

LOS ANGELES ANIMAL SERVICES ANNUAL AND SEMI-ANNUAL REPORT

FISCAL YEAR 2005/2006

FISCAL YEAR 2006/2007

1ST AND 2ND QUARTER



WORKING TOGETHER
TO MAKE LOS ANGELES
THE SAFEST BIG CITY
IN THE U.S. FOR OUR PETS

MISSION, VISION, & VALUES



MISSION

To Promote and Protect the Health, Safety and Welfare of Animals and People in the City of Los Angeles.

VISION

We envision the day when every pet born is ensured a good home and care all its natural life and no animal will suffer because of abuse, neglect or ignorance, and all residents, their property and neighborhoods are safe from the dangers and nuisances of irresponsible pet guardianship.

VALUES

We value the integrity of each employee, volunteer and partner contributing to the professional delivery of excellent customer service and the humane treatment of animals, in an atmosphere of open, honest communication, predicated on our trust in and respect for each other.

SERVICE THEMES

We create happiness by bringing pets and people together.
Saving animals' lives.

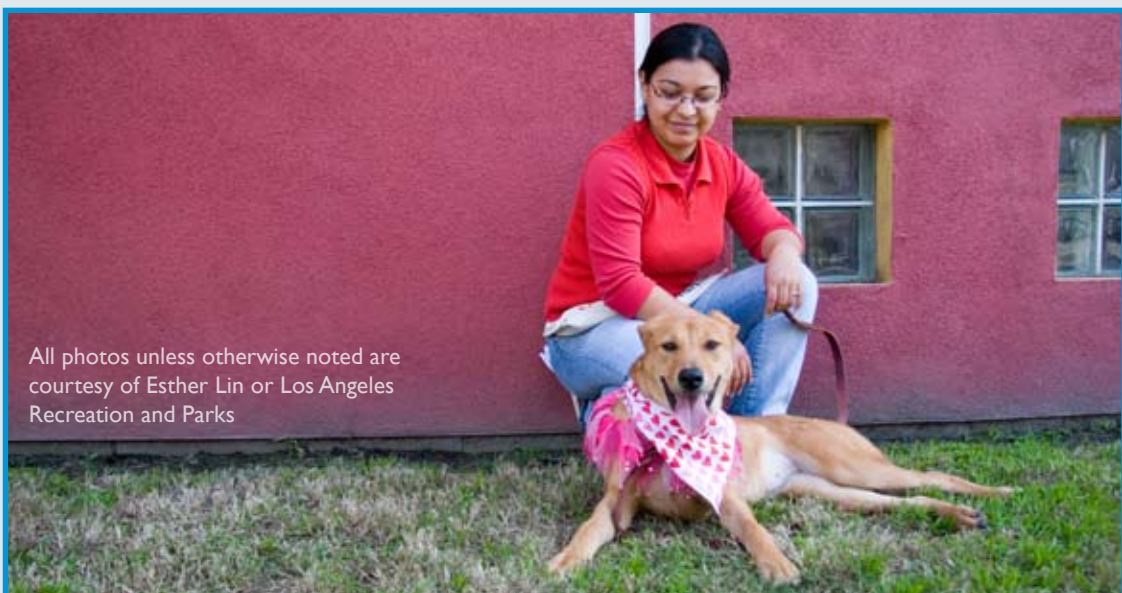
ANNUAL REPORT

JULY 2005-JUNE 2006 | JULY-DECEMBER 2006

TABLE OF CONTENTS



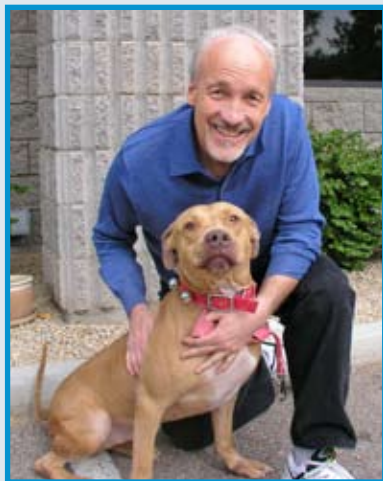
MESSAGE FROM THE GENERAL MANAGER	4
PROMOTING AND PROTECTING ANIMAL HEALTH	5
PROMOTING AND PROTECTING ANIMAL SAFETY	6
PROMOTING AND PROTECTING ANIMAL WELFARE	10
LOOKING FORWARD	22
BALANCE SHEETS	24



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OUR MISSION IS OUR MESSAGE
LIVING OUR MISSION
BRINGING OUR MISSION TO REALITY

MESSAGE FROM THE GENERAL MANAGER



LA Animal Services cares for more than 45,000 lost and homeless pets each year and more than 8,000 wild, exotic, and farm animals. Comprised of six shelters in the greater Los Angeles area, LA Animal Services promotes and protects the health, safety and welfare of animals and people in the city of Los Angeles. We value the integrity of each employee, volunteer and partner contributing to the professional delivery of excellent customer service and the humane treatment of animals, in an atmosphere of open, honest communication, predicated on our trust in and respect for each other.

This past year has certainly been a challenge for the employees, volunteers, partners, and supporters of LA Animal Services. But because of our shared vision and values, we have successfully begun to restore LA Animal Services to its rightful place as a nationally recognized animal welfare organization!

I have been involved in animal welfare and control for nearly 30 years, and in all that time I have never met or been part of a team that made me prouder. The depth of experience and knowledge in this organization is second to none! The compassion and support of LA for its largest animal rescue organization is second to no other community!

This past year we saw the opening of the expansion of our North Central Animal Care Center. Beginning this spring we will begin a series of rapid openings of our remaining Animal Care Centers and our new Spay/Neuter Clinics. The year ahead is going to be our year on so many levels: new state of the art Animal Care Centers and clinics, new life saving programs, and more public support than ever before! And none of that would or could happen without our employees, volunteers, partners and supporters!

I cannot close out a review of 2006 without recognizing the real heroes in this organization. They are our Animal Care Techicians, Registered Veterinary Technicians, Animal Control Officers, our Veterinarians, our managers, supervisors, administrative staff at all levels, and our volunteers and partners! It is because we function as a team, even as a family, that we are able to accomplish what so many consider impossible.

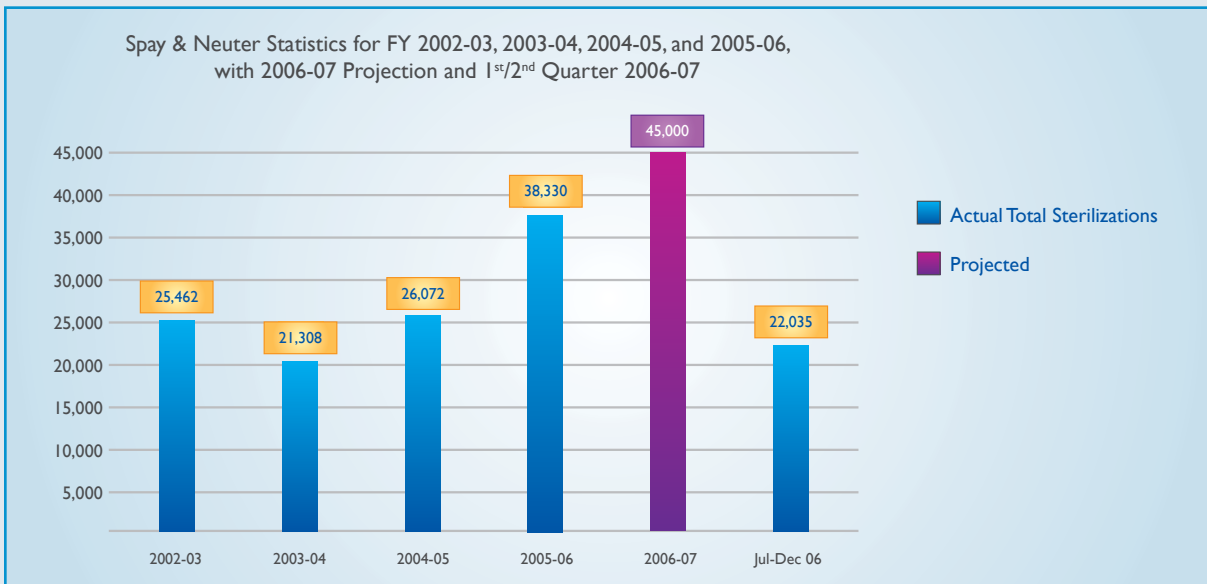
Thanks to you, in 2006 we saw the greatest number of animals placed into loving homes, the fewest number of animals euthanized, and the most animals spayed and neutered in LA City history! And 2007 will be even better!

Ed Boks
GENERAL MANAGER

PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE PROMOTING AND PROTECTING ANIMAL HEALTH

THE BIG FIX: OVERALL RESULTS

The variety of spay/neuter programs under the umbrella of The Big Fix showed dramatic increases in Fiscal Year 2005-2006 compared to the prior year. Having two Mobile Spay/Neuter Vans in action, along with a greater issuance of coupon books and more rescue organizations participating, resulted in an increase of 48% in spay/neuter surgeries in Los Angeles. The 2006-2007 fiscal year will continue to exceed the historic trends and set a new record based on number of surgeries paid for so far in the period July-December 2006. Also, in accordance with State and local law, every adopted animal must be spayed or neutered prior to adoption. In calendar year 2006, 55% of cats and 72% of dogs that were adopted required spay/neuter, and therefore came into the Animal Care Centers unsterilized.



