

**CITY OF LOS ANGELES, CALIFORNIA**

Cost Allocation Plan 38  
For Department Administration and Support,  
And Compensated Time Off

(With Independent Auditor's Report)

For the Fiscal Year Ended June 30, 2014



Certified  
Public  
Accountants

**CITY OF LOS ANGELES, CALIFORNIA**  
Cost Allocation Plan 38  
For Department Administration and Support,  
And Compensated Time Off  
For the Fiscal Year Ended June 30, 2014

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## Independent Auditor's Report

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

We have audited the accompanying Schedule of Department Administration and Support Salary Base, Administration and Support Costs, and Rates by Department and the Schedule of Compensated Time Off Salary Base, Compensated Time Off Costs, and Rates by Department (Schedules) of the City of Los Angeles, California (City) Cost Allocation Plan 38 for the fiscal year ended June 30, 2014, and the related notes to the Schedules as listed in the table of contents.

### Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with Title 2 in the Code of Federal Regulations (CFR), Subtitle A, Chapter II, Part 225, "*Cost Principles for State, Local, and Indian Tribal Governments*" (formerly Office of Management and Budget Circular A-87); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, 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 Schedules 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 Schedules.

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 Schedules referred to above present fairly, in all material respects, the Department Administration and Support Salary Base, Administration and Support Costs, and Rates by Department and Compensated Time Off Salary Base, Compensated Time Off Costs, and Rates by Department for the City Cost Allocation Plan 38 for the fiscal year ended June 30, 2014 in accordance with the basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 to the Schedules, which describes the basis of accounting. The Schedules were prepared by the City on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Restriction on Use**

This report is intended solely for the information and use of City management, City Council, others within the City, and the U.S. Department of Housing and Urban Development, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & O'Connell LLP*

Los Angeles California  
April 14, 2016

**CITY OF LOS ANGELES, CALIFORNIA**  
 Cost Allocation Plan 38  
 Schedule of Department Administration and Support Salary Base,  
 Administration and Support Costs, and Rates by Department  
 Based on the Fiscal Year Ended June 30, 2014  
 To Be Applied in Fiscal Year 2015-2016

<u>DEPARTMENT/Cost Center</u>	<u>Department Administration and Support Salary Base</u>	<u>Administration and Support Costs</u>	<u>Rates</u>
AGING			
Balance of Department	N/A	N/A	N/A
Special Fund (Title V)	N/A	N/A	N/A
ANIMAL SERVICES	\$ 17,365,198	\$ 5,083,174	29.27%
BUILDING & SAFETY	61,216,885	10,371,593	16.94%
CITY ADMINISTRATIVE OFFICER (CAO)			
Petroleum Admin., Proprietary, Capital Projects (Phy. Plant)	1,520,568	758,910	49.91%
Disaster Grants Coordination	226,603	114,024	50.32%
CITY ATTORNEY			
Criminal	40,653,583	6,103,079	15.01%
Direct Billed - User's Site (Proprietary Depts.)	13,480,876	1,848,094	13.71%
Direct in City Space (CDD, Hous Auth)	3,963,336	552,808	13.95%
CITY CLERK			
Elections	2,454,136	1,402,255	57.14%
Special Assessment Section	965,388	84,323	8.73%
CONTROLLER			
Direct Billed (at User's site)	755,223	408,350	54.07%
Direct Billed (in City space)	239,524	144,604	60.37%
CULTURAL AFFAIRS	3,294,502	2,785,315	84.54%
DEPARTMENT ON DISABILITY	1,113,968	(481,730) *	0.00%
ECON & WORKFORCE DEV'MT (was CDD)			
EWDD, Balance of Department As Needed Employees.	N/A	N/A	N/A
As Needed Employees.	N/A	N/A	N/A
EL PUEBLO	862,169	525,809	60.99%
EMERGENCY MANAGEMENT			
Em. Prep. Policy & Public info.	739,167	325,616	44.05%

\* In some years, the total apportioned amounts may be negative because the negative carryforward amount is higher than the apportioned amounts. In such cases, the rate is set at 0.00%.

(Continued)

The accompanying notes are an integral part of this schedule.

