



Incorporated July 1, 2000

Website: www.elkgrovecity.org

Rod Brewer, Council Member

Darren Suen, Council Member

**SPECIAL MEETING
ELK GROVE AUDIT COMMITTEE**

Tuesday, May 27, 2025

3:30 PM

8401 Laguna Palms Way, Elk Grove, CA 95758

Conference Room 3A

AGENDA

1. Call to Order

2. Public Comment

Members of the audience may comment on any item of interest to the public within the subject matter jurisdiction of the Audit Committee. Each person will be allowed three minutes, or less if a large number of requests are received on a particular subject. No action may be taken on non-agendized items raised under "Public Comment" until the matter has been specifically included on an agenda as an action item. If a member of the public wants a response to a specific question, they are encouraged to contact any member of the Audit Committee or the City Manager or Finance Director at any time. Members of the audience wishing to address a specific agendized item are encouraged to offer their public comment during consideration of that item.

3. New Business

a. Single Audit (Maze & Associates)

b. Animal Shelter Audit (Sjoberg Evashenk Consulting)

4. Announcements

5. Adjournment

ADA COMPLIANCE STATEMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City's ADA Coordinator, Jim Ramsey, at (916) 683-7111. Notification prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

CITY OF ELK GROVE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2024

This Page Left Intentionally Blank

CITY OF ELK GROVE
SINGLE AUDIT REPORT
For The Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Findings and Questioned Costs.....	1
Section I – Summary of Auditor’s Results	1
Section II – Financial Statement Findings	2
Section III – Federal Award Findings and Questioned Costs.....	2
Schedule of Expenditures of Federal Awards.....	3
Notes to Schedule of Expenditures of Federal Awards	5
Independent Auditor’s Report on Internal Control over Financial Reporting and Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	9

This Page Left Intentionally Blank

CITY OF ELK GROVE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major program(s):

Assistance Listing Number	Name of Federal Program or Cluster
<u>21.027</u>	<u>COVID-19 – Coronavirus State and Local Fiscal Recovery Funds</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed a significant deficiency, but no material weaknesses, or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated December 20, 2024, which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with Uniform Guidance.

CITY OF ELK GROVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
Department of Transportation Pass-Through Programs From:				
California Department of Transportation				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205			
Laguna Creek Trail and West Stockton Blvd. Multi Modal Improvements		STPL-5479(068)		\$41,667
The Pedestrian Crossing Upgrades		HSIPL-5479(063)		180,362
Elk Grove Creek Trail Gap Closure		CML-5479(065)		29,465
Guardrail Replacement		HSIPL-5479(062)		229,587
Elk Grove Blvd. from School St. to Waterman Rd.		STPL-5479(048)		38,409
Arterial Roads Rehabilitation and Bicycle Lane Improvements		STPCML-5479(060)		192,342
Construct Class 1 Bikeway across State Route 99 at Laguna Creek		ATPCML-5479(072)		17,541
Bike Path Elk Grove Blvd. to Calvine Road		STPL-5479(077)		17,569
Program subtotal				<u>746,942</u>
State of California Office of Traffic Safety				
National Highway Traffic Safety Administration				
Highway Safety Cluster				
State and Community Highway Safety	20.600			
Selective Traffic Enforcement Program (STEP) 22-23		PT23107		41,817
Selective Traffic Enforcement Program (STEP) 23-24		PT24064		78,772
National Priority Safety Programs	20.616			
Traffic Records Improvement Project		TR24011		18,764
Total - Highway Safety Cluster				<u>139,353</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			
Selective Traffic Enforcement Program (STEP) 22-23		PT23107		31,825
Selective Traffic Enforcement Program (STEP) 23-24		PT24064		93,401
Program subtotal				<u>125,226</u>
Total Department of Transportation				<u>1,011,521</u>
Department of Justice Direct Programs:				
Domestic Cannabis Eradication/Suppression Program (DCESP)	16.U01			10,000
Public Safety Partnership and Community Policing Grants	16.710			399,853
Edward Byrne Memorial Justice Assistance Grant Program				
Justice Assistance Grant (JAG)	16.738			32,002
Equitable Sharing Program	16.922			18,791
Total Department of Justice				<u>460,646</u>
Department of the Treasury Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			6,120,796
Total Department of the Treasury				<u>6,120,796</u>
Department of Housing and Urban Development Direct Programs:				
Community Development Block Grants (CDBG) - Entitlement Grants Cluster				
Community Development Block Grants (CDBG) / Entitlement Grants	14.218			
Community Development Block Grant-2019				2,442
Community Development Block Grant-2020				236,605
COVID-19 - Community Development Block Grant-CV-2020			\$43,655	45,008
Community Development Block Grant-2021				201,706
Community Development Block Grant-2022				19,912
Community Development Block Grant-2023			115,070	219,863
Neighborhood Stabilization Program				55,214
Total Department of Housing and Urban Development			<u>158,725</u>	<u>780,750</u>
Department of Homeland Security Direct Program:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
Citywide Debris Removal				225,721
Citywide Emergency Protective Measures				102,322
Street Signs and Traffic Lights				23,633
Total Department of Homeland Security				<u>351,676</u>
Total Expenditures of Federal Awards			<u>\$158,725</u>	<u>\$8,725,389</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

This Page Left Intentionally Blank

CITY OF ELK GROVE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024**

NOTE 1 – REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Elk Grove, California, and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – EXPENDITURES FROM PRIOR FISCAL YEARS

The current year Schedule of Expenditures of Federal Awards includes expenditures spent in previous years for the Department of Homeland Security Direct Program, Federal Assistance Listing Number 97.036 – the expenditures listed include \$351,676 in expenditures spent during fiscal year ending June 30, 2023. The City was not awarded the grant funding until fiscal year ending June 30, 2024.

This Page Left Intentionally Blank

**INDEPENDENT AUDITOR’S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND REPORT ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council
City of Elk Grove, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elk Grove as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 20, 2024. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control that we consider to be a significant deficiency as listed on the Schedule of Significant Deficiency included as part of our separately issued Memorandum on Internal Control dated December 20, 2024, which is an integral part of our audit and should be read in conjunction with this report.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City’s Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in our separately issued Memorandum on Internal Control dated December 20, 2024, which is an integral part of our audit and should be read in conjunction with this report.

The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
December 20, 2024

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the City Council
City of Elk Grove, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Elk Grove's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the City as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.



Pleasant Hill, California
March 24, 2025

This Page Left Intentionally Blank

City of Elk Grove



Elk Grove Animal Shelter Performance Audit

May 2025



Table of Contents

Introduction and Background.....	1
Organizational Structure.....	2
Scope and Methodology	4
Findings & Recommendations.....	6
The Animal Shelter Generally Employs Sound Controls to Protect Sensitive and Valuable Assets, but Opportunities for Improvement Exist.....	6
Opportunities Exist to Enhance Revenues and Reduce the Animal Shelter’s Reliance on the General Fund	9
Adjustments to Staffing Resources May Improve Operational Efficiency or Service Delivery	12
Opportunities Exist to Provide Greater Clarity Regarding the Animal Shelter’s Euthanasia Philosophy and Practices	17
Recommendations	24
Appendix A. Management’s Response.....	25

Introduction and Background

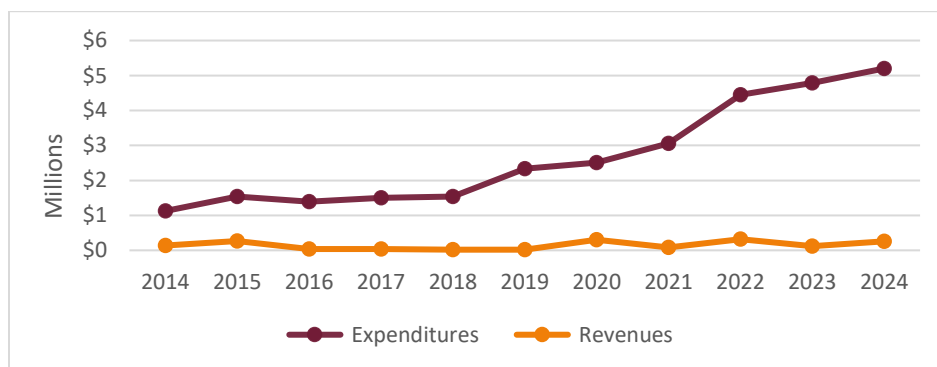
Incorporated in 2000 as a general law city, the City of Elk Grove of Elk Grove has been growing rapidly in the last twenty plus years. The population grew from just over 72,000 in 2000 to more than 170,000 residents in 2022. The burgeoning population of Elk Grove precipitated the need for an animal shelter to address the growing concerns regarding stray and abandoned animals within the community. As the city's population continued to expand, so too did the number of domestic pets that required care and support. In 2015, an Animal Shelter Needs Assessment study found that, to meet future animal capacity needs, a new or remodeled facility would be needed, or alternatively, the expansion of the Sacramento County facility.

