Service	Description
Licensing	○ Pet licensing ○ Excess animal permits
Adoption/Education	○ Adoption of unclaimed dogs ○ Public education programs on responsible pet ownership
Kenneling	○ Kenneling and care for stray animals running-at-large picked up by the Agency and the public. ○ Quarantine kenneling for biting dogs
By-Law Enforcement	○ Enforcement of the RPO By-law ○ Neighborhood dispute resolution ○ Investigation and response ○ After hours emergency response ○ 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:

- A strengthened commitment to public and animal health and safety through increased public awareness and increased pet ownership education;
- An improved public image.

Goals and Strategies:

Maintain the enforcement of by-laws and continue to educate pet owners regarding their responsibilities, as they pertain to pet licensing.

- Maintain "Zero Tolerance" pet licensing policy coupled with value added educational messaging.
    - Effective October 1, 2016, Winnipeg became a zero tolerance pet licensing city for both dogs and cats. Zero tolerance means that if you are a pet owner and your pet is not currently licensed, you will be immediately subject to a $250 fine.
    - Over 48,000 dogs and 22,000 cats are now licensed in Winnipeg. Included in these totals are approximately 3,000 complimentary licenses, which were issued in 2015 through adoptions and low-income spay/neuter programs.

    - An educational newsletter is mailed out annually to licensed pet owners. The newsletter is designed as an educational tool to communicate the value of licensing along with the good things being done with licensing dollars.
    - Advertising and media collaboration will continue to be used to educate the public about the zero tolerance policy and the value and importance of pet licensing.
    - License revenues help protect one's pet 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 to support animals in the Agency's adoption program.
- Target common dog walking areas with both educational and dog license messaging.

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

- Actively engage the community through seven day a week facility business hours and multiple volunteer run social media platforms including Facebook, Instagram, Twitter, and YouTube.
- Review the Agency's technological needs and upgrade as necessary.
- Support ongoing staff training and development.

Improve health and safety of neighborhoods through the enforcement of the Responsible Pet Ownership By-law.

- Provide active response to community incidents involving animals.
- Respond to both Winnipeg Police Service and Winnipeg Fire Paramedic Service incidents to assist in the care of animals.
- Active follow-up process on delinquent accounts and no-license complaints.
- Enhance prevention and education programs. The Agency attended 20 community events in 2015 and again will attend over 20 events in 2016.
- 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 to help reduce the cat overpopulation problem.
- Develop creative marketing promotions stressing responsible pet ownership with an emphasis on neighbourhood relationship and licensing.
- Continue to make funding available for cat spay/neuter programming to community agencies

through the FIXIT grant program. Funding is made possible through cat licensing.

- Continue 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.

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

- 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.
- Develop a comprehensive and sustainable marketing plan and communications strategy.
- Expand relationship with media promoting responsible pet ownership, Agency initiatives and activities.
- Continue promotion of adoption of unclaimed dogs online and on social media through volunteer collaboration.
- Continue 24/7 emergency response and care for injured animals.

Financial Information:

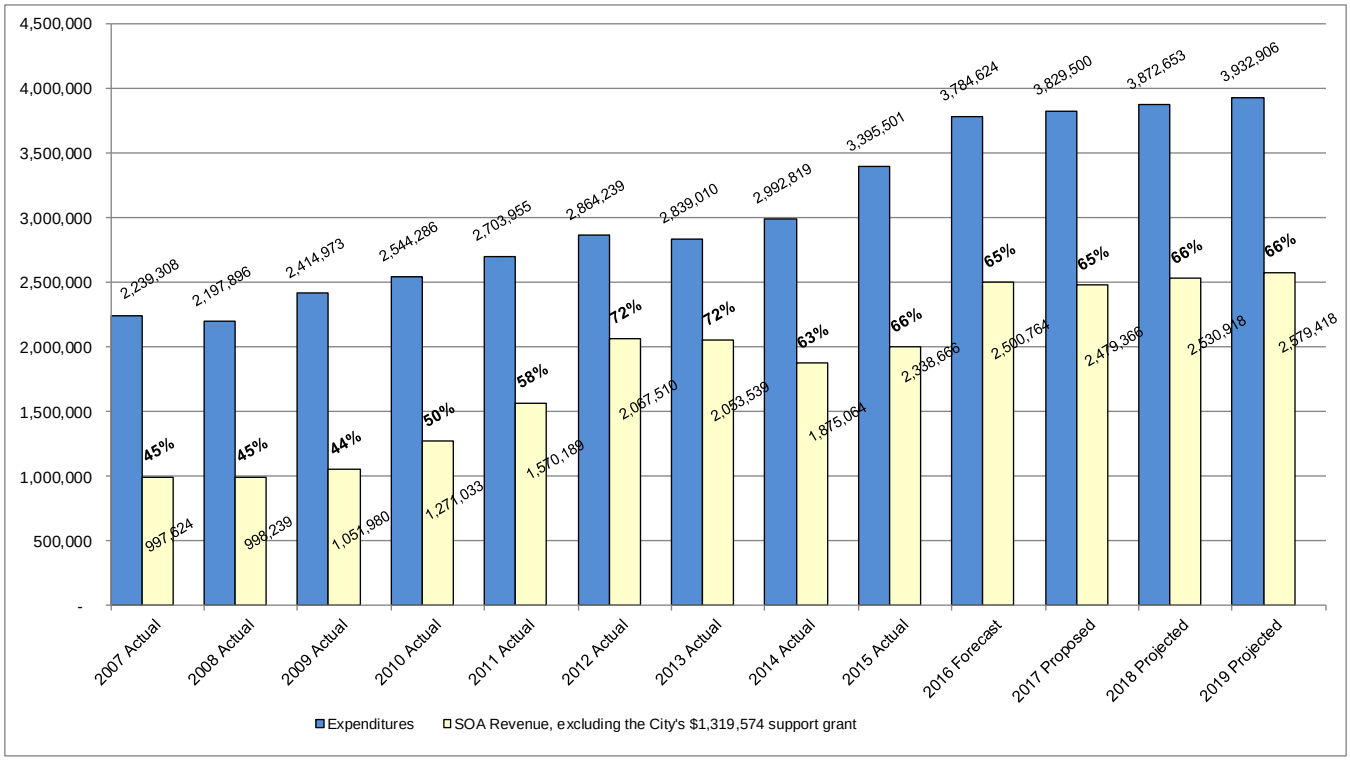
Pro forma financial statements with 2017 to 2019 Projections are attached. These include a Projected Statement of Financial Position, Projected Statement of Operations and Accumulated Deficit, Projected Statement of Cash Flows and a Projected Statement of Net Financial Liabilities.

2015 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 Agencies growing reliance on license and other service revenues. Operational expenditures, excluding the grant to the WHS, are projected to be $3,177,227 in 2017. Operational mill rate support for 2017 is projected to be $667,301. The proposed funding for 2017 will only cover 20% of the Agencies costs leaving $2,509,926 to be covered by license and other service revenues. As a result, the Agency has to place significant reliance on license revenues in order for the Animal Services agency to successfully operate.

TABLE 1: Operational Expenditures versus Operational Mill Rate Support



REVENUE:

Mill Rate Support

- The direct mill rate support to Animal Services operational expenses in 2017 is projected to be $667,301 after $652,273 of the gross mill rate support ($1,319,574) is transferred to the Winnipeg Humane Society.
- In 2016, the City entered into a three year service agreement with the Winnipeg Humane Society. A portion of the Agency's annual mill rate support is assigned to cover this agreement reducing the amounts available to cover its operations.
- In 2017, Animal Services' forecasted expenditure budget is $3.9M with a forecasted deficit of $30,560.

Revenue (Non-Mill rate Sources)

The Agency receives revenue from a number of sources, including pet licenses, impound and kennel fees, permits, adoption sales, surrendered animals, and trap rentals. Table 1 shows that the rate of cost recovery from non-mill rate sources in 2016 is increasing and is project to be 80% for 2017.