**CITY OF LOS ANGELES, CALIFORNIA**  
 Cost Allocation Plan 38  
 Schedule of Department Administration and Support Salary Base,  
 Administration and Support Costs, and Rates by Department  
 Based on the Fiscal Year Ended June 30, 2014  
 To Be Applied in Fiscal Year 2015-2016

<u>DEPARTMENT/Cost Center</u>	<u>Department Administration and Support Salary Base</u>	<u>Administration and Support Costs</u>	<u>Rates</u>
<b>FINANCE, OFFICE OF</b>			
Revenue Collections	\$ 21,902,387	\$ 4,992,994	22.80%
Cash Management & Street Bonds	869,717	201,205	23.13%
<b>FIRE</b>			
Civilian	6,372,501	2,400,408	37.67%
Sworn	328,191,274	116,652,840	35.54%
<i>Field Support rate, Sworn only -&gt;</i>	<i>313,115,523</i>	<i>51,075,144</i>	<i>16.31%</i>
<b>GENERAL SERVICES</b>			
Materials Testing	6,534,791	900,270	13.78%
Print Shop	2,515,098	318,644	12.67%
<b>HOUSING + COMMUNITY INVESTMENT</b>			
Grant Funded Housing	N/A	N/A	N/A
Enforcement	N/A	N/A	N/A
Housing, Internal Administration	N/A	N/A	N/A
<b>LIBRARY</b>	52,991,973	9,867,993	18.62%
<b>LOS ANGELES CONVENTION CENTER</b>	6,114,657	2,173,599	35.55%
<b>MAYOR</b>			
Executive/Policy	5,893,607	980,497	16.64%
Grant Funded/Spec. Prog.	5,016,050	1,327,977	26.47%
Direct in City Space	2,155	-	0.00%
<b>NEIGHBORHOOD EMPOWERMENT</b>	1,081,762	1,736,888	160.56%
<b>PERSONNEL</b>			
Custody Care (Jails)	4,764,705	198,413	4.16%
Grant-Funded & Special Programs	861,167	(83,794) *	0.00%
<b>PLANNING</b>	19,283,731	8,409,510	43.61%
<b>POLICE</b>			
Civilian	150,215,375	30,115,792	20.05%
Sworn (Police Officers)	853,554,911	342,430,172	40.12%
<i>Field Support rate, Sworn only -&gt;</i>	<i>840,877,104</i>	<i>257,997,079</i>	<i>30.68%</i>

\* In some years, the total apportioned amounts may be negative because the negative carryforward amount is higher than the apportioned amounts. In such cases, the rate is set at 0.00%.

(Continued)

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**CITY OF LOS ANGELES, CALIFORNIA**  
 Cost Allocation Plan 38  
 Schedule of Department Administration and Support Salary Base,  
 Administration and Support Costs, and Rates by Department  
 Based on the Fiscal Year Ended June 30, 2014  
 To Be Applied in Fiscal Year 2015-2016

<u>DEPARTMENT/Cost Center</u>	<u>Department Administration and Support Salary Base</u>	<u>Administration and Support Costs</u>	<u>Rates</u>
<b>PUBLIC WORKS</b>			
Board Office Direct: Pub. Svcs.	\$ 743,161	\$ 39,883	5.37%
Contract Administration			
Construction Inspection	21,159,129	1,543,842	7.30%
Engineering			
Stormwater Facilities Engineering	3,539,971	590,323	16.68%
Wastewater Facilities Engineering	22,447,079	3,745,886	16.69%
Privately Financed Improvements Eng.	7,818,083	1,305,118	16.69%
Street Improvements Engineering	11,521,768	1,922,114	16.68%
Municipal Facilities Engineering	11,068,967	1,842,593	16.65%
Gen'l. Mapping & Survey	4,437,012	736,996	16.61%
Sanitation			
Solid Waste Program	76,427,552	3,883,532	5.08%
Wastewater/Flood Control	107,571,348	6,187,881	5.75%
Street Lighting	16,077,156	3,185,209	19.81%
Street Services (St. Maintenance)	63,814,077	13,631,112	21.36%
RECREATION AND PARKS	111,539,369	18,072,448	16.20%
TRANSPORTATION	96,884,945	13,225,493	13.65%
ZOO	13,005,973	3,044,688	23.41%

The accompanying notes are an integral part of this schedule.