The Elk Grove Animal Shelter is a 23,000 square foot facility located off Highway 99 on the corner of Iron Rock Way and Union Park Way. The structure features separate wings for different types of animals, including dogs, cats, small animals and livestock. Additionally, the shelter includes veterinary facilities for medical examinations, treatments, surgeries, as well as quarantine areas to prevent the transmission of disease. The building also includes administrative offices, a reception area, and spaces for volunteers and staff to assist in the day-to-day operations of the shelter.

Prior to the establishment of the Elk Grove Animal Shelter in October of 2019, residents of the city relied on the services provided by the County of Sacramento. Specifically, prior to opening its own shelter, the City of Elk Grove contracted with the County of Sacramento to provide shelter and care for all found stray and surrendered animals within Elk Grove's city limits; to administer animal licensing, adoptions, foster, and rescue programs; and to maintain licensing and statistical computer information and software. Preceding the contract with the County of Sacramento, Elk Grove had a Master Service Agreement in place with the Sacramento Society for the Prevention of Cruelty to Animals (SSPCA) for similar services.

Over the past 10 years, the City's investment in its Animal Services program has increased substantially. In 2014, City expenditures relating to its Animal Services program amounted to nearly \$1 million. By 2024, annual expenditures reached \$5.2 million, an increase of 362 percent over the 10-year period. During this same period, Animal Services-related revenues grew at a much slower rate. The City received over \$140,000 in revenues in 2014 and \$254,000 in 2024, an increase of 81 percent.

EXHIBIT 1. ANIMAL SERVICES OPERATING REVENUES AND EXPENDITURES



Source: Fiscal records provided by the Finance Department

Note: This graphic does not include nearly \$16M in bond proceeds used to fund construction of the animal shelter, related capital expenditures, or debt service payments.

This disparity in the growth rate of Animal Services revenues and expenditures over the past 10 years illustrates the City's growing investment in its Animal Services program, particularly the Animal Shelter.

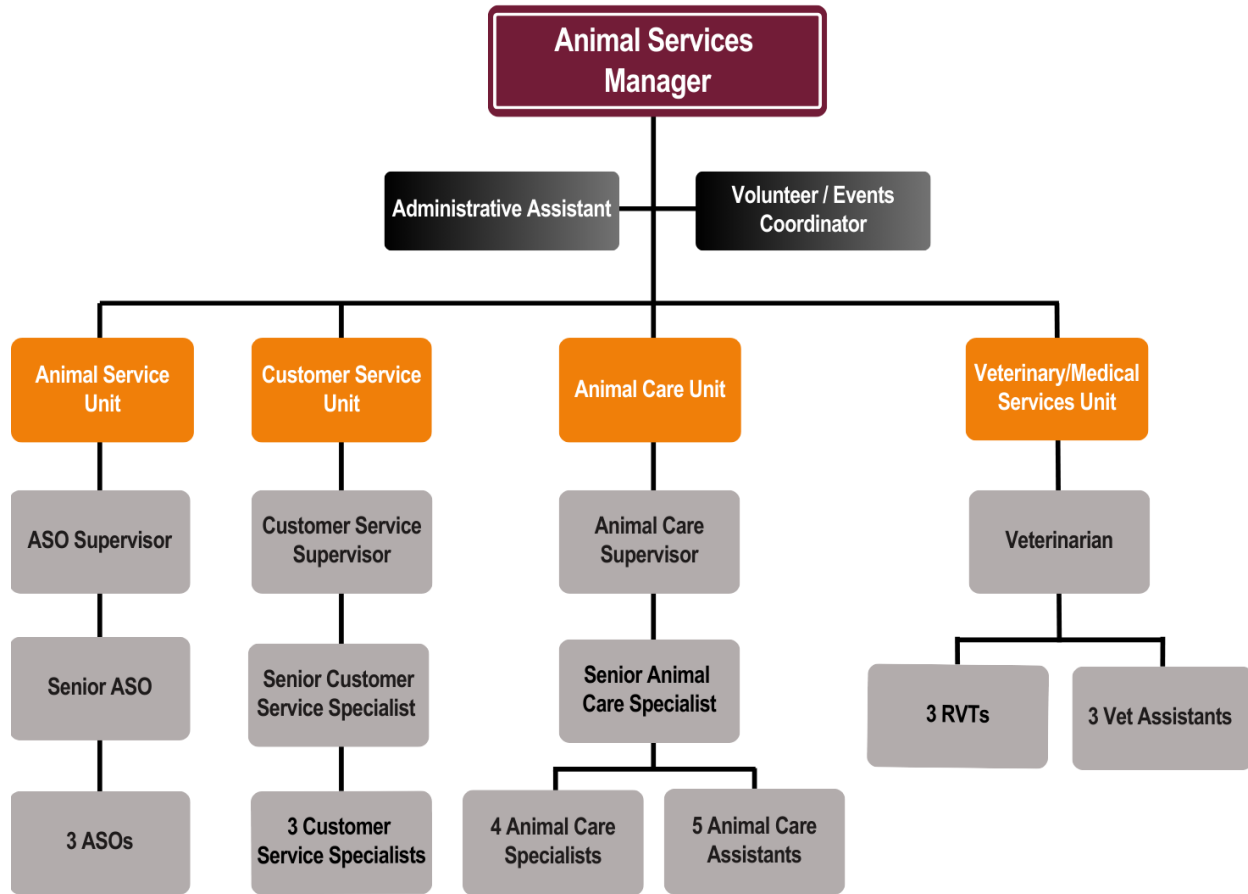
Organizational Structure

The Animal Shelter is managed by the Animal Services Division of the Elk Grove Police Department. The shelter is headed by the Animal Services Manager, who is supported by an Administrative Assistant and Volunteer/Events Coordinator. The Animal Services Manager oversees several teams – field animal service officers, customer service personnel, animal care attendants, and veterinary staff. Each team is comprised of various staff, as detailed below.

- **Animal Service Unit:** Lead by the Animal Services Officer (ASO) Supervisor, the Animal Service Team delivers field services to the City through Animal Services Officers (ASOs). These officers respond to a variety of calls, including those related to injured animals, animals running at large, welfare concerns, bite investigations, and complaints of cruelty or neglect, among other field activities. ASOs are responsible for documenting critical cases such as animal attacks, animal fighting, and investigations into cruelty and neglect. They receive dispatch instructions from the Elk Grove Police Department.
- **Customer Service Unit:** The Customer Service Unit, lead by the Customer Service Supervisor, operates the public counter and services customers by responding to in-person and telephone inquiries regarding residents surrendering pets, lost pet reports and claiming protocols, applying for or renewing licenses, spaying or neutering pets, processing veterinarian rabies reports, and stray animal intake. The Customer Service Unit is also charged with processing and recording all payments received, such as adoption and impoundment fees.
- **Animal Care Unit:** Headed by the Animal Care Supervisor, the Animal Care Unit is a 11-person team responsible for activities related to the day-to-day care of animals at the shelter; this includes feeding, grooming, behavioral intervention efforts, adoption match-making, and assisting in reuniting animals with owners.
- **Veterinary/Medical Services Unit:** The Veterinary/Medical Services Unit is tasked with the medical care of all animals entering the Animal Shelter as well as animals brought in as part of community programs, such as the Community Spay and Neuter Program. Duties include administering routine vaccinations and deworming, performing surgical treatments, diagnostics, treatments and, when necessary, euthanasia.

This organizational structure is depicted in Exhibit 1.

EXHIBIT 2: ELK GROVE ANIMAL SERVICES ORGANIZATIONAL CHART AS OF MAY 2025



Source: Auditor generated based on organizational chart provided by the Elk Grove Animal Services Manager

Scope and Methodology

The City of Elk Grove hired Sjoberg Evashenk Consulting to conduct a performance audit of the City's Animal Shelter activities, since the shelter's inception in October of 2019 through December 31, 2023. This audit was also identified in the 2022 Citywide Risk Assessment, which reviewed programs, departments, and services within the City. The objectives of this audit included determining whether the shelter has (a) operated in an effective and efficient manner, (b) optimized the use of available resources, and (c) achieved the purpose and goals set forth by the City when the City Council approved the creation of the Elk Grove Animal Shelter. To meet the audit's objectives, we performed the following audit steps:

- Reviewed the Elk Grove Municipal Code, Council Resolutions, City policies, and Animal Shelter operating policies and procedures to understand key requirements of the animal shelter, the City's priorities related to the shelter's operations, and the City's goals in establishing the shelter.
- Interviewed key personnel involved in animal shelter operations and management.
- Conducted walk-through of the Animal Shelter to gain an understanding of daily operations and resources required to support operations.
- Obtained and reviewed data and documentation related to shelter fiscal transactions, including cashing activities, invoicing, refund processing, and other transactions as well as assessed the controls in place for each function.
- Evaluated performance metrics for the Animal Shelter, which included reviewing statistics related to animal intake as well as outcomes (adoption, return to owner, total live outcomes, etc.). Also compiled and analyzed trend data related to the fiscal and staffing resources dedicated to Animal Services and shelter operations over time to further understand the overall efficiency of the Animal Shelter since its inception.
- Conducted benchmarking research to identify approaches of other municipalities and animal shelters related to best practices, performance metrics, policies and animal adoption fee structures to determine whether the practices of peer shelters offered opportunities for improvement or enhancement.
- Conducted an analysis of the Animal Shelter's staffing resources, assessing overtime hours and compensation, evaluating current operational demands, and considering future staffing needs in light of the shelter's growth.
- Analyzed available drug inventories and logs, comparing them to animal medical records for a sample of five cases to evaluate compliance with regulations and consistency in recordkeeping practices for high-risk Schedule II and III substances to determine if there were discrepancies in documentation and potential lapses in recording administered dosages.
- Reviewed a sample of ten animal cases classified as either "dangerous" or vicious to assess the shelter's compliance with the Elk Grove Municipal Code regarding animal designation, management, and outcomes as well as to identify potential opportunities to improve public transparency.