Dog Licensing

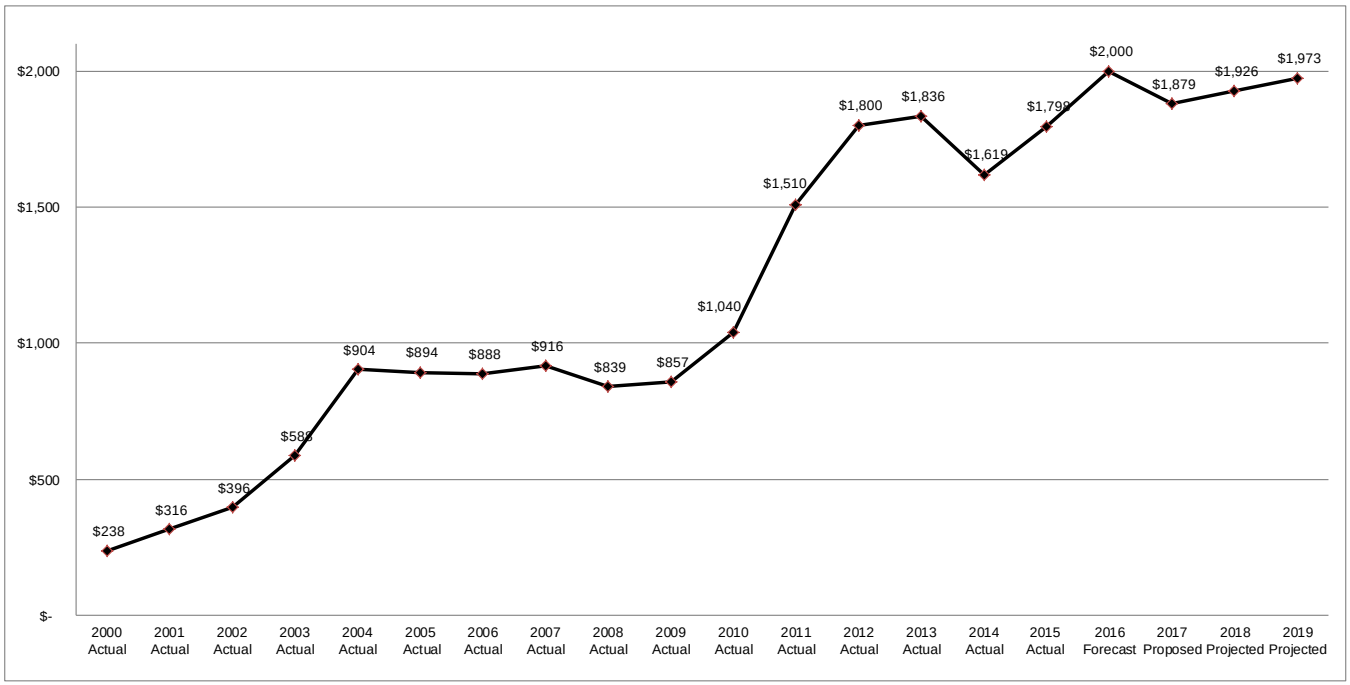
Annual inflationary increases of 1.6% are projected for 2017 and 2% for 2018 and 2019 for dog licenses fees.

Table 2 outlines dog license revenues, recognized and recorded on an accrual basis, for 2000 – 2015 with projected revenues for 2016 through 2019.

As with the previous table, this data shows that the Agency's reliance on licensing revenues is increasing. The Agency has seen significant growth in licensing and other revenues since it first became a special operating agency; however, revenues are slowing, with and expected decrease from 2016 and only a 5% growth expected from 2017 to 2019.

The Agency actively pursues opportunities to offset operating costs of the Agency including soliciting donations to help with adoption programming.

TABLE 2: Dog License Projected Revenue ($000)



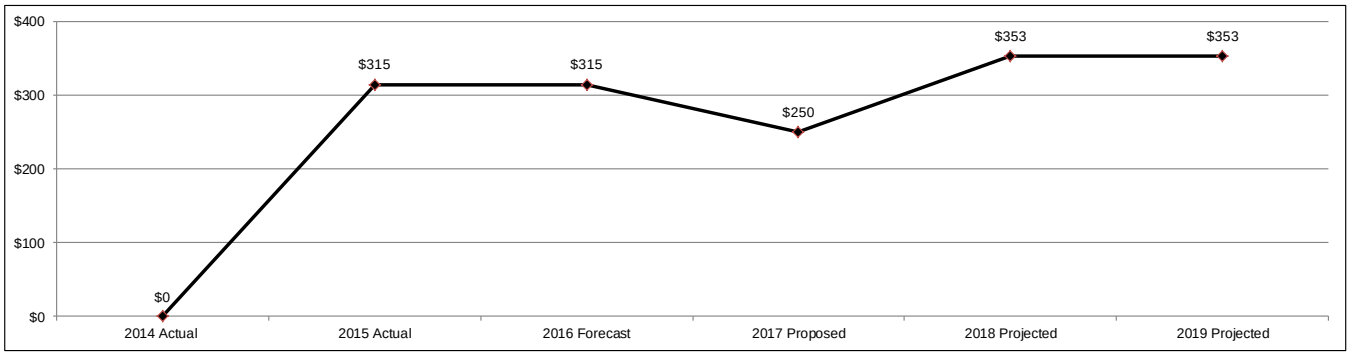
Since license purchases and renewals occur throughout the year, there is unearned revenue on hand at year-end that is deferred to future years. Deferred revenue from previous years is recognized in income throughout the year.