DISCOUNT COUPON PROGRAM

This program, consisting of coupons worth \$30 continued its path of growth. Redemptions for FY 2004-2005, were 4023 while FY 2005-2006 redemptions were 4308 coupons. Fewer restrictions on the program and an increase in the monthly distribution of discount coupons to participating partner organizations, have increased the rate of redemption for 2005-2006 by 7%. While the increase may not appear to be that significant, it represents 285 more dogs and cats sterilized than in 2004-2005. An additional number of books had to be printed due to the demand by rescue partners.

PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE PROMOTING AND PROTECTING ANIMAL HEALTH

FELIX (FERAL EDUCATION AND LOVE INSTEAD OF X-TERMINATION) COUPONS



Animal Services supports TNR (Trap/Neuter/Return) as the only viable, humane, non-lethal method for solving our feral cat problem in communities. It is the Department's belief that TNR stabilizes (and ultimately reduces) feral cat populations. Using this technique, all members of the feral cat colony are trapped, neutered, and then returned to their territory where sympathetic neighborhood volunteers provide them with regular food and shelter. The felines live safely and peacefully within their territory. Typical feral problems such as yowling

females in heat, spraying, and fighting males are practically eliminated. The incidence of disease and malnutrition also is greatly reduced. In addition, the cats provide natural rodent control. Operation FELIX Discount Coupons have a value of \$30, which goes towards the cost of feral cat spay/neuter. There is no limit to the number of coupons issued for feral cats. The FELIX Discount Program saw the largest increase of all the Big Fix Programs. FY 2004-2005 feral cat FELIX coupon redemptions were 2699, while in FY 2005-2006, redemptions were 5887 coupons. This is a 118% increase in the number of feral cats the Department and its rescue partners were able to sterilize.

FREE/SENIOR CITIZEN CERTIFICATE PROGRAM

The Free/Senior Citizen Certificate Program redemptions for FY 2004-2005 were 7234 while FY 2005-2006 redemptions were 6948 coupons. The Free/Senior Citizen Certificate Program was strongly impacted by the effectiveness of the Mobile Spay & Neuter Vans in Fiscal Year 2005-2006. Many of the same City residents who now use the Spay/Neuter mobile services would have accessed this free program in the past. Despite this offset, there was still only a 4% decrease in the number of sterilizations, while the overall number of low-income and senior citizen animal sterilizations increased 56%.

VACCINATIONS

Dogs and cats taken in by the City receive vaccinations for Rabies, Bordetella, DHLPP (Distemper, Hepatitis, Leptospirosis, Parainfluenza and Parvo Virus), and/or FVRCP (Feline Viral Rhinotracheitis, Calicivirus, Panleukopenia). In Fiscal Year 2005-2006, a total of 79,100 vaccinations were administered to protect the health of animals and humans. From July to December 39,328 vaccinations were given to dogs and cats, suggesting that the prior fiscal year numbers will be matched or exceeded. Animal Services works in cooperation with the Southern California Veterinary Medical Association and the Los Angeles Department of Recreation and Parks to host free vaccination clinic at parks all over the City on evenings and weekends.

PROMOTING AND PROTECTING ANIMAL WELFARE PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY

ANTI-TETHERING LAWS

In August 2005, once again ahead of the animal welfare curve, Los Angeles was one of the first cities in California to pass a law limiting the chaining of animals by duration. Under the law (LAMC 53.70), dog owners who tie up their animals for long periods of time or deny them the proper level of water and shade face stiff financial penalties. The State of California soon followed suit, introducing a similar law for approval by the State Legislature in late 2006. Senate Bill 1578, otherwise known as the tethering law, makes it illegal to tether, fasten, chain, tie or restrain a dog to a doghouse, tree,



fence, or any other stationary object for more than three hours in a 24-hour period. With its passage, California became the first state in the nation to pass a law to limit the chaining and tethering of dogs. Both laws target dogs that live their lives neglected at the end of a chain. Dogs are social animals that need human interaction and exercise to lead happy lives. Chained dogs suffer from intense boredom and anxiety and can become aggressive. They also feel trapped and unable to escape from noises and/or people or animals that frighten them. In addition, tethered dogs can become entangled with other objects leading to the choking or strangulation of the animal. In severe cases, they also may develop deep scars or dangerous infections if their collar becomes imbedded in their necks as a result of long-term tethering. Anti-tethering laws are one more step towards ensuring the safe and humane treatment of all animals in our city.

PROHIBITING ANIMALS LEFT IN CARS

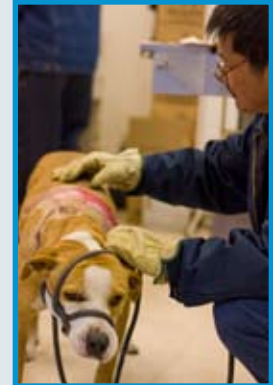


In June 2006, the City Council officially went on the record supporting California Senate Bill 1806. The bill outlaws leaving an animal in any unattended motor vehicle under conditions that endanger the health or well-being of the animal due to heat, cold, lack of adequate ventilation, or lack of food or water. That allowed City officials to advocate for passage of the Bill, which was approved overwhelmingly by the Legislature last summer and signed by the Governor in September. This groundbreaking measure was in part made possible through the knowledge and experience of LA Animal Services staff and volunteers, and by the support of the LA Animal Services Commission.

PROMOTING AND PROTECTING ANIMAL WELFARE PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY

ANIMAL CRUELTY TASK FORCE

The joint LA Animal Services and Los Angeles Police Department's Animal Cruelty Task Force (ACTF) became operational on October 1, 2005. The ACTF consists of Animal Control Officers, Los Angeles Police Department (LAPD) officers, and the City Attorney's Office. Based on complaints from the public, as well as other sources, the ACTF primarily investigates the more egregious animal cruelty violations in the City of Los Angeles, such as beatings and poisonings, dog fighting, cockfighting, and other animal abuse violations including neglect. The ACTF processes cases beginning with the preliminary reporting phase all the way through to case filing, presentation, and prosecution. Those convicted of animal cruelty may face fines, imprisonment, or both. Highlights of the first full year of operation through December 2006 include:



- 290 requests for service have been investigated by the Task Force.
- 171 total crime reports have been taken.
- 54 of the crime reports have been presented to either the District Attorney or the City Attorney for review.
- Seven search warrants were served: In June, two search warrants were served in South Los Angeles and one in the West Valley, four in May and June were served for cock fighting in the East Valley, and in November one search warrant was served in the Harbor district.
- 51 total arrests were made for animal cruelty or neglect, including 15 for felonies; 35 of those arrests were executed by the Animal Cruelty Task Force.
- Nine felony convictions.
- 11 misdemeanor arrests have been made, with 10 misdemeanor convictions.
- 12 cases were pending at the end of calendar year 2006.
- Six families were sent for counseling.



PROMOTING AND PROTECTING ANIMAL WELFARE PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY

DISASTER PLANNING

LA Animal Services applauded California's "No Pet Left Behind" efforts, as the State enacted legislation in September 2006 requiring California's disaster planners to consider the needs of household pets, service animals, and livestock in an emergency. In the aftermath of Hurricane Katrina, Americans were struck by the images of pets lost and abandoned because they were not included in disaster plans. Many people refused to evacuate their homes without their pets. Disaster experts say that evacuations will run more smoothly if pets are included in pre-disaster planning. The Federal government has also acted with the Pets Evacuation and Transportation Standards (PETS) Act.



PHOTO BY MARSHALL ASTOR

LA Animal Services continues to take part in a citywide disaster planning process that in 2006 included participation in a three-day disaster response planning session in October. This year the focus was catastrophic events, such as an 8.1 magnitude San Andreas Fault earthquake. Lucy Jones from the US Geological Society described the horrific destruction such a disaster would create. LA Animal Services' General Manager introduced strategies for responding to animal emergencies. This was the first year that animal issues were addressed at such a high citywide policy level.

The Department also participated in a number of planning exercises, representing the interests of the pet population. For example, the Los Angeles County's Operation Double Header exercise, a disaster scenario involving both a major earthquake in the San Fernando Valley and a terrorism bombing in downtown Los Angeles, allowed us to point out the need to plan for handling the high pet concentration in the Loft Area downtown. LA Animal Services is working with the LA Fire Department (LAFD) in developing a Brush Fire Evacuation Plan that will ensure that pet evacuation is included as required by Federal and State laws. LAFD's Brush Fire Evacuation Plan will be the basis for developing a citywide disaster evacuation plan. Word is getting out to LAPD and LAFD first-responders that pets represent a public health and safety issue when owners refuse to leave their homes without them.

PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

FIRST OF SEVEN NEW ANIMAL CARE CENTERS

On a sunny October 5, 2006, Mayor Antonio Villaraigosa, Councilmember Ed Reyes, and a crowd of City officials, volunteers, celebrities, supporters, and staff were present at the historic dedication ceremony for the expansion of North Central Animal Care Center—one of the most sophisticated animal care centers in the nation, and the first of seven cutting-edge facilities that will directly increase the adoption rate of dogs, cats, and rabbits throughout the city.



NORTH CENTRAL ANIMAL CARE CENTER

The new North Central Animal Care Center provides four times the current shelter space, enough to accommodate the many lost, sick, injured, abused or homeless animals rescued by LA Animal Services every day. The upscale 45,000 square foot facility features 176 kennels with spacious aisles, solar and radiant heating to keep the animals warm during cold weather, an outdoor misting system to cool the animals during the hot summer months, and veterinary and spay/neuter clinics.