- Examined ten cases of canines euthanized for behavioral concerns, assessing whether the behavior was accurately classified as untreatable or unmanageable under municipal code, and evaluated the shelter’s compliance with state and city requirements.

Project fieldwork occurred between February and September of 2024. We discussed the findings and recommendations in this report with the Animal Shelter Manager and City Management, and their views and perspective were incorporated as warranted. Management generally agreed with the results and indicated they will immediately focus on the manner, extent, and timing for implementation of the recommendations. Management’s response is included in Appendix A of this report.

Findings & Recommendations

In this chapter, we present our observations and conclusions regarding the operations of the Elk Grove Animal Shelter. While the shelter has established a comprehensive framework for managing its resources and protecting its sensitive assets, such as controlled substances and cash, and adhered to state and local requirements for managing dangerous and vicious animals, there are areas where improvements may be considered to enhance operational efficiency, further ensure compliance, and enhance transparency. We discuss each of these findings and provide recommendations for addressing these challenges below.

The Animal Shelter Generally Employs Sound Controls to Protect Sensitive and Valuable Assets, but Opportunities for Improvement Exist

As background, the Elk Grove Animal Shelter has several primary types of assets on site—goods, veterinary supplies, equipment, cash, and controlled substances. Goods are generally low-value and include items such as animal food, toys, blankets, and cleaning supplies; many of these items are donated by community members. Veterinary supplies, excluding certain medications and substances, are also generally low-value and include gauze, syringes, and thermometers. Equipment encompasses a wide variety of items, from medical instruments and machines to muzzles and two-way radios. In general, the Animal Shelter employed sound controls to protect its assets from loss or theft; even lower-risk assets are appropriately stored and safeguarded. This includes physical security measures, such as access restrictions that prevent individuals from accessing supplies or assets unless they need them to carry out core job duties. In fact, all animal supplies are kept in secure, key-controlled areas accessible only to authorized personnel. It also includes inventory controls for medical supplies and reconciliations for cash on hand.

This audit focused on assessing the controls over the highest-risk assets. To identify the most sensitive and valuable assets, we considered several criteria, including monetary value, potential for misuse or abuse, asset mobility (stationary or mobile), and the level of difficulty in misappropriating the asset. While some opportunities for improvement exist, we found that the Elk Grove Animal Shelter has established a comprehensive framework of control over its sensitive and valuable assets, such as controlled substances and cash, to ensure security, accountability, and proper management. These controls encompass a range of procedures and practices designed to mitigate risks and safeguard the integrity of shelter operations. Specific controls, outlined in the Animal Shelter’s policy, are described below.

Controls Over Cash

Financial transactions at the shelter, including adoption fees, donations, and other payments, are managed with well-defined protocols to ensure accuracy and prevent misappropriation. Cash handling procedures are outlined clearly in policy, with designated staff responsible for receiving, recording, and depositing funds. A standardized fee structure, approved by the City Council, governs all charges, and any fee reductions must be documented and authorized by a supervisor. Receipts are issued for all financial transactions, and detailed records are maintained in the shelter’s management system, Chameleon. The shelter employs segregation of duties to further enhance security; for example, the person collecting cash is different from the one responsible for recording transactions, thereby reducing the risk of fraud.

Controls Designed to Secure Medication, Including Controlled Substances, Appear Effective, but Improvements to Recordkeeping Practices Are Warranted

Controlled substances, including drugs used for veterinary purposes and euthanasia, are generally subject to stringent security measures. The Drug Enforcement Agency (DEA) classifies drugs into five distinct schedules, or classes, based on their potential for abuse, accepted medical use, and safety or dependence liability. Drugs dispensed and stored at the Elk Grove Animal Shelter include those that fall under Schedules II-V.

- Schedule I drugs, such as heroin, are considered to have a high potential for abuse with no accepted medical use, meaning they are illegal for all purposes.
- Schedule II substances, which include cocaine and methamphetamine, also have a high potential for abuse but are recognized for specific medical uses under severe restrictions.
- Schedule III drugs, such as anabolic steroids and some narcotics, have a lower potential for abuse than Schedules I and II and are accepted for medical use in the United States.
- Schedule IV substances, like diazepam and other prescription medications, have a low potential for abuse relative to Schedule III drugs and are widely used in medical treatments.
- Schedule V drugs, which include certain cough preparations with limited quantities of narcotics, have the lowest potential for abuse and are accepted for medical use, often available over the counter.

In line with California and federal codes and regulations, access to these drugs is restricted to authorized personnel only, such as those holding a Veterinary Controlled Substance Permit or Registered Veterinary Technicians (RVTs). These substances are stored in locked steel cabinets within the veterinary clinic and euthanasia room, while the main supply of drugs is kept in a secure safe accessible only to managerial employees with the combination or key. Each use of a controlled substance is logged in the Controlled Drug Log, detailing the date, animal's intake number, description, weight, amount used, balance remaining, and the initials of the technician. Regular inventory checks are conducted weekly, and any discrepancies are reported immediately. Additionally, a complete inventory audit must be performed twice a year by a veterinarian, ensuring ongoing oversight and compliance.

Federal and state code dictates how these drugs must be logged and tracked. Exhibit 3 summarizes the key requirements:

EXHIBIT 3: FEDERAL AND STATE DRUG RECORDKEEPING – KEY REQUIREMENTS

Area	Description	Regulation/ Requirement
General Record Maintenance	Distinct records must be maintained: 1) One set of all Schedule I and II controlled substances and 2) One set of all Schedule III, IV, and V controlled substances.	21 CFR §1304.04(g), 21 CFR §1304.04(f)(1), §1304.04(f)(2),
	Records must be kept for 2 years from the date of inventory or record or three years from the date of the animal's last visit, whichever is great.	21 CFR §1304.04(a), 21 CCR §2032.3(b)
Inventory Recordkeeping	Each registered location must maintain a completed and accurate record of all controlled substances on hand. An initial inventory must be taken on the date in which practice commences at the registered location, and a new and complete inventory must be taken every two years.	21 CFR §1304.11(a), 21 CFR §1304.11(b), 21 CFR §1304.11(c)
	Records must be maintained in a specific way; for example, the inventory must include the name of the substances and each finished form.	21 CFR §1304.11(e)(3), 21 CFR §1304.11(e)(1)(iii-iv)
Administration and Dispensing of Controlled Substances	A record of each controlled substance that is dispensed, administered, or disposed of, in any manner, must be maintained.	21 CFR §1304.21(a)
	Records must be maintained in a specific way; for example, the Controlled Drug Log must contain the date of dispensing, units or volume dispensed, and the name or initials of the person dispensing or administering the dose.	21 CFR §1304.22(c), 21 CFR §1304.22(a)(2)(i-ix), 16 CCR §2032.3(a)(8,12)

Source: Federal and state code and regulations, as summarized by California Veterinary Medical Board

As noted, according to 21 CFR §1304.11(a), after an initial drug inventory, which occurred when the shelter first opened, a new and complete inventory must be taken biennially. However, although the initial inventory was completed in July of 2019, records for the time period between July 2019 and September 2023 could not be located by staff. Although staff could not locate the interim inventories, they reported that these inventories had been completed but may have been taken by the shelter veterinarian when she left the position.

We analyzed the drug inventories and logs that were available during the aforementioned timelines and found that recordkeeping practices were not always in complete alignment with applicable regulations. For example, there were several instances in which Schedule II substances were included within the same records as Schedule III and IV substances. As an example, the drug inventory conducted on September 30, 2023, includes both Hydromorphone, a Class II substance and Tramadol, a Class IV substances.

We also conducted a comparison between the drug logs and the animal medical records for a sample of five cases to ensure consistency. Specifically, our objective was to determine whether the dosage documented as removed from the drug container in the drug log corresponded accurately with the dosages recorded in each animal's veterinary records. We concentrated our comparison on the high-risk drugs administered at the shelter, specifically those that are more commonly abused by humans. These drugs fell under Schedules II and III and included Ketamine (Class III), Hydromorphone (Class II) and Fentanyl (Class II). When data was available, we also cross-referenced to ensure the dosage given was appropriate; dosage information was provided within some of the medical records.