Cat Licensing

Council approved the implementation of cat licensing effective January 1, 2015. The annual cat license fees are $15.00 for sterilized cats and $50.00 for intact cats. License Fees are proposed to remain at these levels for 2017.

Table 3 outlines projected revenues for 2017 through 2019. Future year's revenues are based on 23,000 licenses being sold of which 99% are expected to be for sterilized cats. Licenses are expected to increase by 1,000 licenses from 2015 levels due to the zero-tolerance policy, which started October 1, 2016.

TABLE 3: Cat License Projected Revenue
($000)



Other Regulation Fees

- Other regulation fees are proposed to increase by the rate of inflation in all budget years, as provided by the City's Fees and Charges Policy.
- A new $4 monthly late fee up to a maximum of $20 is proposed for pet owners who have let their pets' licenses expire.

EXPENSES:

Table 4 shows the Agency's actual and projected expenses for the period 2014 through 2019.

TABLE 4: Actual and Projected Expenses

Expense Type	2014 Actual	2015 Actual	2016 Forecast	2017 Proposed	2018 Projected	2019 Projected
Salaries & Benefits	$1,561,280	$1,659,290	$1,771,619	$1,823,520	$1,892,635	$1,944,970
Services	309,769	318,616	406,522	331,259	337,575	341,459
Departmental Services	160,220	247,721	251,474	255,289	259,186	262,786
Materials, Parts, Supplies	79,629	75,926	137,992	102,248	103,058	103,058
Fleet	92,127	120,024	129,232	130,156	131,405	131,719
Assets & Purchases	6,275	2,833	3,169	48,432	8,499	8,499
Debt & Finance Charges	42,937	68,349	55,059	56,914	58,001	58,121
Grants, Transfers, WHS	740,584	902,742	1,029,557	1,081,682	1,082,294	1,082,294
Total Expenses	**$2,992,821**	**$3,395,501**	**$3,784,624**	**$3,829,500**	**$3,872,653**	**$3,932,906**

Salaries and Benefits *(2017 Proposed = $1,823,520)*

- 2017 proposed salary levels are based on existing grades and levels as per the collective agreements. The total staff complement will consist of 27.69 FTE.
    - The CUPE positions include:
        - Six clerical staff (one Clerk C, one Clerk B, and four Clerk A positions)
        - Three part-time Clerk A positions (total 2.4 FTE)
        - One Adoption/Education Coordinator

        - Two Animal Services Officer II positions
        - Ten Animal Services Officer I positions
        - Two part-time Animal Services Officer I positions (total 1.0 FTE)
        - 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

Services *(2017 Proposed = $331,259)*

- Animal Services budgeted $27,670 for telephones, pagers and GPS expenses.
- Other major services used by the Agency include non-professional services ($24,330), veterinary professional services ($60,586), advertising ($65,000), audit fees ($10,000), printing and postage ($88,000), and other various smaller services ($55,673).

Departmental Services *(2017 Proposed = $255,289)*

- Animal Services expects to continue purchasing administrative services from the City's Community Services Department for 2017 - 2019. Included in these services is assistance with respect to finance, human resources, strategic support and information technology; these charges increased significantly in 2015 (2014-$83,3900; 2015-$170,000; 2016 Budget -$173,400) but remain stable for 2017.
- The Agency's Departmental Services budget includes a payment of $78,429 for General Government Charges for support provided by Corporate Finance and Corporate Services (See Table 5 below for Interdepartmental Support).