NATION'S MOST ADVANCED PUBLIC ANIMAL SHELTER OPENS IN LOS ANGELES

Our new shelters are Care Centers; more like botanical gardens than dog pounds. Over 30% of the grounds are landscaped with lush vegetation, flowers, trees, and greenery.

There are park benches to relax on while enjoying the animals. There are fountains and works of art to enjoy. There are misters to keep the animals cool when the weather is hot and radiant heating in the kennel floors when the weather gets cold. Large park-like get acquainted areas are perfect for hosting Animal Services special adoption events with our many partners as well as sponsor dog obedience and agility training. The Care Centers also have community rooms for meetings and educational activities.

These Care Centers are not your father's animal control, they are spacious and beautiful and will serve as pet adoption centers of choice for all Angelinos and surrounding communities.



PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE



NORTH CENTRAL ANIMAL CARE CENTER

The new facility earned a prestigious “Gold” rating for green building by the United States Green Building Council, Leadership in Energy & Environmental Design (LEED) rating system. This new center maximized the recycling of construction waste, used steel with 25% recycled content, and optimizes energy performance. It features nearly 800 solar panels for the generation of electricity and the front wall is made from 100% recycled wood.

LA Animal Services celebrated with the public on October 7th with a “Grand Homecoming” event. The celebration gave the public an opportunity to tour the new facility and visit the animals up for adoption. There were also pet-related sponsors and Dog Training & Educational Behavioral Training workshops.



LA Animal Services, with the support of Mayor Villaraigosa and the City Council, will be opening the other new state-of-the-art animal care facilities in 2007, funded by Proposition F, which was approved overwhelmingly by voters in November 2000.



SOUTH LOS ANGELES ANIMAL CARE CENTER



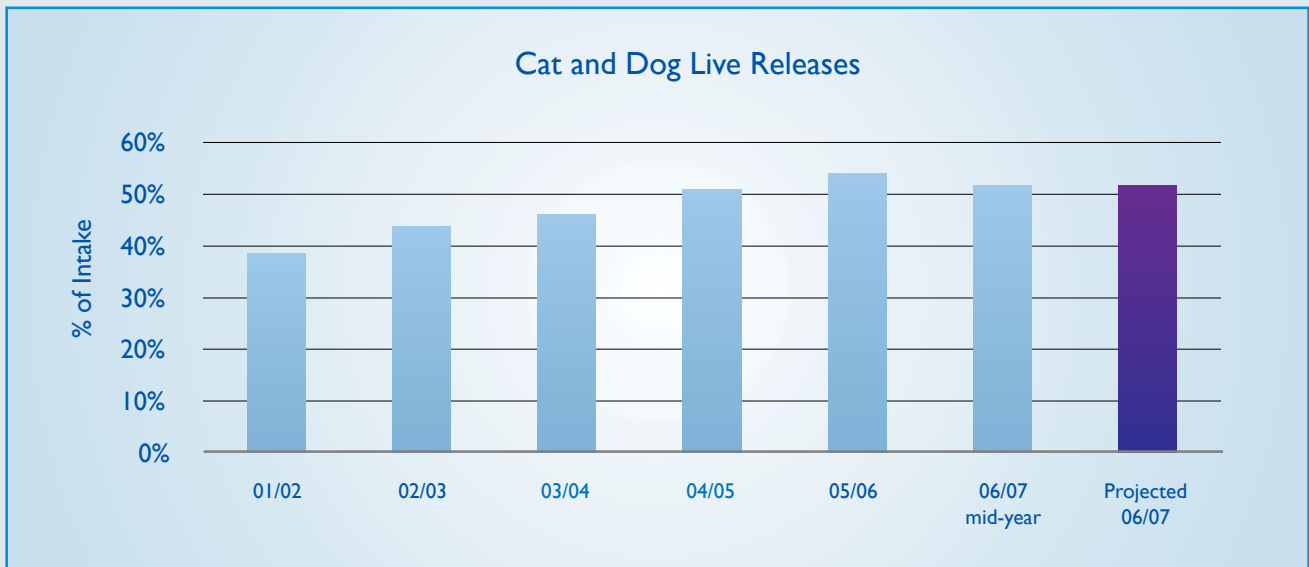
EAST VALLEY ANIMAL CARE CENTER

PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

TRANSPARENCY

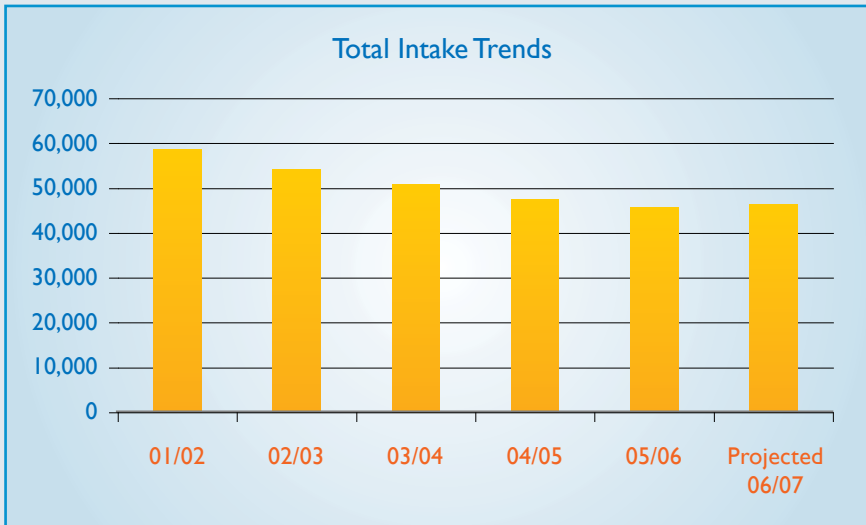
LA Animal Services was recognized in early 2006 by Maddie’s Fund®, the well known pet rescue foundation established in 1999 to help fund the creation of a no-kill nation. The recognition was for “transparency,” i.e., the ready availability of information to the public. Of the over 5200 animal control departments in the United States and the tens of thousands humane societies and other animal welfare organizations, Maddie’s identified only five organizations for their transparency. LA Animal Services was at the top of this list and was the only municipal animal control program recognized. One of the reasons for this recognition is LA Animal Services’ willingness to post its statistics on-line. Animal Services shares Maddie’s philosophy that transparency “will ultimately help save more lives,” and that by our example “other organizations will see the true merit of moving in this direction, and that transparency will become commonplace in the very near future.”

LA Animal Services has made great progress over the last five years in both increasing the live release rate and decreasing the euthanasia rate for dogs and cats. From Fiscal Year 2001-2002 to Fiscal Year 2005-2006, the live release rate increased from 38% of impounded cats and dogs to 54%. Projecting forward for 2006-2007 by reviewing results from July-December 2006, live releases are preliminarily showing a slight dip to 52% because intake is on an upswing.



PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

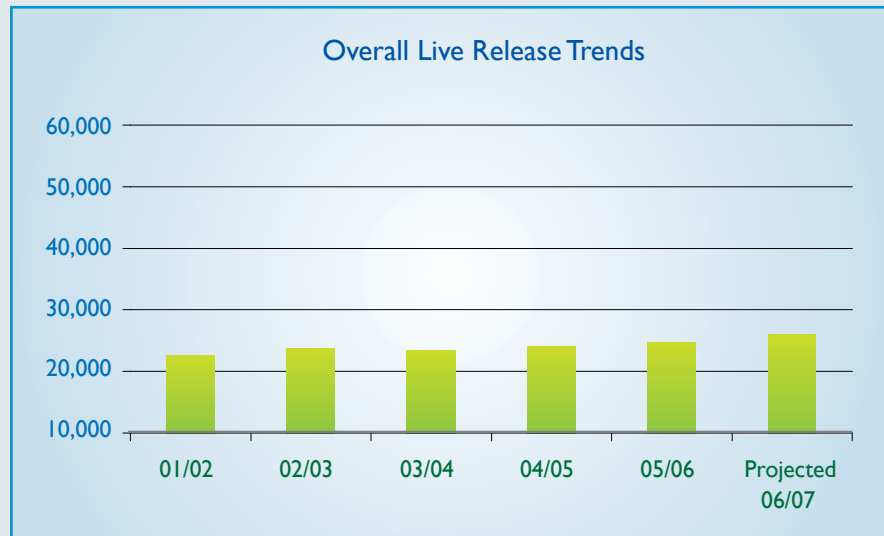
Total intake in 2005-2006 had fallen to new low of 45,813 dogs and cats, but in comparing the first six months of the 2006-2007 fiscal year to the first six months of the 2005-2006 fiscal year, a definite increase is evident. Actual intake was 25,251 dogs and cats in the recent six months, which leads to a projected total of over 46,000 for the full 2006-2007 fiscal year, a slight increase in the range of 1-2% over 2005-2006.



¹ Live Release figures (54%) include dogs and cats adopted to the public, placed with New Hope partners, reunited with owners, or fostered, and miscellaneous outcomes such as escaped. Euthanasia figures (42%) are for dogs and cats euthanized for medical reasons including irremediable suffering, behavioral reasons, or for time and space in animal care centers. Dogs or cats that arrived dead or died from injuries as they were taken in, are not included in either count and represent about 4% of intake.