We found that, although the drug logs and medical records were generally congruent and medication dosages appeared to be appropriate, there were two cases in which information from the medical files was not available or unclear. For example:

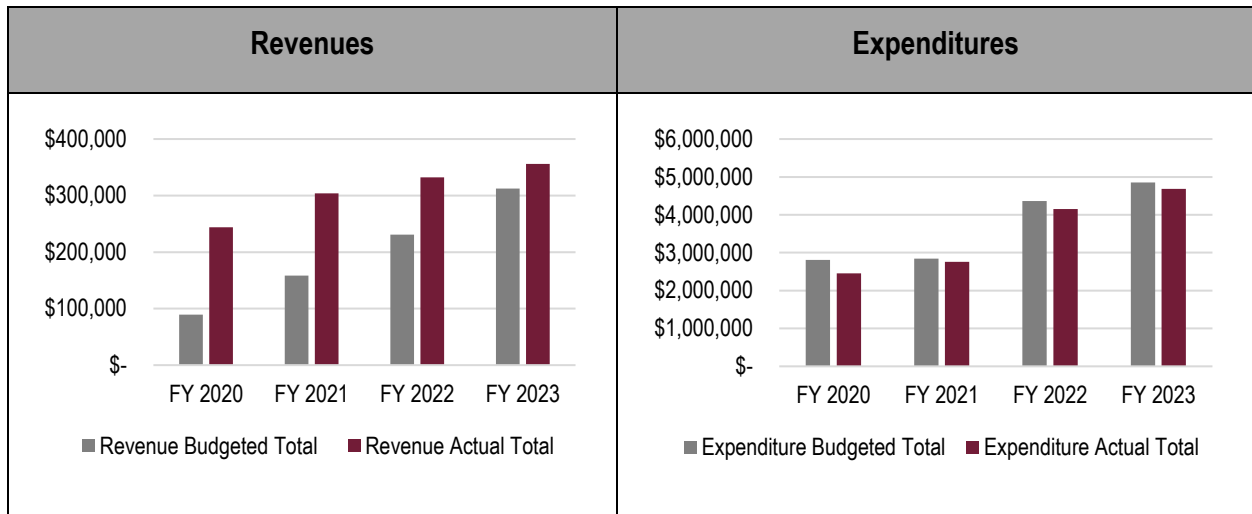
- In the case of one dog, the drug log showed that she had been administered 1.7 mL of Hydromorphone on November 16, 2023, but her medical records from the corresponding date made no mention of the administration of Hydromorphone. Shelter staff reported that the veterinarian likely forgot to record the administration.
- Similarly, we reviewed a case in which the drug log indicated that a cat had been administered 2.4 mL of Fentanyl on October 6, 2021. The corresponding medical records indicated that a transdermal fentanyl patch, which is pre-loaded with fentanyl, had been placed on the cat on this date, but there was no mention of liquid fentanyl administered. It is unclear if liquid fentanyl was administered in addition to the fentanyl patch, or if the use of the Fentanyl patch was not correctly recorded in the drug log.

While the framework in place to control valuable and sensitive assets is robust and includes all legally required elements, recordkeeping could be bolstered to further ensure drugs are being appropriately tracked, logged, and administered. To enhance the integrity of the drug management system, Elk Grove Animal Shelter should implement stricter protocols for documenting and cross-referencing drug administration with medical records. This could include additional or enhanced training for all personnel involved in drug handling and recordkeeping, with a particular emphasis on ensuring veterinarians clearly document all necessary information in the veterinary records. Such measures will help prevent discrepancies and ensure that all administered drugs are accurately reflected in the records, thereby maintaining compliance with regulatory requirements and safeguarding the well-being of the animals under the shelter's care.

Opportunities Exist to Enhance Revenues and Reduce the Animal Shelter's Reliance on the General Fund

Animal shelters inherently face financial constraints due to their limited sources of revenue. Elk Grove, specifically, generates revenue from a variety of sources, including animal licenses, animal control fees and penalties, animal adoption fees, and spay/neuter fees, among others. These revenue streams, however, do not generate sufficient revenues to fund its operations even though actual revenues consistently exceeded budgeted amounts, as shown in Exhibit 4. This demonstrates effective revenue generation beyond initial projections. Expenditures, while conservatively estimated and consistently below budgeted totals, have far outpaced revenues during the same period. This gap between expenditures and revenues has been covered by city general funds, which is a common practice for municipal animal shelters that typically do not operate as profit-generating entities.

EXHIBIT 4: BUDGETED AND ACTUAL REVENUES AND EXPENDITURES



Source: Auditor generated summary of financial information provided by the Elk Grove Animal Shelter

While animal shelters generally operate with limited funding sources—due to their primary function of providing a community service rather than generating revenue—there are two areas where the Elk Grove Animal Shelter could potentially boost its revenue and improve financial sustainability.

Licensing and Adoption Fees at Peer Animal Shelters Tended to be Higher Compared to Elk Grove’s Animal Shelter

Between fiscal years 2021 and 2023, animal licensing and adoption fees represented the Animal Shelter’s two largest sources of operating revenue. While animal licensing fees can be changed by resolution of the City Council, adoption fees do not require a City Council resolution. We evaluated both in our benchmarking review of several similarly situated animal shelters in California.

As shown in Exhibit 5, this audit revealed that the Elk Grove Animal Shelter’s licensing fees are among the lowest among our benchmark agencies. While some shelters required lower licensing fees for cats, all but one required higher licensing fees for dogs—with the only exception being the Stockton Animal Shelter, which charged the same \$15 fee as the Elk Grove Animal Shelter.

EXHIBIT 5: LICENSING FEES, BENCHMARKING RESULTS SUMMARY

Shelter	Spayed/Neutered Fee	Unaltered Fee	Senior Altered Fee	Senior Unaltered Fee
Elk Grove Animal Shelter	Cat & Dog: \$15/year	Cat & Dog: \$50/year	Free (limit 2)	Not specified
City of Stockton Animal Shelter	Cat & Dog: \$15/year	Cat & Dog: \$155/year ↑	Not specified	
Marin Humane Society	Dog Only: \$20/year ↑	Dog Only: \$60/year ↑	Dog Only: \$15/year ↑	Dog Only: \$45/year ↑
Front Street Animal Shelter (City of Sacramento)	Cat: \$18/year ↑ Dog: \$24/year ↑	Cat: \$90/year ↑ Dog: \$96/year ↑	Cat & Dog: \$12/year ↑	Must be spayed
Placer County Animal Services	Cat: \$5/year ↓ Dog: \$27/year ↑	Cat: \$13/year ↓ Dog: \$55/year ↑	Not specified	
City of San Bernadino Animal Services	Dog Only: \$24/year ↑	Dog Only: \$96/year ↑	Dog Only: \$12/year ↑	Not specified
Visalia Animal Services	Cat: \$8/year ↓ Dog: \$18/year ↑	Cat: \$28/year ↓ Dog: \$88/year ↑	Not specified	
Hayward Animal Shelter	Dog Only: \$17/year ↑	Dog Only: \$52/year ↑	Not specified	

Source: Data obtained from animal shelter websites

Further, we found that, in general, average adoption fees charged by peer animal shelters were higher than the fees imposed by Elk Grove. For example, of the seven animal shelters reviewed, four charged higher average adoption fees for dogs and all seven charged higher adoption fees for cats. Exhibit 6 provides additional details related to the analysis.

EXHIBIT 6: AVERAGE ADOPTION FEES, BENCHMARKING RESULTS SUMMARY

Shelter	Dog Adoption Fee (Average)	Cat Adoption Fee (Average)
Elk Grove Animal Shelter	\$133.33	\$57.50
City of Stockton Animal Shelter	\$92.75 ↓	\$67.50 ↑
Marin Humane Society	\$225.00 ↑	\$150.00 ↑
Front Street Animal Shelter	\$87.50 ↓	\$66.67 ↑
Placer County Animal Services	\$140.00 ↑	\$115.00 ↑
City of San Bernadino Animal Services	\$70.00 ↓	\$70.00 ↑
Visalia Animal Services	\$160.50 ↑	\$88.50 ↑
Hayward Animal Shelter	\$156.00 ↑	\$102.00 ↑

Source: Data obtained from animal shelter websites

Note: "Average" refers to the average of all species-specific adoption fees. For example, if a shelter charged \$200 for a kitten, \$100 for an adult cat, and \$50 for a senior cat, the average cat adoption fee for that shelter would be \$116.67.

As shown in Exhibit 6, the average dog adoption fees at comparable animal shelters range from \$92.75 to \$225.00. This means these fees are between 30.4% lower and 20.4% higher than the average fee charged by Elk Grove. Additionally, compared to Elk Grove's average, cat adoption fees at peer shelters were all higher, ranging from \$66.67 to \$150.00—17.4% to 160.9% higher than Elk Grove's average fee.

These figures suggest that Elk Grove's licensing and adoption fees are on the lower end of the spectrum when compared to similarly situated shelters. This could indicate a potential opportunity for Elk Grove to adjust its pricing strategy. By aligning more closely with the average fees charged by peer shelters, Elk Grove may be able to increase its revenue and support the shelter's financial sustainability without deterring potential adopters—assuming demand for adoption remains consistent.