TABLE 5: Actual and Projected Departmental Services

	2014 Actual	2015 Actual	2016 Forecast	2017 Proposed	2018 Projected	2019 Projected
Strategic Planning	$15,997	$56,666	$61,200	$62,420	$63,670	$64,940
Financial Services	30,504	56,667	61,200	62,420	63,670	64,940
Human Resources	15,997	28,333	25,500	26,010	26,530	27,060
Information Systems	20,892	28,333	25,500	26,010	26,530	27,060
General Government Charges	76,830	77,721	78,074	78,429	78,786	78,786
Total	**$160,220**	**$247,721**	**$251,474**	**$255,289**	**$259,186**	**$262,786**

Materials, Parts & Supplies and Assets & Purchases *(2017 Proposed = $150,680)*

- Replacement of Panasonic Toughbook's is budgeted at $40,000. These computers are used in the animal control vehicles and allow animal control officers to receive real time service requests transmitted by 311 and provide immediate access to the Animal Services' Chameleon system.
- Operating supplies related to caring for dogs is budgeted at $29,836.
- Other expenses in this category include uniforms and protective clothing ($23,500), computer software ($36,000) and stationery and office supplies ($12,912).
- Assets and purchases include office equipment and other equipment.

Fleet *(2017 Proposed = $130,156)*

- Animal Services Agency replaced its animal control fleet of six vans in 2013. Overall, the fleet cost has increased due to higher capital lease costs associated with the new vehicles.

Debt and Finance Charges *(2017 Proposed = $56,914)*

- Animal Services Agency has a line of credit with an interest rate of prime plus 2.5% ($183).
- Depreciation of $16,814 will be charged in 2017.
- Finance charges include bank service charges ($6,000), provision for bad debts ($15,575) and credit card commissions ($18,342).

Grants, Transfers, and Other (including Accommodations) *(2017 Proposed = $1,081,682)*

- The City of Winnipeg provides annual funding of $652,273 to the Winnipeg Humane Society (WHS) under a service agreement, of which there are two components:
    - The operating portion is for the WHS to provide kenneling and care for all stray cats pursuant to the RPO By-law and to manage other activities, mainly caring for injured dogs and cats (2017 - $582,273).
    - The second component is a low-cost cat spay/neuter SNAP program (2017 - $70,000). The current WHS agreement is in place until December 31, 2018.
- Animal Services also has available grant funding for non-profit organizations, veterinary clinics, Animal Hospitals and Educational Institutions to undertake quality programs to spay/neuter high volumes of cats at a low cost to the community (2017 - $176,525 is forecast to be available). This funding is made available through the FIXIT grant program and is generated from cat licensing.
- The Agency occupies the main floor of the building at 1057 Logan Avenue (12,296 square feet). Animal Services is charged rent of $212,405 per year by Municipal Accommodations.
- Municipal Accommodations leases the lower level of 1057 Logan Avenue to the Community

Services Department, Community By-Law Enforcement Services for storage of bicycles, and Winnipeg Repair Education and Cycling Hub (WRENCH).

- Other transfers include payroll tax ($28,989), offset by revenue from a provincial grant, claims ($3,187) and inter-fund transfer for information services ($8,303).

2017 – 2019 Financial Projections and Notes

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY
As At December 31

	Audited Actual 2014	Audited Actual 2015	Forecast 2016	Proposed 2017	Projected 2018	Projected 2019
FINANCIAL ASSETS						
Cash	22,638	18,055	18,055	18,055	18,055	18,055
Due From the City Of Winnipeg - General Revenue Fund	640,072	891,879	986,858	956,298	934,137	900,223
Accounts receivable	74,866	79,741	79,741	79,741	79,741	79,741
	737,576	989,675	1,084,654	1,054,094	1,031,933	998,019
LIABILITIES						
Accounts payable and accrued liabilities	80,535	200,519	200,519	200,519	200,519	200,519
Deferred revenue	724,344	848,832	848,832	848,832	848,832	848,832
Vacation and overtime payable	90,454	86,958	86,958	86,958	86,958	86,958
Retirement allowance and compensated absences	107,000	121,000	121,000	121,000	121,000	121,000
	1,002,333	1,257,309	1,257,309	1,257,309	1,257,309	1,257,309
NET FINANCIAL LIABILITIES	(264,757)	(267,634)	(172,655)	(203,215)	(225,376)	(259,290)
NON-FINANCIAL ASSETS						
Tangible capital assets (Note 6)	99,127	72,073	72,073	72,073	72,073	72,073
Inventories	13,101	7,583	7,583	7,583	7,583	7,583
Prepaid expenses	42,900	88,090	88,090	88,090	88,090	88,090
	155,128	167,746	167,746	167,746	167,746	167,746
ACCUMULATED (DEFICIT) / SURPLUS	(109,629)	(99,888)	(4,909)	(35,469)	(57,630)	(91,544)

See accompanying notes and schedules to the financial projections

Projected Statement of Operations and Accumulated (Deficit)/Surplus

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY
For the year ended December 31