The increase in intake suggests that such initiatives as spay/neuter discount programs, or higher license fees for unaltered dogs, may have motivated sterilization activity that resulted in lessening intake over the last few years, but that further intake reduction requires stronger methods such as more license enforcement activity.

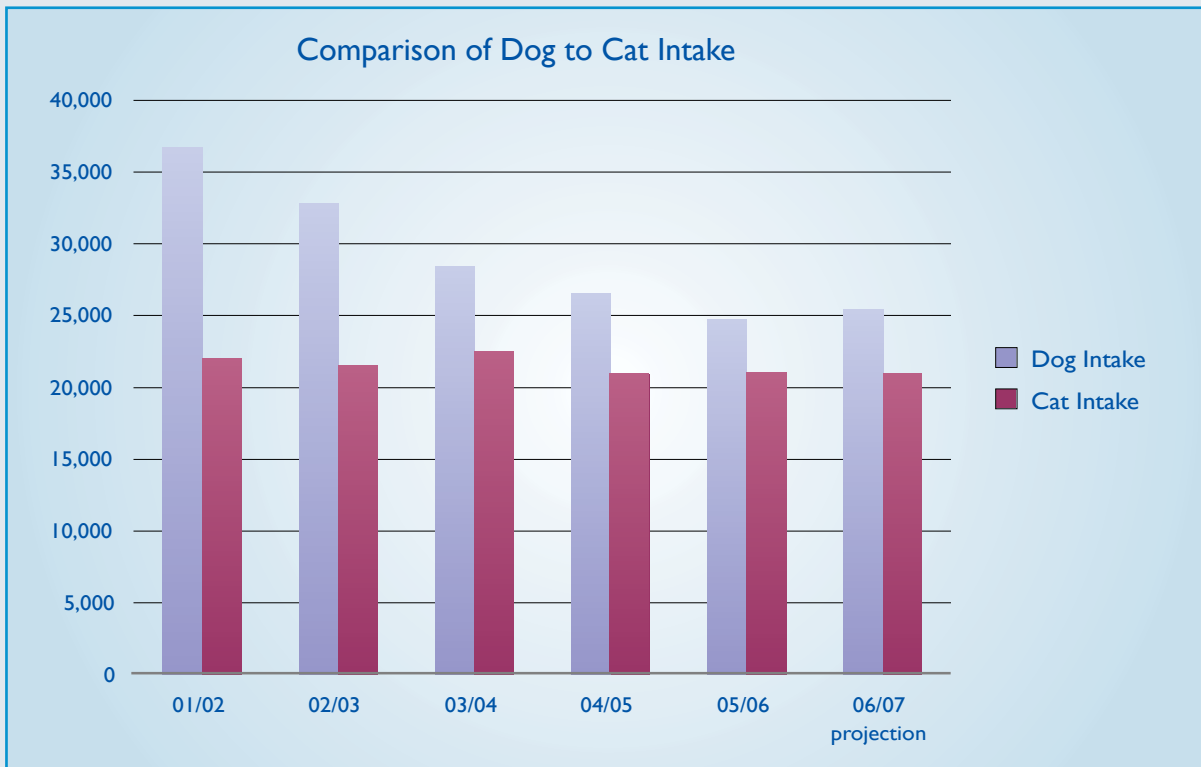
Live release in terms of actual numbers of dogs and cats continues to improve. In the six months of July-December 2006, the number of cats and dogs released live was 13,047, which can be projected to 26,000 for the full year, or 4-5% better than the 2005-2006 record of 24,790 dogs and cats released live.



PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

The percentage of dogs released live rose from 44% of intake in Fiscal Year 2001-2002 to 67% in Fiscal Year 2005-2006. With six months of data for 2006-2007, the preliminary estimate is holding static against a flat or modestly rising intake, with 25,367 dogs projected as coming into LA Animal Services for fiscal year 2006-2007 compared to 24,750 dogs in 2005-2006. Nevertheless, the intake of dogs has seen a net decrease of well over 30% since the 2001-2002 fiscal year.

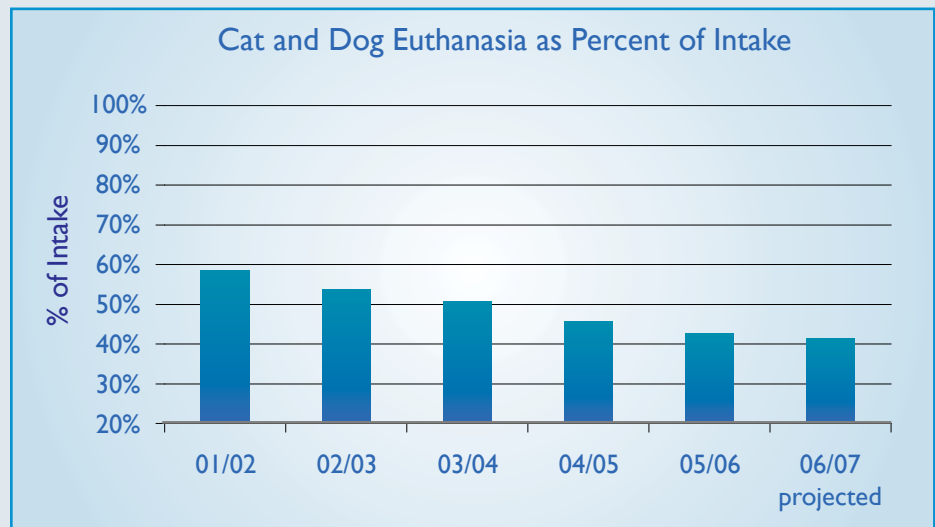
Intake of cats has been nearly flat for the last five years, although intake for the period of July-December 2006 suggests a change from 2005-2006. The net decrease for the intake of cats has been only 4% between 2001-2002, when 21,979 cats were taken in, versus Fiscal Year 2005-2006 figures showing 21,063 cats taken in. Live release rates for cats in the last several years is also flatter than the trend for dogs, with 29% in Fiscal Year 2001-2002 against 39% in 2005-2006, and as with dogs, similar rates in 2006-2007.



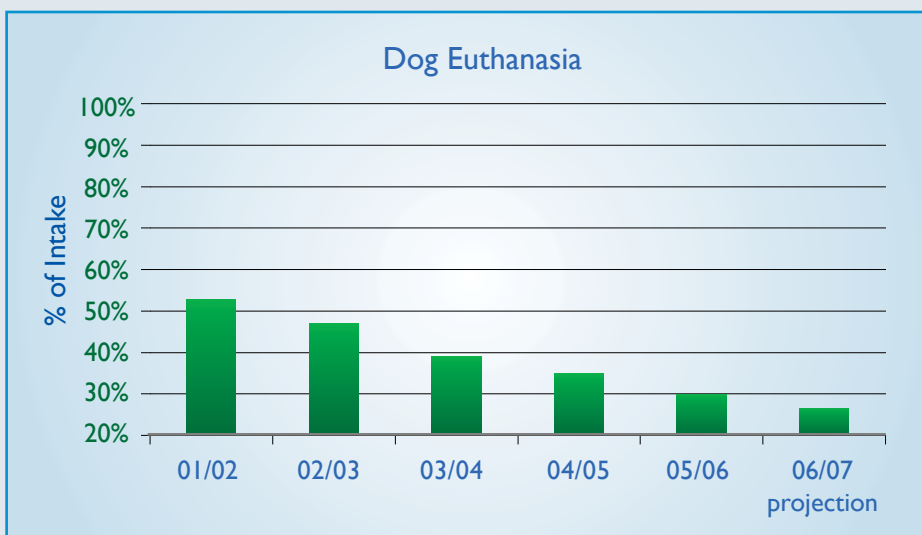
Slightly more than 50% of all animals of any species taken in by LA Animal Services are dogs.

PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

Although intake numbers appear likely to be higher in 2006-2007 than the year before based on the first six months, another way to assess trends is by looking at the percentage of animals which were euthanized compared to total intake. Cumulatively, cat and dog euthanasia has decreased steadily over the last five years dropping from 58% of impounds in Fiscal Year 2001-2002 to 43% in Fiscal Year 2005-2006, with projections for Fiscal Year 2006-2007 as low as 41% based on the results of first six months of 2006-2007.

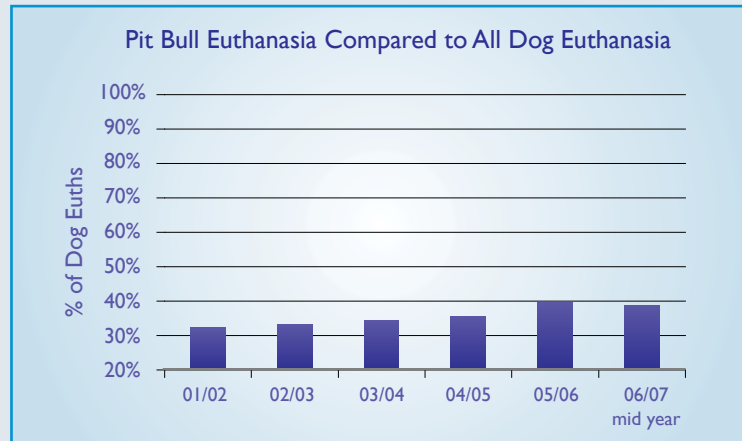
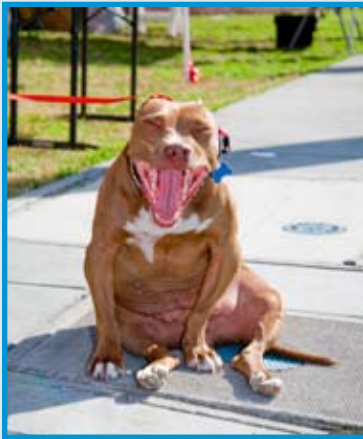


Again, the most dramatic positive change has been for dogs, with euthanasia rates dropping from 53% of intake six years ago to 30% of intake in Fiscal Year 2005-2006 and holding with slight improvement at 29% so far as shown in results from July-December 2006.