The Animal Shelter Incurs Costs Related to Animal-Owner Code Violations and Impound Services, but the City Does Not Proactively Collect Citation Fees Intended to Recover Those Costs

As of December 31, 2023, approximately \$100,000 in citation fees remain outstanding. Animal Services issues citations for a variety of violations of local animal control ordinances, including dangerous animal keeping restrictions, general animal care and public nuisance abatement.

Historically, the City's approach to code enforcement has been to seek resident or business owner voluntary compliance with City codes without taking punitive measures, such as collecting on citations. However, in many cases, animal control citations are not merely a matter of violation of a City ordinance; rather, the citations often reflect actual costs borne by the Animal Shelter or Animal Control Officers, for which the City has an interest in recovering the costs. For instance, when a dangerous or vicious animal is impounded, the Animal Shelter is responsible to care for the animal and for covering the costs of the animal's food, housing, and veterinary care. Allowing citation fees to remain uncollected is in effect a decision to use general fund monies to pay for care that should be the responsibility of pet owners.

Although \$100,000 in uncollected fees would not be sufficient to close the revenue-to-expenditure gap significantly, it is noteworthy in comparison to the shelter's annual revenue, which reached \$350,000 in fiscal year 2022-23. Implementing a structured process for collecting these fees could provide a meaningful boost to the shelter's revenue stream, help reduce its reliance on the General Fund, and or help to fund additional staffing resources.

Adjustments to Staffing Resources May Improve Operational Efficiency or Service Delivery

In June 2023, the City of Elk Grove Police Department engaged a third-party consulting firm to conduct an independent and comprehensive assessment of the Elk Grove Animal Shelter. This study included a detailed analysis of the shelter's staffing levels and resulted in a set of recommendations for improvement. Over the past year, the shelter has implemented several of these recommendations, including adding positions in Animal Care. Now, with these changes in place, we have conducted a follow-up analysis of the current staffing situation. Based on our findings, we propose for the City's consideration additional adjustments to staffing resources that align with the shelter's current needs and aim to further enhance service delivery.

The Animal Shelter Has Relied on Contract Veterinarian Services to Augment its Full-Time Veterinarian and To Fill In When Vacancies Arise, which Has Proven To Be An Efficient Approach

Since opening, the Elk Grove Animal Shelter has maintained a budgeted position for one full-time veterinarian. However, in October of 2023, the shelter veterinarian left their position, and the shelter was challenged to find a replacement veterinarian until the summer of 2024. This challenge is not unique to the Elk Grove Animal Shelter, but it highlighted a challenge that the Animal Shelter is likely to face going forward: turnover of the sole veterinarian position will result in service gaps.

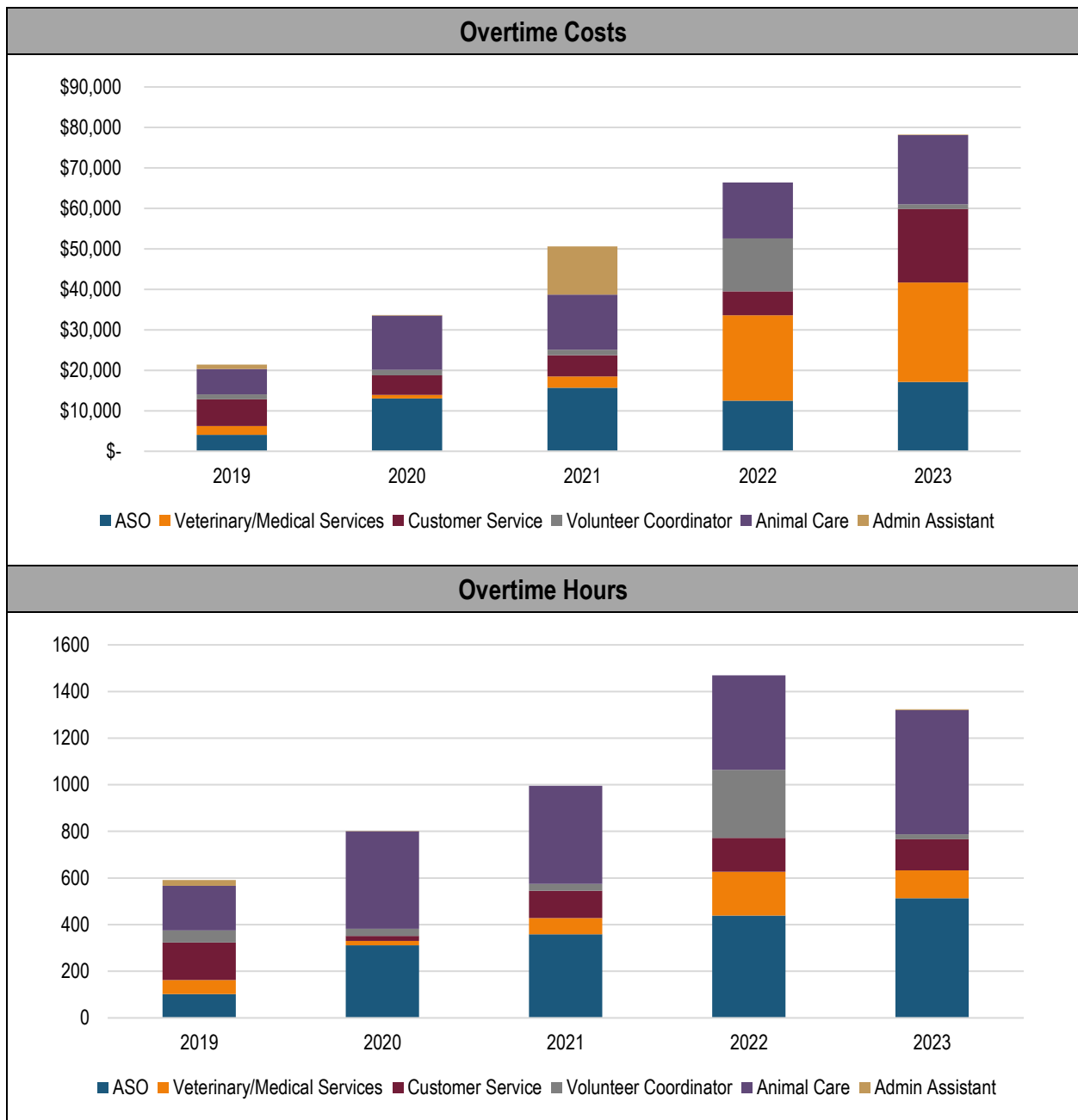
In the absence of a full-time veterinarian, the Animal Shelter utilized on-call contracts with veterinarians to meet baseline shelter needs. The reliance on outsourced veterinarians appears to be a cost-effective approach when the full-time veterinarian position is vacant. Specifically, to address the nine-month period between October 2023 and June 2024, during which the Elk Grove Animal Shelter lacked a veterinarian, the shelter relied on multiple contracted veterinary services to perform non-emergency procedures and services. This reliance resulted in costs totaling just over \$122,000.¹ If the shelter had gone without a veterinarian for a full year, these costs may have exceeded \$162,000. By comparison, the cost of salaries and benefits for a full-time shelter veterinarian, according to the most recent job posting, could range between \$180,000 and \$240,000 annually.

The Animal Shelter Has Observed Increasing Overtime Costs Since Its Inception, but Overtime Levels Do Not Yet Suggest the Need for Additional Positions

Employee overtime compensation costs and hours have steadily increased since the shelter's inception in October of 2019. From 2019 to 2023, these costs have tripled, rising from approximately \$21,000 to \$65,000. Exhibit 7 depicts how overtime compensation costs and hours have increased across each unit between 2019 and 2023.

¹ This figure does not include the costs of contracted veterinary services that the shelter incurs even when it has a full-time veterinarian (i.e. emergency and specialized veterinary services).

