



RON GALPERIN  
CONTROLLER

February 12, 2015

Honorable Members of the City Council  
of the City of Los Angeles

Dear Honorable Members:

**SUBJECT: FISCAL YEAR 2013-14 AUDITED FINANCIAL STATEMENTS OF THE  
MOBILE SOURCE AIR POLLUTION REDUCTION PROGRAM**

Attached to this transmittal is an electronic copy of the fiscal year 2013-14 audited financial statements of the Mobile Source Air Pollution Reduction Program. The program was audited by Macias, Gini & O'Connell, LLP, CPA's, under contract by the City Council to perform various audits of the City's financial operations as the City's external auditors and file audit reports with the City Council.

If you have any questions, please contact Todd Bouey of the Financial Analysis and Reporting Division at (213) 978-7203.

Sincerely,

*for*  
CLAIRE BARTELS  
Chief Deputy Controller

Attachments

**CITY OF LOS ANGELES  
MOBILE SOURCE AIR POLLUTION  
REDUCTION TRUST FUND  
(A Special Revenue Fund of the  
City of Los Angeles)**

Independent Auditor's Reports and  
Financial Statement

For the Year Ended June 30, 2014

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**  
For the Year Ended June 30, 2014

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## Independent Auditor's Report

Honorable Mayor and City Council  
City of Los Angeles  
Los Angeles, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Mobile Source Air Pollution Reduction Trust Fund (Fund), a special revenue fund of the City of Los Angeles, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the Fund and do not purport to, and do not present fairly the financial position of the City as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Fund.. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis on page 9 is presented for purposes of additional analysis and is not a required part of the Fund financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the Fund financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2015 on our consideration of the City’s internal control over the Fund’s financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Los Angeles, California  
February 6, 2015

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**  
Balance Sheet  
June 30, 2014

**Assets**

Cash and pooled investments	\$ 3,249,520
Due from Other Governmental Agency	<u>1,244,775</u>

<b>Total Assets</b>	<b>\$ <u>4,494,295</u></b>
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**Liabilities, Deferred Inflows of Resources and Fund Balance**

Liabilities

Due to other City funds	17,936
Obligations under Securities Lending Transactions	4,705
Other liabilities	<u>27,604</u>

Total Liabilities	<u>50,245</u>
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Deferred Inflows of Resources (Unavailable Revenues)	<u>1,244,775</u>
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Total Liabilities and Deferred Inflows of Resources	1,295,020
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Fund Balance

Restricted	<u>3,199,275</u>
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<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ <u>4,494,295</u></b>
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**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**

Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2014

<b>Revenues</b>	
Motor Vehicle Registration Fees	\$ 3,449,843
Investment Income	<u>35,762</u>
<b>Total Revenues</b>	<u>3,485,605</u>
<b>Expenditures</b>	
Health and Sanitation	<u>3,927,762</u>
<b>Change in fund balance</b>	(442,157)
Fund Balance, beginning of year	<u>3,641,432</u>
<b>Fund Balance, end of year</b>	<u><u>\$ 3,199,275</u></u>

See Accompanying Notes to the Financial Statements.

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**NOTE 1 – DESCRIPTION OF REPORTING ENTITY**

The South Coast Air Quality Management District (SCAQMD) is authorized under California Health and Safety Code Sections 44220 through 44247 to impose a motor vehicle registration fee to be used by SCAQMD and local governments specially for programs to reduce air pollution from mobile sources and related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988. The California Department of Motor Vehicles collects the vehicle registration fee and subvenes it to SCAQMD which then transmits these fees to the City of Los Angeles. Upon receipt of these fees, 40% of the revenue is placed in a special revenue fund designated as the Mobile Source Air Pollution Reduction Trust Fund.

California Health and Safety Code Section 44243 requires cities and counties receiving the AB 2766 funds to separately account for the revenues and to expend the revenue for the air pollution reduction measures pursuant to the Clean Air Act Amendments of 1990, the California Clean Air Act of 1988 or the SCAQMD's Air Quality Management Plan pursuant to Article 5 of Chapter 5 .5 of Part 3 of the California Health and Safety Code.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying balance sheet and the statement of revenues, expenditures and changes in fund balance present only the financial position and the changes in financial position of the Mobile Source Air Pollution Reduction Trust Fund (Fund) a special revenue fund of the City and do not purport to, and do not present fairly the City's financial position as of June 30, 2014 and the changes in the financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A special revenue fund (governmental fund) is used to account for the restricted revenues provided to the City by the SCAQMD and the City's expenditure of those funds.

**Basis of Accounting**

The Fund's activity is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liability is incurred, as under accrual accounting.

**Cash and Pooled Investments**

Cash and pooled investments represents the Fund's portion of the City's cash and pooled investments. Cash and pooled investments are stated at fair value based on quoted market prices except for money market investments that have remaining maturities of one year or less at time of purchase, which are reported at amortized cost. Interest earned on such pooled investments is allocated to the participating City funds based on each fund's average daily cash balance during the allocation period.