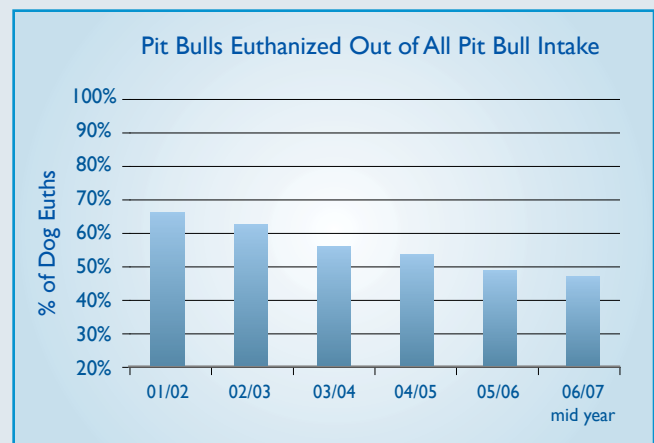
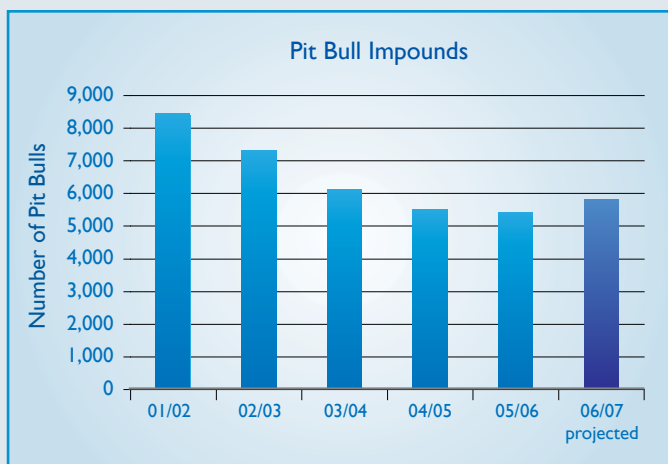


PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

On average over the last six years, 22% of all dogs taken in by LA Animal Services were pit bulls and pit bull mixes. However, pit bull and mixed breed pit bulls accounted for 40% of dogs euthanized in Fiscal Year 2005-2006, and 39% of dogs euthanized for the last six months of 2006.



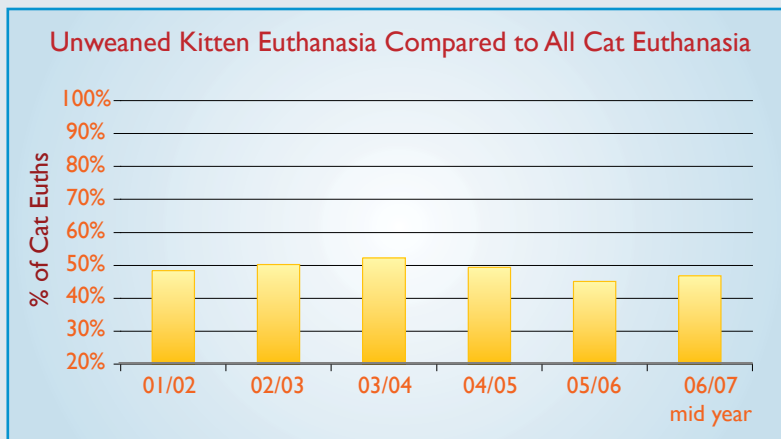
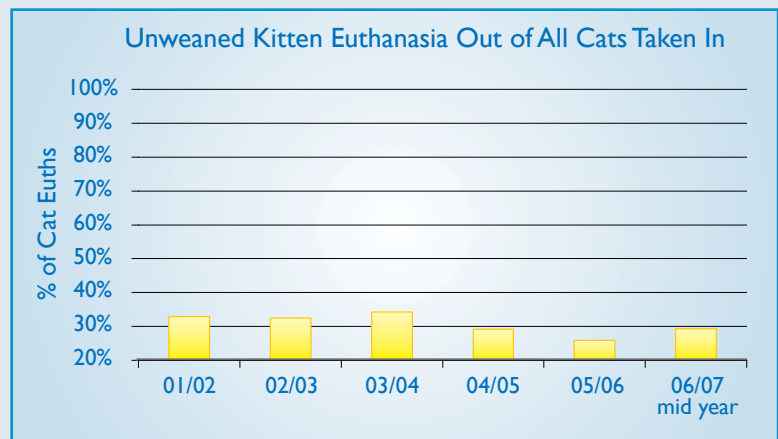
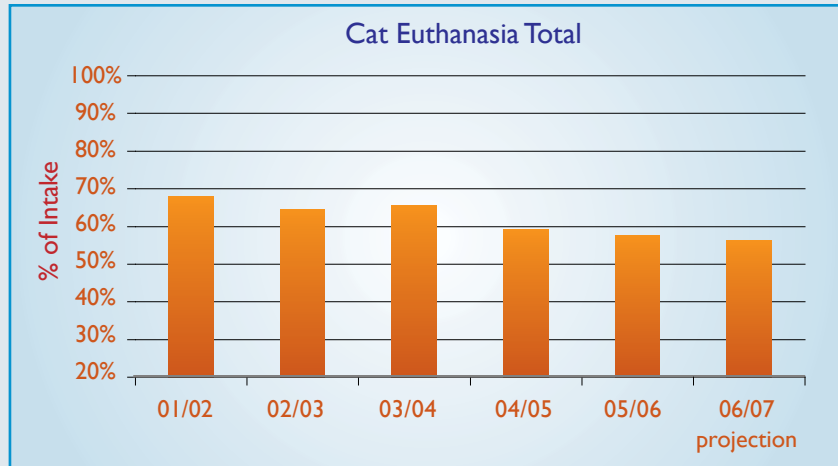
Statistically this remains a key area for improvement, despite the success in dropping the percentage of pit bulls euthanized compared to pit bull intake from 74% in Fiscal Year 2001-2002 to 54% in Fiscal Year 2005-2006. In some measure this is because the number of pit bulls and pit bull mixes taken in has dropped 36% over the last six years, slightly ahead of the general drop of 33% in the intake of all dogs.



PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

Cat euthanasia has been reduced, although less dramatically, from 68% of intake in Fiscal Year 2001-2002 to 58% of intake in 2005-2006. Looking at the first six months of the fiscal year, July-December 2006, to project for Fiscal Year 2006-2007, it appears the percentage will be at about 57%, negligibly different. The City's growing feral cat population issues may be driving this situation, along with continuing challenges in the number of unweaned kittens brought to LA Animal Services.

About one third of all cats taken in by LA Animal Services are unweaned kittens that are euthanized because they cannot survive on their own. Bottle Baby programs have successfully reduced that figure from 33% in Fiscal Year 2001-2002 to 26% in the 2005-2006 fiscal year, but expansion of the program is necessary. The period July-December 2006, the percentage is at 29%.



Euthanasia of unweaned kittens has comprised about half of all cat euthanasia for the last five years, dropping to 45% in Fiscal Year 2005-2006 and showing at 47% in the first half of Fiscal Year 2006-2007.

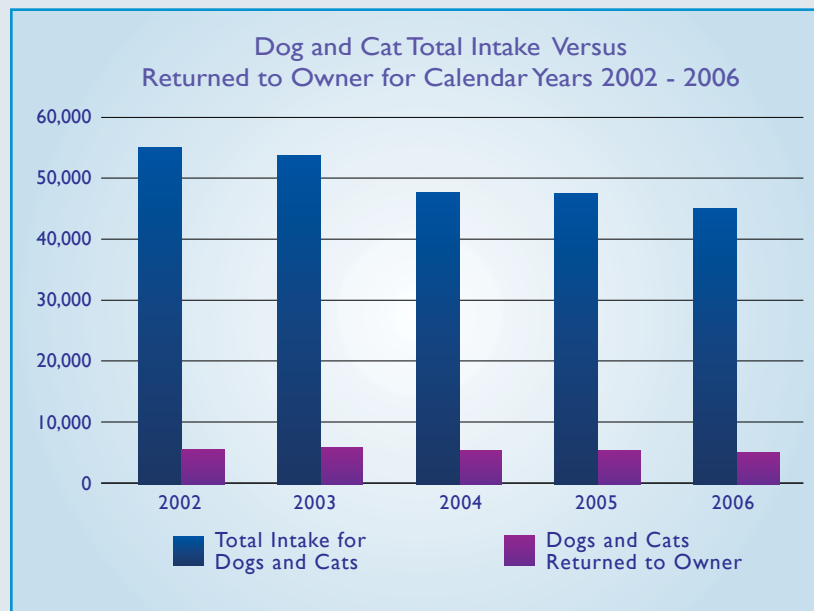
PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

MICROCHIPPING, DOG LICENSING, AND REUNIFICATION

LA Animal Services has one of the highest success rates in the country for returning lost pets to their grateful owners, a rate four times higher than other large cities. In calendar year 2006, Animal Services returned 4,319 lost dogs and cats to their grateful owners, and the average return over the last five years is approximately 4,700, or 10% of dogs and cats taken in to our Animal Care Centers. This is in part due to continuing strides in microchipping animals, efforts to show animal photos and information on our website, and licensing animals.