EXHIBIT 7: 2019-2023 OVERTIME COMPENSATION COSTS AND HOURS ACROSS ALL UNITS



Source: Auditor analysis of overtime data provided by the Elk Grove Animal Shelter

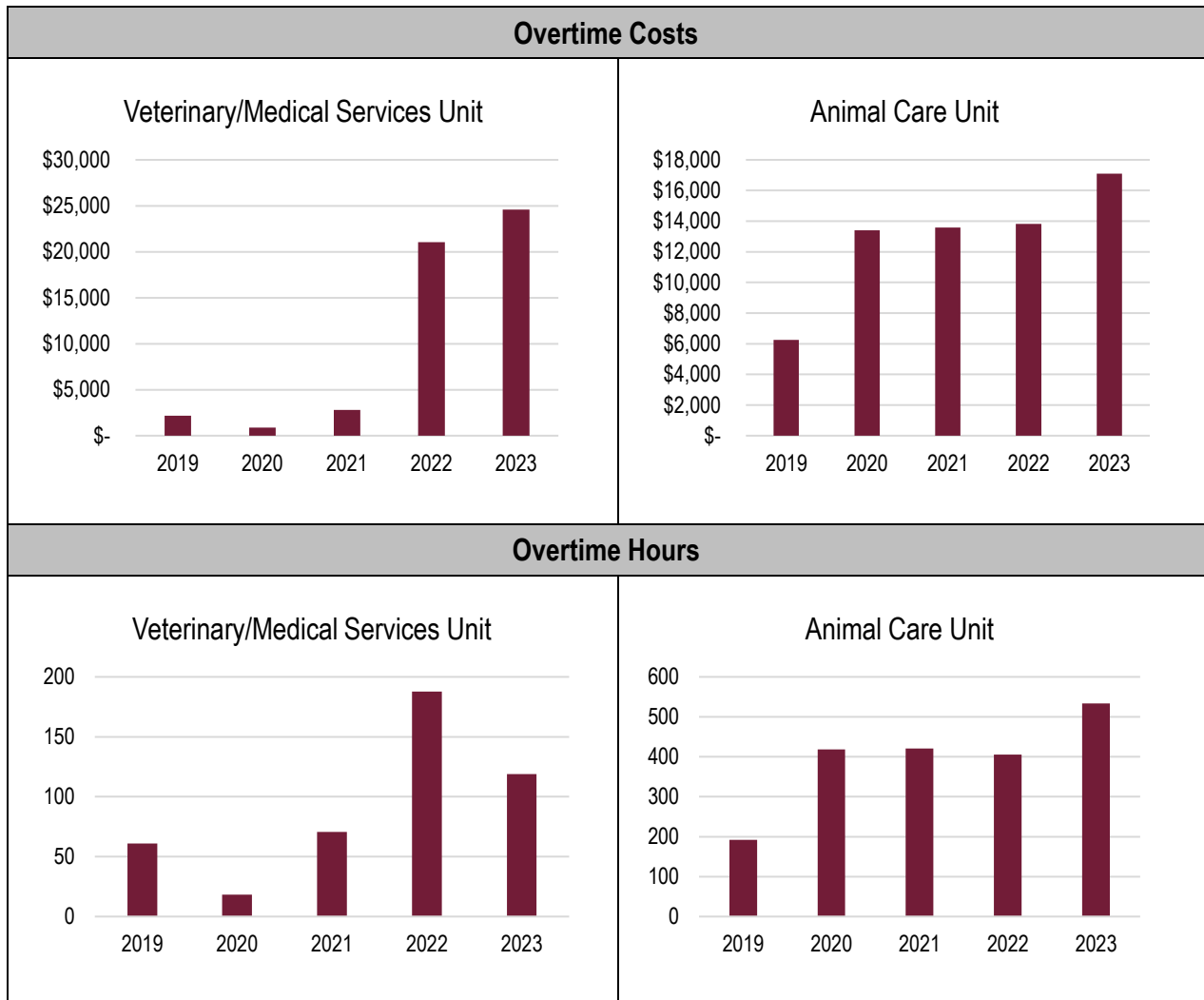
This increase in overtime hours is driven primarily by three units: Veterinary/Medical Services, Animal Care, and Customer Service. Below, we describe our observations regarding each.

Veterinary/Medical Services Unit and Animal Care Units

The most significant increases in overtime have been observed in the Veterinary/Medical Services and Animal Care units. These two units have accounted for the highest overtime expenses since fiscal years 2022 and 2023. Exhibit 8 illustrates this trend, including figures from prior years (2019-2021) for additional context. The

animal service officers (ASOs) have also incurred a larger portion of overtime, partly because one of the allocated positions remained vacant for some time.

EXHIBIT 8: 2019-2023 OVERTIME COMPENSATION COSTS AND HOURS



Source: Auditor analysis of overtime data provided by the Elk Grove Animal Shelter

Since 2023, the Animal Shelter added four additional FTEs—two in Veterinary/Medical Services and two in Animal Care. To address this growth in overtime and expected workload demands. With these new positions, we expect the growth in overtime trends to lessen. However, Animal Shelter management should continue to monitor overtime charged (along with other metrics, such as trends in the number of intakes and the average length of kennel stays) and, should this trend continue, may need to take steps to reduce overtime usage. Measures management should consider could include (a) adjusting shifts of employees to achieve adequate coverage without incurring additional costs; (b) adjusting work assignments and responsibilities, such as by cross training staff in one unit to support another unit when workload demands require; or (c) allocating additional positions where warranted, particularly if the amount of overtime worked by incumbent personnel was so great that it would be considered untenable for a long period of time, or if the cost of overtime worked approached 75 percent or more of the fully loaded cost of a new FTE position.

Customer Service Unit

As illustrated in Exhibit 7, the Customer Service Unit has experienced increasing overtime needs between 2019 and 2023. While overtime trends do not yet suggest that any full-time equivalent (FTE) positions are needed at this time, as the cost of overtime falls far below the thresholds that would often justify the addition of a new FTE positions, the Customer Service Unit has struggled to manage existing workload demands with current staffing levels.

For example, as noted in our 2020 review of the City's cashiering operations, leading practices require segregation of duties to ensure no single individual can conceal the collection and theft of cash. This requires two layers of controls: the cashiers collecting and recording payments and the "senior" or "lead" or "supervisor" position to review all activities of the cashier, reconcile receipts with daily deposit logs, count cash drawers, etc.—at the close and opening of every workday. This is necessary to maintain proper segregation of duties and to ensure no single employee can participate in or control every phase of a transaction (e.g., receiving, processing, recording, reconciling, depositing, etc.). At the time of the review, the Animal Shelter only employed one Supervisor. Transaction review and reconciliation should occur on a daily basis, so when only one person (the Supervisor) is authorized to perform this activity, reconciliations would either be delayed or the supervisor must work overtime.

To address this problem, the Animal Shelter added a Senior Customer Service Specialist to share the responsibility of transaction review and reconciliation. While this alleviated some pressure, subsequent reports from both the Animal Shelter and the City's Finance Department indicated that there were still instances where neither the Supervisor nor the Senior Specialist was available due to authorized time off, resulting in lengthy gaps during which no qualified personnel were present to perform these essential functions.

The overtime hours incurred, along with reports from the Animal Shelter and the Finance Department, indicate that Elk Grove should consider several alternatives to address the Customer Service Unit's staffing needs and reduce the operational risks associated with the lack of personnel available to perform transaction review and reconciliation. Again, consideration should be given to adjusting shifts of employees to achieve desired coverage, adjusting work assignments and responsibilities, cross-training employees to provide sufficient coverage (including cross-training Customer Service Specialists to provide secondary reviews and reconciliations in the absence of a senior or supervising employee), or adding a second senior-level position authorized to carry out these critical functions. According to the Animal Services Manager, these issues have been addressed, as she is able to step in and assist with Customer Service duties when necessary. Additionally, some delays are considered reasonable, given that the Finance Department operates Monday through Friday, while the Animal Shelter provides services seven days a week. To support these efforts, the Finance Department has also played an active role by working with Animal Shelter staff to provide training to ensure that staff understand the standards required for timely and accurate financial documentation.

Opportunities Exist to Provide Greater Clarity Regarding the Animal Shelter's Euthanasia Philosophy and Practices

Behavioral euthanasia refers to the practice of humanely ending an animal's life due to severe behavioral issues that cannot be managed, treated, or rehabilitated successfully. This decision is typically made when an animal exhibits dangerous, aggressive, or otherwise problematic behaviors that pose a significant risk to public safety, other animals, or the animal itself. Unlike euthanasia for physical health issues, behavioral euthanasia focuses on mental and behavioral health, addressing situations where an animal's behavior severely impacts its quality of life or the safety of those around it. The goal is to prevent further harm and suffering, considering both the well-being of the animal and the safety of the community.

When considering behavioral euthanasia for animals impounded at the shelter or animal owned by members of the public, the Elk Grove Animal Shelter must adhere to both state regulations and internal shelter policies. Specifically, California Penal Code §599d states that “no adoptable animal should be euthanized if it can be adopted into a suitable home” and includes criteria for what is considered an adoptable animal; one of these criteria is that the animal must show “no sign of a behavioral or temperamental defect that could pose a health or safety risk or otherwise make the animal unsuitable for placement as a pet. California State Penal Code §599d further goes on to state that, additionally, “no treatable animal should be euthanized” and defines “treatable” as “any animal that is not adoptable but could become adoptable with reasonable efforts.” Based on this standard, animals may be euthanized based on legitimate medical and behavioral factors, as discussed below.