**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As permitted by the California Government Code, the City engages in securities lending activities. The Fund's share of assets and liabilities arising from the reinvested cash collateral has been recognized in the financial statements.

**Due from Other Governmental Agency**

Accounting principles generally accepted in the United States of America require that receivables be reported at estimated collectible amounts; accordingly, the fund uses the allowance method to recognize bad debts. There were no bad debts estimated as of June 30, 2014.

**Deferred Inflows of Resources**

A deferred inflow of resources is defined as an acquisition of asset that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. Revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. These are receivables that were not collected within the 60 day availability period of the Fund and are considered unavailable as of June 30 2014.

**Due to other City Funds**

Due to other City Funds are recorded when program related projects are performed by other City departments during the fiscal period but the Fund has not yet reimbursed those departments by the end of the period.

**Other Liabilities**

The Fund recognizes as other liabilities the Fund's share of amounts payable to brokers for investments trades by the City's investment pool that were not yet settled as of the end of the period.

**Fund Balance**

Under Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the balance sheets of governmental funds classify fund balances based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent.

The Fund only has restricted fund balance at June 30, 2014. Restricted fund balance are amounts when constraints placed on the use of resources are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Investment Income**

Represents the portion of the investment activity allocated to the Fund by the City's pooled cash and investments including the change in the fair value of the investments at the end of the fiscal period.

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Accordingly, actual results may differ from those estimates.

**NOTE 3 – CASH AND POOLED INVESTMENTS**

**Pooled Investments**

The Fund maintains its cash in the City's cash and pooled investments (the Pool). As of June 30, 2014, the Fund's share of the Pool was \$3,249,520, which represents approximately .04% of the Pool. There are no specific investments belonging to the Fund. The Pool is not rated as of June 30, 2014. The City issues publicly available financial report that includes complete disclosures related to the entire cash and investment pool. The report may be obtained by writing to the City of Los Angeles, Office of the Controller, 200 North Main Street, City Hall East Suite 300, Los Angeles, CA 90012, or by calling (213) 978-7200.

**City of Los Angeles Securities Lending Program**

The Securities Lending Program (SLP) is permitted and limited under provisions of California Government Code Section 53601. The City Council approved the SLP on October 22, 1991 under Council File No. 91-1860, which complies with the California Government Code. The objectives of the SLP in priority order are safety of loaned securities and prudent investment of cash collateral to enhance revenue from the investment program. The SLP is governed by a separate policy and guidelines, with oversight responsibility of the Investment Advisory Committee.

The City's custodial bank acts as the securities lending agent. In the event a counterparty defaults by reason of an act of insolvency, the bank shall take all actions which it deems necessary or appropriate to liquidate permitted investment and collateral in connection with such transaction and shall make a reasonable effort for two business days (Replacement Period) to apply the proceeds thereof to the purchase of securities identical to the loaned securities not returned. If during the Replacement Period the collateral liquidation proceeds are insufficient to replace any of the loaned securities not returned, the bank shall, subject to payment by the City of the amount of any losses on any permitted investments, pay such additional amounts as necessary to make such replacement.

Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the market value of the Pool is available for lending. The City receives cash, U.S. government securities, and federal agency issued securities as collateral on loaned securities. The cash collateral is reinvested in securities permitted under the policy. In accordance with the Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 90 days.

Earnings from securities lending accrue to the Pool and are allocated on a pro rata basis to all Pool participants.

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2014

**NOTE 3 – CASH AND POOLED INVESTMENTS (Continued)**

The Fund participates in the City's securities lending program through the pooled investment fund. The Fund recognizes its proportionate share of the cash collateral received for securities loaned and the related obligation for the general investment pool. At June 30, 2014, The Fund's portion of the cash collateral and the related obligation in the City's program was \$4,705. The Fund's portion of the securities purchased from the reinvested cash collateral at June 30, 2014 was \$11,854. Such securities are stated at fair value.

During the fiscal year, collateralizations on all loaned securities were within the required 102% of market value. The City can sell collateral securities only in the event of borrower default. The lending agent provides indemnification for borrower default. There were no violations of legal or contractual provisions and no borrower or lending agent default losses during the years. There was no credit risk exposure to the City at June 30, 2014 because the amounts owed to the borrowers exceeded the amounts borrowed. Loaned securities are held by the City's agents in the City's name and are not subject to custodial credit risk.

**NOTE 4 – Due from Other Governmental Agency**

Due from Other Governmental Agency, in the amount of \$1,244,775 represents the fourth quarter funds allocated by the SCAQMD to the City. This amount represents fees collected pursuant to AB 2766 by the California Department of Motor Vehicles for the period April 1, 2014 through June 30, 2014.