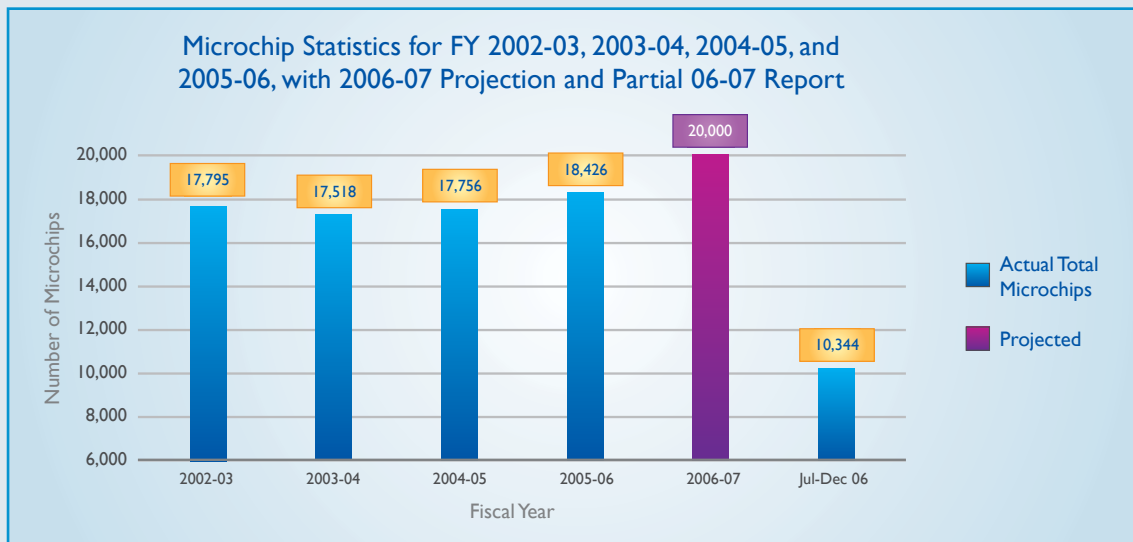
All cats and dogs adopted from LA Animal Services are implanted with a microchip if they do not already have one. Microchips are tiny enough to be injected under the skin via a hypodermic needle and each microchip contains a personal, one-of-a-kind identification number that associates an animal as part of a family. The personal information connected to each chip includes the animal's guardian, veterinarian's information, alternate contact, and the animal's personal information.

In Fiscal Year 2004-05, the Department injected 17,756 animals with microchips. In Fiscal Year 2005-2006, the Department injected 18,426 microchips for an increase of 3%. This Fiscal Year 2006-2007, the Department hopes to inject 20,000 animals with microchips, equal to an increase of approximately 8%.



PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

All animals admitted to an LA Animal Services Care Center are scanned for a microchip upon arrival and several other times throughout their stay. If a microchip is detected, a nine-digit number will appear and we will contact the current microchip manufacturer - AVID's 24-Hour hotline. After a quick search of the PETract database, the animal's guardian can be contacted. The general public also may contact any of our Animal Care Centers and schedule an appointment to have their companion animal injected with a microchip at a minimal cost.



Every animal that comes into the custody of LA Animal Services with a current license goes home. Unfortunately, 90% of the animals we rescue come in with no identification, and never go home again. Licensing is important for reuniting companion pets with their owners and also to insure that rabies and other vaccinations are up-to-date.

YEAR	ANIMALS LICENSED	LICENSE FEE	
		ALTERED	UNALTERED
1996-97	137,489	\$10	\$30
1997-98	145,036	\$10	\$30
1998-99	158,114	\$10	\$30
1999-2000	152,675	\$10	\$30 / \$100*
2000-01	137,889	\$10	\$100
2001-02	130,060	\$10	\$100
2002-03	143,603	\$10	\$100
2003-04	131,522	\$10	\$100
2004-05	130,121	\$10	\$100
2005-06	124,802	\$10	\$100
2006-07	125,000 est.	\$10 / \$15**	\$100

* Unaltered license fee increased from \$30 to \$100 during this fiscal year.

** Altered license fee increased from \$10 to \$15 on January 1, 2007

PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE

Licensing has been on a downswing for many years, despite the fact that well-reasoned estimates range from 400,000 to as many as 700,000 pet dogs live in the City of Los Angeles. Animal Services has requested full-funding through the City’s Budget process for a License Canvassing program, but in an interim effort starting in February 2006, we composed an ad-hoc canvassing effort with part-time and vocational employees as an adjunct to the officers who follow up on breeding permits. This effort immediately began to show positive results.

Month	Total Monthly Workdays	Daily Staffing Average	Licenses Issued	Revenue
Jul 06	18	8.6	1,019	\$40,141
Aug 06	23	9	1,500	\$63,201
Sep 06	21	8.2	1,115	\$49,906
Oct 06	20	8	1,084	\$46,793
Nov 06	19	8.5	912	\$43,450
Dec 06	21	6.5	864	\$38,882
Partial YTD Totals			6,494	\$282,373
Projected Annual Totals			12,324	\$537,025

NEW HOPE RESCUE PARTNERSHIP PROGRAM

In April 2006, at the culmination of months of work on the part of representatives of the City’s dedicated animal rescue groups, the Commission, and staff, a new program structure was unveiled to offer unprecedented benefits and opportunities to rescue organizations that become official participants. Called New Hope, this program helps organizations save animals by integrating many helpful elements including:

- A New Hope Coordinator who helps expedite the transfer of animals into the care of New Hope organizations and handle questions and concerns.
- Hotline phone number at each Animal Care Center and to each New Hope Coordinator to assist New Hope organizations in their life saving efforts.
- 24 hour, 7 day a week access to all Animal Care Centers by appointment to view animals.
- Software produced by HLP called Top View, which helps New Hope Partners to better manage and more easily report on the animals in their care.
- No fees for animals adopted from the New HopeAlert. New Hope animals are spayed/neutered, microchipped, and vaccinated at no charge to the New Hope partner. All medical care and lab testing fees also are waived.
- An easy “no waiting” adoption process that allows telephonic credit card transactions.

PROMOTING AND PROTECTING ANIMAL HEALTH PROMOTING AND PROTECTING ANIMAL SAFETY PROMOTING AND PROTECTING ANIMAL WELFARE



New Hope increases the number of animals safely placed into loving homes and plays an instrumental role in Los Angeles becoming a No-Kill City. In calendar year 2006, nearly 6,000 animals went from Animal Care Centers into the hands of New Hope partners.

NEW HOPE ALERT

At the end of 2006, the New Hope Alert portion of the program underwent enhancements that made it one of the most progressive innovations in communicating with rescue organizations that could be found in any community in the country.

The New Hope Alert became a two-step process. The first step is called, “New Hope At Risk (or Green) Alert.” Animals placed on the New Hope Green Alert are free to all New Hope Partners at no cost, and come with free spay/neuter surgery, microchip, and vaccinations. They are not on the list because they are at risk of euthanasia but because they are animals difficult for Animal Services to place. Also, the public is still able to adopt these animals for the regular adoption fee. It is not uncommon for animals to be on this list for months.

The second step is called, “New Hope Red Alert.” Animals who are sick and/or injured and have not responded to at least two regimens of medical treatments, healthy animals who have been in an LA Animal Care Center for at least 45 days, and dangerously aggressive animals are candidates for the “New Hope Red Alert.”



When an animal is placed on the New Hope Red Alert, the animal’s posting is time stamped on the first day so all New Hope Partners and concerned potential adopters will know when the seven-day clock starts ticking. Instead of only a 24-hour window to act as previously allowed, the new Red Alert establishes a period of seven days for New Hope partners to rescue an animal. Both New Hope Alerts, Green and Red, are being posted on our website and are updated every hour.

Healthy animals are placed on the New Hope Red Alert only when space is at a premium and needed for incoming animals and AFTER Animal Services has exhausted every option for placing the animal. Should space constraints be alleviated, healthy animals may be removed from the New Hope Red Alert. Sick and injured animals are removed from the New Hope Red Alert if their physical condition improves during the seven-day period.

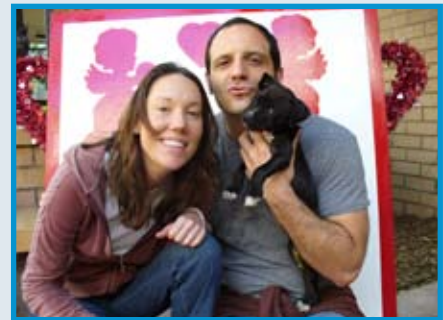
LOOKING FORWARD



LA Animal Services rescues more than 125 animals every day. Despite this constant influx of animals, we are committed to euthanizing fewer animals every month than we did the same month last year. This will certainly become less problematic as our new shelters come on line, increasing our shelter capacity by 400%. In the meantime, and until we achieve No-Kill, we need the help of all concerned Angelinos to achieve this goal.