- **Medical (Illness or Injury).** The need for euthanasia due to illness or injury is determined by a veterinarian based on their medical training, professional judgment, and a thorough assessment of the animal's condition. This evaluation considers factors such as the severity of the illness or injury, the likelihood of recovery, the animal's pain and suffering, and overall quality of life. In cases where treatment options are limited, would result in prolonged suffering, or are not in the best interest of the animal's welfare, euthanasia may be recommended as the most humane course of action.
- **Behavioral.** Behavioral euthanasia may result from a variety of circumstances:
 - An animal control officer may be dispatched in response to an incident involving an animal engaged in dangerous or vicious behavior, such as biting a human being.
 - An animal may become increasingly aggressive while being held at the animal shelter, posing a risk to staff, volunteers, or other animals.
 - An owner of an animal may bring an animal to the shelter requesting that the animal be euthanized because of behavioral problems that may make the pet unfit for rehoming, such as a history of aggression, unpredictability or the inability to safely interact with people or other animals. Although not a formal policy, shelter staff reported that, when an owner requests euthanasia due to reported aggressive behavior or a history of biting, the canine may or may not undergo a behavior evaluation by shelter staff, contingent upon a variety of factors. For example, if there is a well-documented, severe bite (i.e. medical records, witness testimony, etc.), shelter staff do not perform an evaluation and generally euthanize the animal as soon as possible. However, if the aggression or bite history

reported by the owner appears to be questionable (i.e. animal exhibits friendly behavior, owner reported problematic behavior is not considered aggressive or dangerous, owner cannot articulate behavioral concerns, etc.) a behavior evaluation by shelter staff may be conducted.

Our evaluation of the Animal Shelter’s euthanasia practices found them to be compliant with statute and Elk Grove Municipal Code provisions and California Penal Code. However, we also found that greater clarity regarding the Animal Shelter’s practices can be gained by formally posting the shelter’s euthanasia philosophy and information on its website

Specifically, we selected a sample of 10 euthanasia cases and found each to be well documented, with outcomes that were consistent with the City’s statutory authority.

Our Review of Euthanasia Cases Involving Dangerous and Vicious Dogs Showed that the City Complied with California Law

As important context, during our audit period, from the shelter’s inception to December 31, 2023, no other species, aside from dogs, were classified as vicious or dangerous. Thus, our analysis exclusively focused on dogs classified as vicious or dangerous. Building on this, it is essential to understand how regulatory frameworks guide these classifications. The Elk Grove Municipal Code and the California State Code both address the classification and regulation of dangerous and vicious animals, but they differ in specificity. California statutes provides a more prescriptive and quantitative definition for each classification. For example, the California Food and Agricultural Code describes dangerous and vicious dogs in the following manner:

- ✓ A **“potentially dangerous dog”** is defined as any dog which, when unprovoked:²
 - a) On two separate occasions with the prior 36-month period, engages in any behavior that requires a defensive action by any person to prevent bodily injury when the person and dog are off the property of the owner or keeper of the dog.
 - b) Bites a person causing a less severe injury than as defined in Section 31604.
 - c) On two separate occasions within the prior 36-month period, has killed, seriously bitten, inflicted injury, or otherwise caused injury attacking a domestic animal off the property of the owner or keeper of the dog.”

According to the Elk Grove Municipal Coded dogs classified as “dangerous” may remain with their owners, provided that the owners follow prescribed keeping requirements, such as:

- Confinement and restraint practices
- Neuter or spay surgery
- Property security measures
- Obedience course enrollment
- Public liability insurance
- Acquisition of a “dangerous animal permit”
- Inspections to ensure compliance

² California Food and Agricultural Code §31602

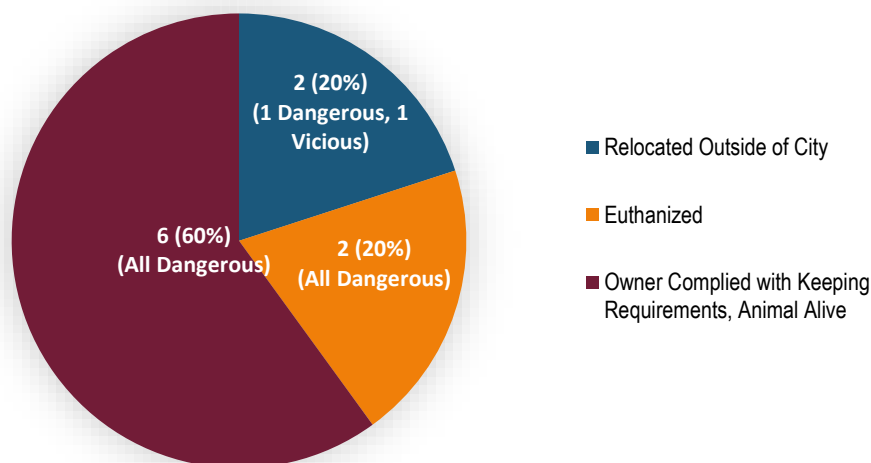
The Municipal Code further states that, “if all requirements for owners of dangerous animals are not satisfied within thirty (30) days of the notice of designation, or the owner is unable or unwilling to implement them, the animal *shall be humanely euthanized* either by an Animal Control Officer or by a licensed veterinarian” (emphasis added).³

- ✓ A “**vicious dog**” is defined as any dog:⁴
 - a) That, when unprovoked, in an aggressive manner, inflicts severe injury on or kills a human being.
 - b) Previously determined to be and currently listed as potentially dangerous dog that, after its owner or keeper has been notified of this determination, continues the behavior described in Section 31602 or is maintained in violation of Section 31641, 31642 or 31603”.

According to the Elk Grove Municipal Code, if an animal is determined to be “vicious”—a more severe designation than “dangerous”—the animal must be immediately removed from Elk Grove city limits. Unlike animals designated as dangerous, the City is under no obligation to give an owner 30 days to remediate the risk for animals designated as vicious. Additionally, Animal Control may further find that an animal is so vicious, or that special circumstances exist, such that the animal poses a substantial threat to public health and safety, in which case Animal Control may euthanize the animal.

Between the shelter’s inception and December 2023, the Elk Grove Animal Shelter reported that 38 animals—all canines—had been designated as either “dangerous” or “vicious”. Of these animals, 37 were formally classified as “dangerous” and one was classified as “vicious”. We selected a sample of 10 animals classified as “vicious” or “dangerous,” reviewed case files, and found that the Animal Shelter’s handling of each complied with state and local requirements.

EXHIBIT 9: SUMMARY OF VICIOUS AND DANGEROUS ANIMAL DESIGNATION REVIEW



Source: Analysis of Animal Case Files Provided by Elk Grove Animal Shelter

³ Elk Grove Municipal Code Section 8.06.080

⁴ California Food and Agricultural Code §31603

While this analysis revealed that all designations and associated outcomes were in adherence with the applicable provisions of the Elk Grove Municipal Code and state statute, it revealed that not all animals designated as dangerous or vicious were euthanized. As described above, the Elk Grove Municipal Code requires animals designated as dangerous to be euthanized if their owners fail to adhere to all prescribed keeping restrictions within thirty (30) days of the notice of designation.⁵ We identified one instance in which the animal was instead relocated outside City limits. According to management, several factors contribute to decisions regarding the outcome of animals designated as dangerous or vicious, including whether the animal is relocated or euthanized, and in some cases the decision is ultimately made by court order. In each of these instances, the decisions made by the Animal Shelter were within its discretion and authority, as provided by statute, and appeared to be consistent with the Animal Shelter's overall philosophy relating to euthanasia. As described below, the Animal Shelter has not formally drafted or published its philosophy relating to euthanasia, as have some peer animal shelters. Doing so can promote transparency and understanding regarding the practice of euthanasia by Animal Services.

Our Review of Peer Animal Shelters Revealed that Euthanasia Philosophies Varied Among Shelters in Both Accessibility and Language, as was the Availability of Euthanasia Data

The practice of killing or hastening the death of sick or injured animals for reasons of mercy is one that animal services professionals and animal advocates, pet owners, and others take seriously. We sampled seven other local animal shelters to understand their approach to euthanasia, particularly how they communicated information regarding euthanasia to the public.

This revealed significant variations in how California animal shelters communicate their euthanasia policies and report related statistics, despite being bound by the same legal framework—California Penal Code §599d. This law mandates that “no adoptable or treatable animal should be euthanized,” with “adoptable” animals defined as those eight weeks or older without medical or behavioral conditions that would prevent adoption, and “treatable” animals as those that could become adoptable with appropriate care or rehabilitation.

Our research revealed that animal shelters post two types of information regarding their euthanasia practices. Most shelters post euthanasia statistics, such as the total number of animals euthanized, typically categorized by dogs and cats, and some post information regarding the shelter's philosophy surrounding the practice of euthanasia. The City of Elk Grove does not post its animal euthanasia philosophy but does post euthanasia statistics. Exhibit 10 illustrates how other shelters convey information to the public.