	Audited Actual 2014	Audited Actual 2015	Forecast 2016	Proposed 2017	Projected 2018	Projected 2019
REVENUES						
Government grant	27,919	29,254	28,449	28,989	29,541	29,541
Regulation fees	1,721,695	1,846,645	2,340,852	2,317,351	2,366,759	2,415,259
Sales of goods and services	81,066	69,770	96,463	98,026	99,618	99,618
Transfer (Note 5h)	1,404,276	1,404,276	1,378,839	1,319,574	1,319,574	1,319,574
Other revenue	44,384	55,297	35,000	35,000	35,000	35,000
Total Revenues	3,279,340	3,405,242	3,879,603	3,798,940	3,850,492	3,898,992
EXPENSES						
Salaries and employee benefits	1,561,280	1,659,290	1,771,619	1,823,520	1,892,635	1,944,970
Services (Note 6)	368,365	407,592	500,293	425,280	432,158	436,356
Rent (Note 6)	211,564	211,564	212,405	212,405	212,405	212,405
Administrative expenses (Note 6)	160,218	247,721	251,474	255,289	259,186	262,786
Material, parts and supplies	113,160	106,974	173,453	138,383	139,880	139,880
Grants, transfers and other	529,020	691,178	817,152	869,277	869,889	869,889
Amortization	20,373	27,054	16,500	16,814	17,134	17,134
Debt and finance charges	22,564	41,295	38,380	39,917	40,681	40,801
Assets and purchases	6,275	2,833	3,169	48,432	8,499	8,499
Interest (Note 6)	-	-	179	183	186	186
Recoveries	-	-	-	-	-	-
Total Expenses	2,992,819	3,395,501	3,784,624	3,829,500	3,872,653	3,932,906
Excess Revenues Over Expenses	286,521	9,741	94,979	(30,560)	(22,161)	(33,914)
ACCUMULATED (DEFICIT) / SURPLUS BEGINNING OF YEAR	(396,150)	(109,629)	(99,888)	(4,909)	(35,469)	(57,630)
ACCUMULATED (DEFICIT) / SURPLUS END OF YEAR	(109,629)	(99,888)	(4,909)	(35,469)	(57,630)	(91,544)

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 2014	Audited Actual 2015	Forecast 2016	Proposed 2017	Projected 2018	Projected 2019
Net inflow (outflow) of cash related to the following activities						
OPERATING						
Excess/(Deficiency) of revenue over expenses	286,521	9,741	94,979	(30,560)	(22,161)	(33,914)
Non-cash charges to operations						
Amortization	20,373	27,054	16,500	16,814	17,134	17,134
Retirement allowance and compensated absences	13,000	14,000	-	-	-	-
	319,894	50,795	111,479	(13,746)	(5,027)	(16,780)
Net change in non-cash working capital balances related to operations	(326,776)	196,429	-	-	-	-
Cash used in operating activities	(6,882)	247,224	111,479	(13,746)	(5,027)	(16,780)
CAPITAL						
Acquisition of tangible capital assets	(68,973)	-	(16,500)	(16,814)	(17,134)	(17,134)
FINANCING						
Change in due to The City of Winnipeg - General Revenue Fund	94,065	(251,807)	(94,979)	30,560	22,161	33,914
Increase (Decrease) in Cash	18,210	(4,583)	-	-	-	-
CASH, BEGINNING OF YEAR	4,428	22,638	18,055	18,055	18,055	18,055
CASH, END OF YEAR	22,638	18,055	18,055	18,055	18,055	18,055

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 2014	Audited Actual 2015	Forecast 2016	Proposed 2017	Projected 2018	Projected 2019
EXCESS REVENUES OVER EXPENSES	286,521	9,741	94,979	(30,560)	(22,161)	(33,914)
Amortization of tangible capital assets	20,373	27,054	16,500	16,814	17,134	17,134
Change in inventories and prepaid expenses	(12,354)	(39,672)	-	-	-	-
Acquisition of tangible capital assets	(68,973)	-	(16,500)	(16,814)	(17,134)	(17,134)
INCREASE IN NET FINANCIAL LIABILITIES	225,567	(2,877)	94,979	(30,560)	(22,161)	(33,914)
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	(490,324)	(264,757)	(267,634)	(172,655)	(203,215)	(225,376)
NET FINANCIAL LIABILITIES, END OF YEAR	(264,757)	(267,634)	(172,655)	(203,215)	(225,376)	(259,290)