Across the country and here in Los Angeles we are seeing there is no “silver bullet” to solve the problems associated with pet overpopulation. The only way to solve this problem is for all of us to work together, because it is only by working together that we can make LA the safest community in the U.S. for our pets. Our target areas for 2007 are:

- Adoption: Increasing the visibility of our Animal Care Centers and improving our customer services to make the Los Angeles Animal Care Centers the pet adoption centers of choice.
- Retention: Keeping pets with their families through counseling, training availability, networking support, and code changes.
- Spay/Neuter: Marketing the value of sterilization for pet health and safety, and expanding the reach of low cost spay and neuter services.



Two target populations we as a community have to focus our resources on in 2007 are our pit bulls and our cats. As we get our feral cat and pit bull populations under control, we will take yet another giant leap towards No-Kill. We can see the trend looking at the first six months of the year: 37% of all dogs and 55% of all cats euthanized were pit bulls and orphaned neonate cats respectively.

Looking at the entirety of the 2006 calendar year, of the 25,045 dogs taken in by Animal Services, 6,937 were euthanized (representing an incredible 72% live release rate for the calendar year). However, 41% of all dogs euthanized were pit bulls, despite the fact that adoptions for pit bulls were up 7.6% and the live release rate for pit bulls increased nearly 12%.

Success for cats less so dramatic in calendar year 2006. Of the 21,373 cats taken in by LA Animal Services in 2006, 12,278 were euthanized. This represents a 1.3% decrease in cat euthanasia compared to 2005 and a 19% decrease compared to 2003. One reason this number is so high is because 46% of all cats euthanized (5,584) were orphaned neonates. Neonate kittens are too young to survive on their own.

This data clearly demonstrates where our limited resources must be focused.

LOOKING FORWARD



- Animal Services developed its “Bottle Baby Program” in 2006 to help reduce the number of neonates euthanized each year. This program trains volunteers and staff to foster neonates in their homes until they are old enough to be spayed or neutered and adopted. Although very rewarding, fostering neonates is also labor intensive, requiring foster parents to feed “sucklings” with eye droppers or baby bottles every two hours for several weeks until they are weaned.



- The practice of TNR also reduces the number of cats and kittens coming into already overburdened local shelters and therefore contributes to decreased euthanasia rates.



- Animal Services is also initiating Project Safety Net which will coordinate the many resources in LA to help people keep their pets during times when they may feel relinquishment is their only alternative. Often times dog training, behavioral counseling, or legal advice is the only thing between keeping a pet and having to give a pet up. By making these resources more readily available we hope to help more families keep their pets.



In 2007, we will be looking strategically at the changes and improvements needed to better accomplish our mission. For example, we will be looking at ways to diversify funding sources so we can increase services without full dependence on the City’s General Fund. Other major issue areas that will factor into our planning include ways to improve staff retention, skill, customer service excellence, and employee and volunteer morale.

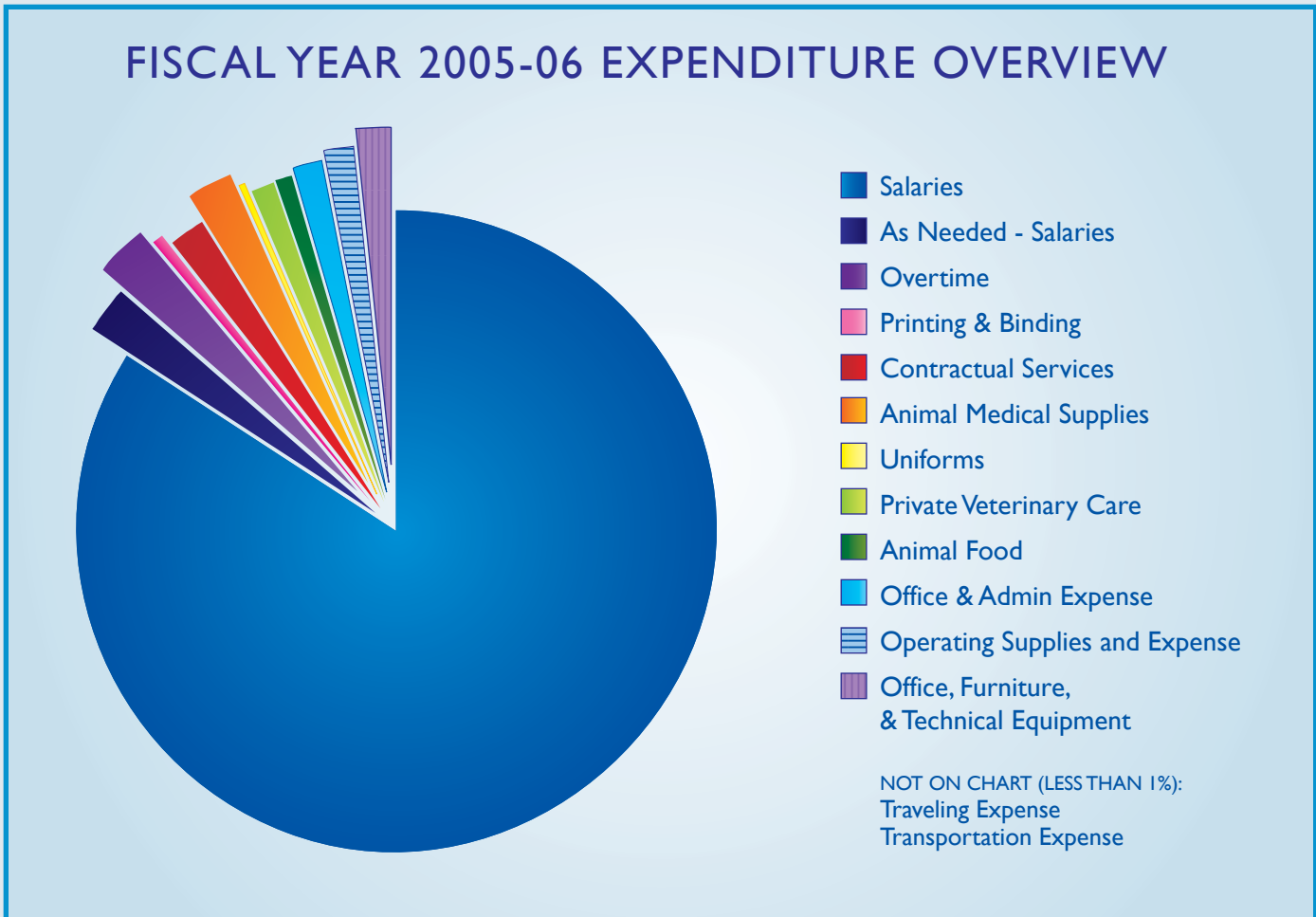
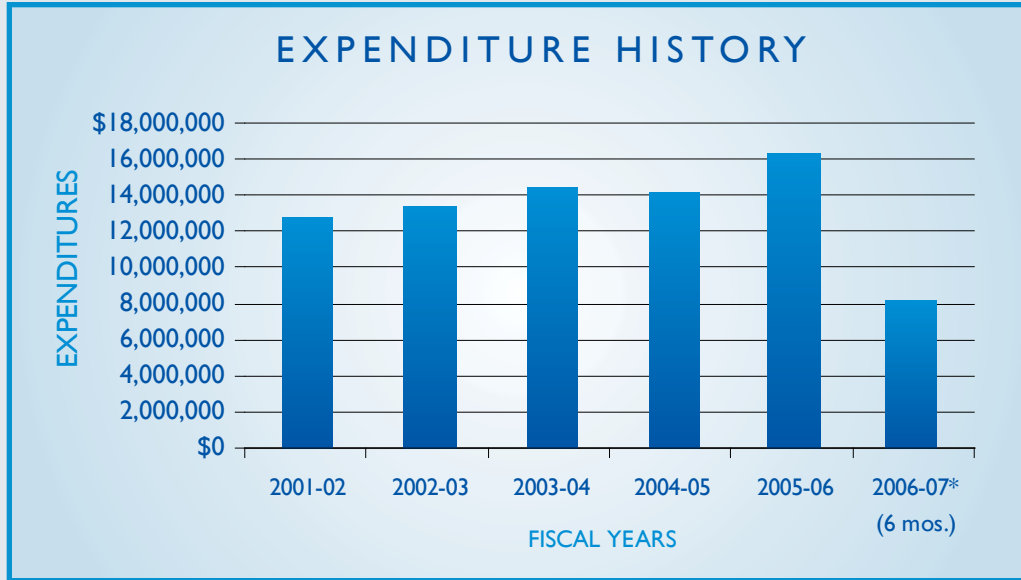
I want to thank all our volunteers, employees, partners and the community for stepping up to help the animals of LA Animal Services. Together we are making a difference in their lives and we will continue to do so.