⁵ Elk Grove Municipal Code Section 8.06.080

EXHIBIT 10: EUTHANASIA PHILOSOPHY BENCHMARKING RESULTS SUMMARY

Shelter	Euthanasia Philosophy Readily Available on Shelter Website?	Euthanasia Data Posted on Shelter Website?
Elk Grove Animal Shelter	No	Yes
City of Stockton Animal Shelter	No	Yes
Marin Humane Society	Yes	Yes
Front Street Animal Shelter	Yes	Yes
Placer County Animal Services	No	Yes
City of San Bernadino Animal Services	No	No
Visalia Animal Services	No	No
Hayward Animal Shelter	No	Yes

Source: Summary of data and information obtained from animal shelter websites

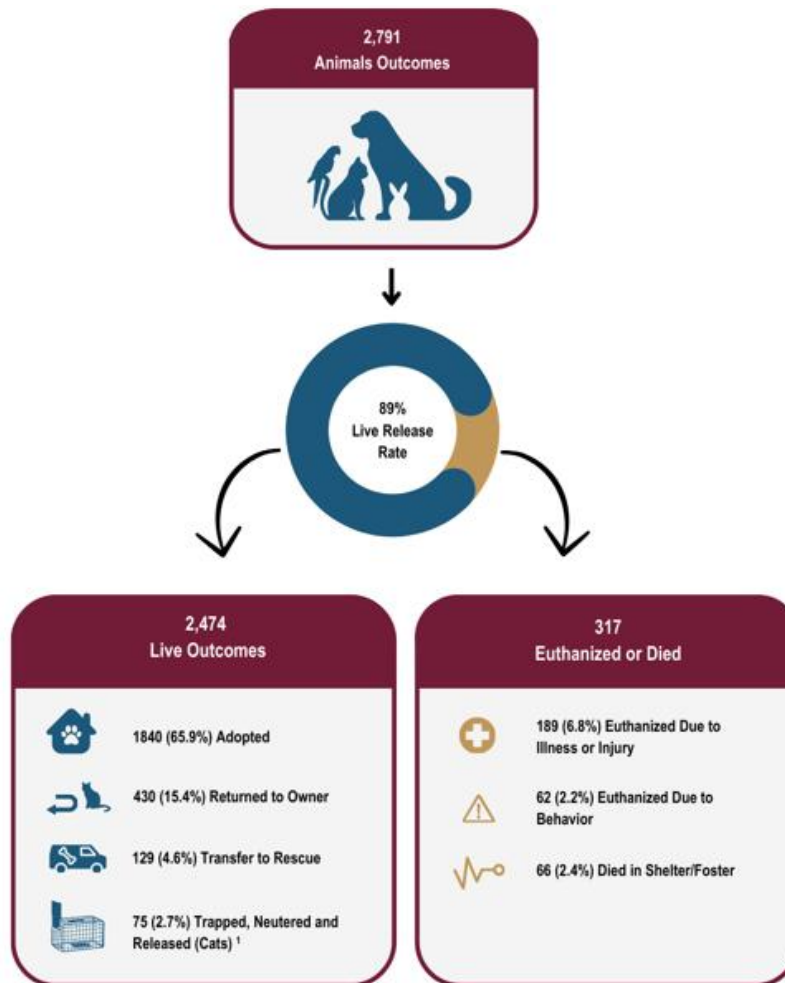
Euthanasia Statistics

The availability of euthanasia statistics also varied amongst shelters. The majority of shelters (five out of seven) chose to display at least basic euthanasia statistics on their websites. For example, these five shelters provided annual counts of all animals euthanized, broken down by cats and dogs. However, Elk Grove Animal Shelter is unique in that not only does it publicly display the annuals counts of all animals euthanized but also providing a detailed breakdown of the reasons for euthanasia. It specifies the number of animals euthanized due to injury/illness, dangerous behavior, and those that passed away in foster care.

Specifically, the Elk Grove Animal Shelter monitors various animal outcomes associated with several key metrics, including the live release rate⁶, the number of adoptions, and the number of animals euthanized. Exhibit 11, displays all of the tracked outcomes and specific metrics for calendar year 2023. In total, the shelter recorded 2,791 animal outcomes in 2023, with 2,474 (89%) being live outcomes and 317 (11%) involving animals that either died or was euthanized, whether in the shelter or in foster care.

⁶ Live release rate is defined in this report as the number of live outcomes divided by the total number of outcomes. Total outcomes includes both live intakes and animals that were euthanized or died in the shelter or in foster care.

Exhibit 11: Calendar Year 2023 Elk Grove Animal Shelter Outcomes



Source: Elk Grove Animal Shelter Website and TNR Data Provided by the Shelter

Note 1: This figure does not include an additional 528 cats that were trapped, neutered/spayed and released by the Elk Grove Animal Shelter using partner clinics. This figure only includes cats that were neutered/spayed at the Elk Grove Animal Shelter. In total, Elk Grove Animal Shelter was responsible for trapping, neutering/spaying, and releasing 603 cats in calendar year 2023.

This level of detail helps provide the public with a clearer understanding of the circumstances leading to euthanasia, potentially fostering greater trust within the community.

Euthanasia Philosophies

Elk Grove Animal Shelter has elected not to post its euthanasia philosophy on the shelter website but does post euthanasia statistics. According to management, it has opted not to do so due to concerns that it may be misinterpreted. Displaying an adopted euthanasia philosophy is an approach taken by some shelters to reduce confusion and ambiguity among the public regarding the practices of the shelter. This could include an explanation of criteria and processes involved in making euthanasia decisions. By openly communicating its euthanasia criteria, shelters demonstrate accountability and transparency regarding their practices in the hopes of reassuring the community that it is engaging in humane decision-making.

As shown in Exhibit 12, the majority of shelters reviewed—5 out of 7—do not disclose their euthanasia policies on their websites. In contrast, both Marine Humane Society and Front Street Animal Shelter have opted to make their policies publicly available online. For example, the Marin Humane Society website not only details its euthanasia philosophy but also explains why the shelter does not call itself “no-kill”.

EXHIBIT 12: MARIN HUMANE SOCIETY WEBSITE INFORMATION

Why doesn't Marin Humane call itself "no-kill"?

While we could call ourselves "no-kill" based on our shelter statistics, we've chosen not to as we consider this label misleading and divisive.

We do not euthanize animals for space or based on how long they've been at the shelter. We only euthanize in cases where there is great suffering, or when dangerous behavior cannot be modified. This criteria is the same as most shelters who proclaim to be "no kill."

We make these decisions under strict protocols and only after all other options have been exhausted.

Source: Marin Humane Society Website

The clearly posted euthanasia philosophy states:

"All animals who can reasonably be adopted are placed in Marin Humane's adoption program or through other rescue and placement organizations. Euthanasia decisions are taken very seriously at Marin Humane and require the consideration of many factors and resources, with the health and well-being of the animal always a priority.

When we're compelled by the circumstances presented to make this decision, we consider each case individually including, but not limited to any behavioral issues that cannot be rehabilitated, any untreated medical conditions, and/or if the animal is in extreme pain or suffering. Marin Humane never euthanizes based on the state-mandated holding period and has no set time limit for how long animals reside with us. Our staff understands the importance of basing these decisions on reasonable efforts to provide for an animal's well-being and having the information to support the euthanasia decision.

Alternative options will always be reasonably explored for the animals. And when the decision to proceed with euthanasia is made, we insist on providing the most humane treatment during the final moments of an animal's life, regardless of the circumstances."

Similarly, the Front Street Animal Shelter has posted, on its website, a detailed four-page document that outlines the shelter's decision making process regarding euthanasia. It highlights the challenges in managing intake, especially for large dogs, due to limited resources and staffing shortages while

emphasizing the need for community involvement through adoption, fostering, volunteering, and donations to support animal welfare initiatives. The City of Elk Grove has not done so.

Based on this audit, we find that consideration should be given to formalizing and posting the euthanasia philosophy that guides the Animal Shelter's decision-making process. This should include, but not be limited to, the following:

- ✓ Factors that contribute to medical euthanasia decisions, and general processes employed by the medical staff in making such decisions.
- ✓ Factors considered when making dangerous or vicious designations, and when making decisions to either euthanize or relocate such animals.
- ✓ Factors considered when responding to owner-requested euthanasia, and the general process employed when such requests are made.

Recommendations

Based on these audit findings, we recommend that City Management:

1. Implement stricter protocols for documenting and cross-referencing drug administration with medical records, such as conducting additional or enhanced training for all personnel involved in drug handling and recordkeeping, with a particular emphasis on ensuring veterinarians clearly document all necessary information in the veterinary records.
2. Enhance revenue collection efforts by updating adoption and other fees to remain in line with other animal shelters, and implement a structured process for collecting outstanding citation fees.
3. Create greater transparency regarding the Animal Shelter's euthanasia practices by disclosing the Animal Shelter's euthanasia philosophy on its website and establishing more robust policies and procedures relating to the classification of animals that pose a risk to the public, formal guidance regarding behavioral euthanasia decisions and owner-requested euthanasia to more clearly define the canine behavior evaluation protocol, and formalizing the criteria under which rescue placement can be considered for dangerous or vicious animals in lieu of euthanasia to ensure consistency over time and between cases.
4. Continue to monitor overtime utilization and the operational impacts of staff shortages in an effort to evaluate whether additional positions are warranted and can be reasonably justified.

Appendix A. Management's Response

Management generally agreed with the results and indicated they will immediately focus on the manner, extent, and timing for implementation of the recommendations. Management's written response to this report is incorporated in this Appendix.