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - Budgetary Basis  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 4,708,000	\$ 4,708,000	\$ 4,658,000	\$ (50,000)
Interest	76,000	76,000	43,000	(33,000)
<b>Total Revenues</b>	<b>4,784,000</b>	<b>4,784,000</b>	<b>4,701,000</b>	<b>(83,000)</b>
<b>Expenditures and Other Financing Use</b>				
<b>Expenditures</b>				
Health and Sanitation	3,566,490	4,955,854	3,784,062	1,171,792
<b>Other Financing Use</b>				
Transfers to other funds	2,135,213	2,491,104	2,032,540	458,564
<b>Total Expenditures and Other Financing Use</b>	<b>5,701,703</b>	<b>7,446,957</b>	<b>5,816,601</b>	<b>1,630,356</b>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Use</b>	<b>(917,703)</b>	<b>(2,662,957)</b>	<b>(1,115,601)</b>	<b>1,547,356</b>
Fund Balance, beginning of year	917,703	917,703	2,771,000	1,853,297
Appropriation of fund balance and carryforward appropriations	-	1,745,254	-	(1,745,254)
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,655,399</b>	<b>\$ 1,655,399</b>

See Accompanying Note to the Supplementary Information.

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**

Note to Supplementary Information  
For the Year Ended June 30, 2014

**1. RECONCILIATION OF OPERATIONS FROM THE BUDGETARY BASIS TO THE GAAP BASIS**

The accompanying Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund balance include all financial activities of the City's Mobile Source Air Pollution Reduction Program (Program). Program operations would include direct project activities of the Fund and the project expenditures of AB 2766 monies incurred in the General Fund. However, in accordance with the City's budgetary accounting policies and procedures, the City adopts an annual operating budget for the Fund, which identifies expenditures, to be made from the Fund and other City funds. For purposes of budgetary reporting, Fund expenditures are reported when monies are transferred to other City funds rather than when the project expenditure is incurred in the receiving fund.

The Fund's annual budget is prepared on a modified cash basis of accounting, which is different from generally accepted accounting principles (GAAP). Revenues are recognized when cash is received, and expenditures include both cash disbursements and current year encumbered appropriations that has not been paid at the end of the budget year. To provide a meaningful comparison of actual results with the budget, the actual results of the Fund are presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis (non-GAAP Budgetary Basis) in accordance with the budgetary basis of accounting.

Because the accounting principles applied for purposes of developing data on the budgetary basis differ significantly from those used to present the financial statements in accordance with GAAP, a reconciliation of the resultant perspective, basis and timing differences for the fiscal year ended June 30, 2014 is presented as follows:

<b>Deficiency of revenues over expenditures</b>	
(Non-GAAP budgetary basis)	\$ (1,115,601)
 <b>Basis differences:</b>	
Adjustments for net change in fund balance to accrued assets and liabilities	
Cash and pooled investments	37,000
GAAP revenue recognized prior year	(1,208,286)
Due to the city	352,391
Investment income receivable	(11,185)
Accounts payable	2,625
Deferred revenue	4,208
Other liabilities	(27,604)
Obligations under securities lending transactions	<u>(4,705)</u>
<b>Subtotal</b>	<b>(1,971,157)</b>
Adjustments for encumbrances	<u>1,529,000</u>
Net change in fund balance (GAAP basis)	<u><u>\$ (442,157)</u></u>

**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards***

Honorable Members of the City Council  
City of Los Angeles, 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 Mobile Source Air Pollution Reduction Trust Fund (Fund), a special revenue fund of the City of Los Angeles, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2015.

**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) to determine the 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in Assembly bill 2766, Chapter 1705 (Health and Safety code Sections 44220 through 44274). 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*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California  
February 6, 2015

**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**  
Schedule of Findings and Recommendations  
For the Year Ended June 30, 2014

No matters noted.



**CITY OF LOS ANGELES**  
**MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**  
**(A Special Revenue Fund of the City of Los Angeles)**  
Schedule of Prior Year Finding and Recommendation  
For the Year Ended June 30, 2014

2013-1. Insufficient Detail on Timesheet for Direct Labor Charges

**Criteria**

Pursuant to Section 17. Direct Program Costs of *Implementation of AB2766 Subvention Fund Projects: A Resource Guide for Local Government Recipients of Motor Vehicle Registration Fee Revenues* published by SCAQMD, direct labor must be documented on time sheets. If time sheets do not permit the level of detail required to document direct labor hours charged to AB2766 projects specifically, then a detailed log of time spent on projects, the activities performed and the outcome or product generated must be maintained. Direct labor costs must identify the project to establish a clear audit trail. Allocating a fixed or budgeted amount of staff time and associated salary expense each pay period will not meet the requirements for the audit.

**Condition**

We noted that the time sheets of a City department did not document direct labor hours charged to AB2766 projects for direct program costs in the amount of \$30,045. There were insufficient detail to support the direct labor costs charged to the AB2766 projects.

**Questioned Costs**

\$30,045

**Cause and Effect**

The City department staff's timesheets were not documented with sufficient detail of time spent on different activities to support the direct labor costs charged to the program. As a result, these direct labor costs were not documented in compliance with the program guidance and are questioned. This is a repeat finding from prior year.

**Recommendation**

Staff who works for program activities should prepare and keep detailed records of time spent on different activities to support the direct programs costs.

**City's Response**

The City department staff will implement the recommendation immediately and keep the detailed record of time spent on different activities to support direct program costs.

**Status**

Implemented.