BALANCE SHEETS

DEPARTMENT OF ANIMAL SERVICES 5 YEAR EXPENDITURE HISTORY

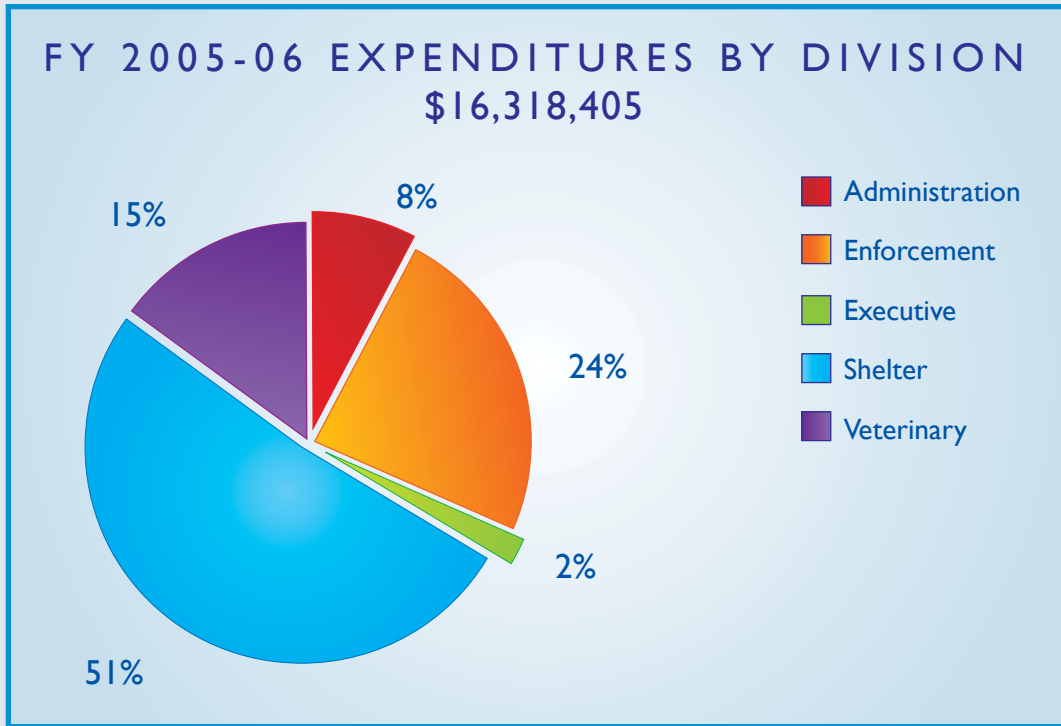
Account No. - Title	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-07* (6 mos)
SALARIES						
1010 - General	\$11,383,812	\$12,192,802	\$13,086,075	\$12,594,794	\$13,749,679	\$7,229,734
1070 - As Needed	\$393,154	\$267,033	\$339,109	\$295,111	\$351,700	\$143,458
1090 - Overtime	\$104,707	\$190,982	\$155,819	\$160,725	\$389,423	\$11,028
Subtotal Salaries	\$11,881,673	\$12,650,817	\$13,581,003	\$13,050,630	\$14,490,802	\$7,384,220
EXPENSE						
2120 - Printing & Binding	\$79,506	\$62,167	\$97,779	\$68,698	\$102,850	\$18,186
2130 - Traveling Expense (Training)	\$7,103	\$0	\$296	\$766	\$4,430	\$1,903
3010 - Firearms, Ammunition & Other	\$0	\$0	\$0	\$0	\$0	\$0
3040 - Contractual Services	\$89,039	\$75,387	\$73,950	\$63,711	\$289,895	\$98,932
3190 - Animal Medical Supplies	\$190,290	\$212,480	\$210,550	\$213,285	\$332,854	\$172,233
3310 - Mileage (Canvassers)	\$7,168	\$5,683	\$6,893	\$12,610	\$10,150	\$9,620
4160 - Governmental Meetings	\$766	\$237	\$724	\$1,070	\$914	\$0
4430 - Uniforms	\$51,880	\$11,474	\$23,187	\$25,731	\$47,062	\$8,201
4460 - Private Veterinary Care	\$70,792	\$50,401	\$66,754	\$82,484	\$187,500	\$67,500
4580 - Animal Food	\$71,345	\$77,768	\$82,977	\$83,847	\$116,099	\$70,533
6010 - Office & Admin Expense	\$163,809	\$122,179	\$143,666	\$242,950	\$240,304	\$218,733
6020 - Operating Supplies & Exp	\$147,692	\$128,989	\$155,245	\$193,252	\$222,430	\$160,161
Subtotal Expense	\$879,390	\$746,765	\$862,021	\$988,404	\$1,554,488	\$826,002
EQUIPMENT						
7300 - New Facility Equip	\$0	\$24,570	\$0	\$6,208	\$273,115	\$0
7350 - Other Operating Equip	\$21,555	\$0	\$0	\$42,146	\$0	\$0
7530 - Field Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Equipment	\$21,555	\$24,570	\$0	\$48,354	\$273,115	\$0
Total Fiscal Year Expenditures	\$12,782,618	\$13,422,152	\$14,443,024	\$14,087,388	\$16,318,405	\$8,210,222

BALANCE SHEETS



BALANCE SHEETS

EXPENDITURE BREAKDOWN

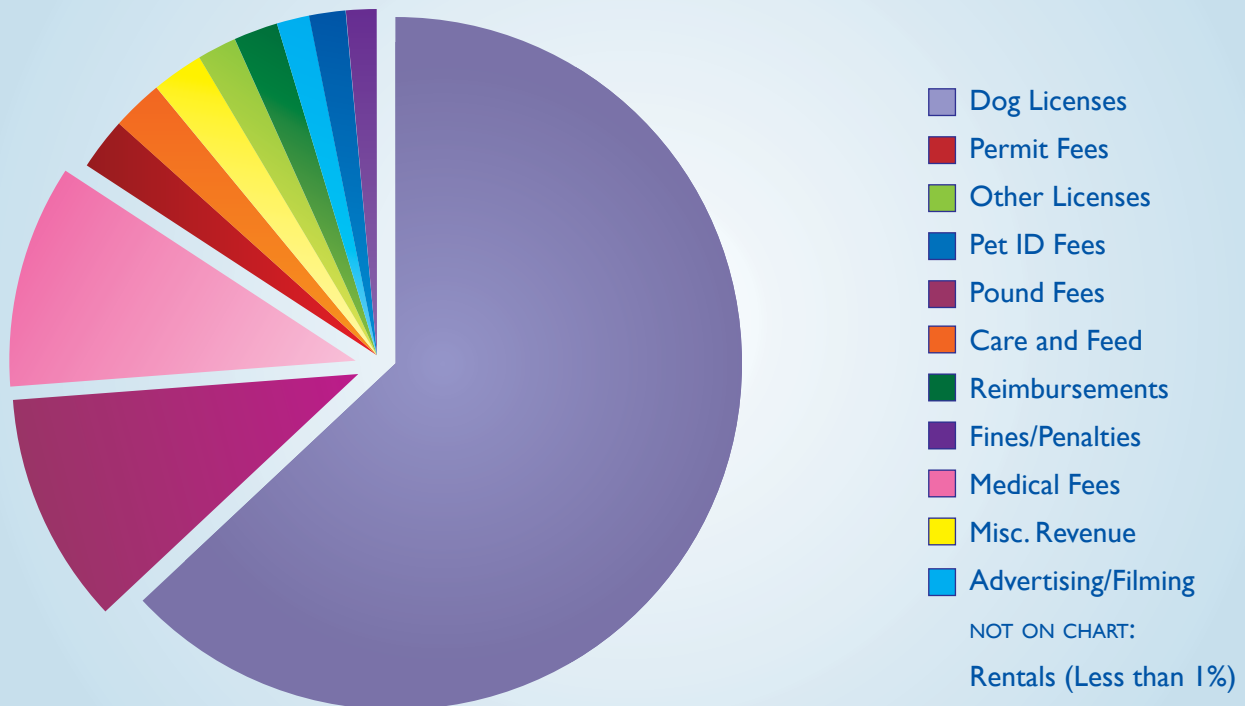


FISCAL YEAR 2005-06 REVENUE BY SOURCE

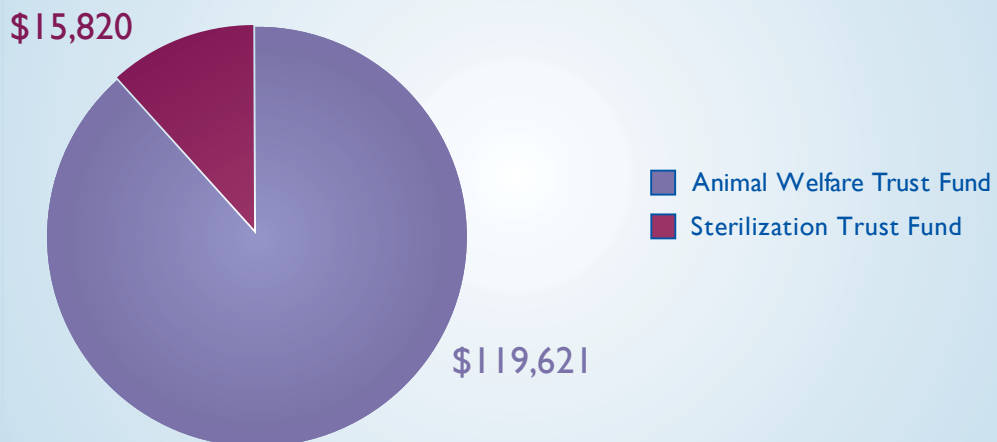
SOURCE	AMOUNT
Dog Licenses	\$1,819,051
Pound Fees	\$311,010
Medical Fees	\$297,605
Permit Fees	\$77,040
Care and Feed Charges	\$68,047
Miscellaneous Revenue	\$63,405
Other Licenses	\$58,403
Reimbursements	\$57,594
Advertising/Filming	\$46,565
Pet ID Fees	\$48,276
Fines/Penalties	\$36,237
Rentals	\$2,813
TOTAL	\$2,886,046

BALANCE SHEETS

GENERAL FUND REVENUE SOURCE OVERVIEW



FY 2005-06 DONATION OVERVIEW \$135,441





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