See accompanying notes and schedules to the financial projections

CITY OF WINNIPEG
ANIMAL SERVICES SPECIAL OPERATING AGENCY

NOTES TO THE PROJECTED FINANCIAL STATEMENTS
For the three years ending December 31, 2019

1. DESCRIPTION OF BUSINESS

Animal Services, Special Operating Agency commenced operations on January 1, 2000. Animal Services continues to work towards its goals:

- Maintain the enforcement of by-laws and continue to educate pet owners regarding their responsibilities, as they pertain to pet licensing
- 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 Release program;
- Enhanced education programs;
- Increased marketing campaigns;
- Revamped fines schedule;
- On-line licensing website launched January 1, 2011;
- Zero tolerance licensing policy effective October 1, 2016;
- 311 started selling licenses for Animal Services Agency in August 2012 through Winnipeg.ca;
- Replacement of Animal Services Information System (ASIS) software in 2014 with Chameleon to provide enhanced and updated support for all operational areas of Animal Services;
- Cat licensing effective January 1, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The projected financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. 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.

(a) 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%
Computer Software	20%

(b) 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 which reflect the Agency's planned course of action for the three years ending December 31, 2019. 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 $1,319,574 in 2017 through to 2019.

(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 will remain at 2.0% for 2017, 2018 and 2019.

(e) That the City of Winnipeg will continue their service agreement with the Winnipeg Humane Society, pending approval of the new funding amount. The current service agreement is in place to December 31, 2016. The agency has been granted authority to negotiate renewals until December 31, 2018.

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) Mill Rate Support from the City of Winnipeg

The Agency has requested mill rate support in the amount of $1,319,574 for 2017, 2018 and 2019; the amount includes $652,273 for the Winnipeg Humane Society (WHS) service agreement and the net remaining is to assist with Animal Services operations.

YEAR	Gross Mill Rate Support	WHS Service Agreement	Net remaining for Animal Services Operations
2000 - 2002	1,250,000	125,000	1,125,000
2003	1,100,000	125,000	975,000
2004	950,000	125,000	825,000
2005	895,877	125,000	770,877
2006	1,020,121	250,000	770,101
2007	1,018,850	250,000	768,850
2008	1,004,276	250,000	754,276
2009	1,104,276	350,000	754,276
2010	1,154,276	350,000	804,276
2011	1,334,276	530,000	804,276
2012	1,302,504	500,000	802,504
2013 - 2015	1,404,276	500,000	904,276
2016	1,378,836	652,273	726,563
2017 – 2019	1,319,574	652,273	667,301

6. ASSUMPTIONS – EXPENSES

(a) Salaries and Employee Benefits

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

	2017	2018	2019
WAPSO/WAPSO Exempt	3.00	3.00	3.00
CUPE	24.69	24.69	24.69
Total FTEs	27.69	27.69	27.69

(b) Grants

The City of Winnipeg will provide annual funding of $652,273 to the Winnipeg Humane Society based upon the agreed upon service agreement, pending approval of the new funding amount. There are two components to the Winnipeg Humane Society agreement:

- The operating portion ($582,273) is for the Winnipeg Humane Society to provide kennelling space for all cats pursuant to the RPO By-law and to manage other animal issues, namely care for injured animals.
- The second component ($70,000) is a low-cost cat spay and neuter program.

The Agency also provides grant funding to non-profit community organizations, veterinary clinics, animal hospitals, and educational institutions to undertake quality programs to spay/neuter high volumes of cats at a low cost to the community ($176,525).

(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 an annual newsletter to licensed pet owners, social media, website, 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 0.35%. The 2016 line of credit is $1,100,000.

(h) Administrative Charges

The Agency expects to purchase administrative services from the City's Community Services Department. These services include assistance with respect to finance, human resources, strategic support and information technology. The Agency's share of these costs is $176,800 for 2017; $180,400 for 2018; and $184,000 for 2019.

(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 will be charged $78,429 for 2017, $78,786 for 2018 and $78,786 for 2019 by the Corporate Support Services Department.

7. ASSUMPTIONS – CASH RECEIPTS AND DISBURSEMENTS

(a) Cash on hand

$600 is available for the cash register floats.

(b) Inventory

The Agency carries inventory for animal license tags. A physical inventory count is performed 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 that is deferred to future years. Also, deferred revenue from previous years is recognized in income throughout the year.