**CITY OF LOS ANGELES, CALIFORNIA**  
 Cost Allocation Plan 38  
 Schedule of Compensated Time Off Salary Base,  
 Compensated Time Off Costs, and Rates by Department  
 Based on the Fiscal Year Ended June 30, 2014  
 To Be Applied in Fiscal Year 2015-2016

<b>DEPARTMENT/Cost Center</b>	<b>Compensated Time Off Salary Base</b>	<b>Compensated Time Off Costs</b>	<b>Rates</b>
<b>AGING</b>			
Balance of Department	\$ 2,720,474	\$ 500,612	18.40%
Special Fund (Title V)	1,424	26,496	0.00% *
<b>ANIMAL SERVICES</b>	14,542,748	3,636,068	25.00%
<b>BUILDING &amp; SAFETY</b>	54,280,680	12,175,159	22.43%
<b>CITY ADMINISTRATIVE OFFICER (CAO)</b>			
Petroleum Admin., Proprietary, Capital Projects (Phy. Plant)	9,620,421	1,791,262	18.62%
Disaster Grants Coordination	9,620,421	1,791,262	18.62%
<b>CITY ATTORNEY</b>			
Criminal	78,917,159	16,230,641	20.57%
Direct Billed - User's Site (Proprietary Depts.)	78,917,159	16,230,641	20.57%
Direct in City Space (CDD, Hous Auth)	78,917,159	16,230,641	20.57%
<b>CITY CLERK</b>			
Elections	356,772	27,610	7.74%
Special Assessment Section	4,628,752	955,653	20.65%
<b>CONTROLLER</b>			
Direct Billed (at User's site)	10,938,089	2,366,544	21.64%
Direct Billed (in City space)	10,938,089	2,366,544	21.64%
<b>CULTURAL AFFAIRS</b>	2,402,171	434,224	18.08%
<b>DEPARTMENT ON DISABILITY</b>	1,124,876	182,379	16.21%
<b>ECON &amp; WORKFORCE DEV'MT (was CDD)</b>			
EWDD, Balance of Department	11,372,608	2,417,768	21.26%
As Needed Employees.	N/A	N/A	N/A
<b>EL PUEBLO</b>	665,003	132,518	19.93%
<b>EMERGENCY MANAGEMENT</b>			
Em. Prep. Policy & Public info.	2,051,540	369,702	18.02%

\* The CTO rate was reduced to 0.00% due to the high CTO costs over the low CTO salary base causing an extraordinarily high rate that would result in a large negative carryforward in future years.

(Continued)

The accompanying notes are an integral part of this schedule.



**CITY OF LOS ANGELES, CALIFORNIA**  
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 Schedule of Compensated Time Off Salary Base,  
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<b>DEPARTMENT/Cost Center</b>	<b>Compensated Time Off Salary Base</b>	<b>Compensated Time Off Costs</b>	<b>Rates</b>
<b>FINANCE, OFFICE OF</b>			
Revenue Collections	\$ 21,130,821	\$ 4,848,554	22.95%
Cash Management & Street Bonds	21,130,821	4,848,554	22.95%
<b>FIRE</b>			
Civilian	18,615,834	4,347,814	23.36%
Sworn	265,343,160	34,045,408	12.83%
<b>GENERAL SERVICES</b>			
Materials Testing	4,810,025	1,059,142	22.02%
Print Shop	2,065,424	441,413	21.37%
<b>HOUSING + COMMUNITY INVESTMENT</b>			
Grant Funded Housing	40,616,580	8,120,871	19.99%
Enforcement	40,616,580	8,120,871	19.99%
Housing, Internal Administration	40,616,580	8,120,871	19.99%
<b>LIBRARY</b>	45,089,824	9,120,979	20.23%
<b>LOS ANGELES CONVENTION CENTER</b>	2,993,414	664,906	22.21%
<b>MAYOR</b>			
Executive/Policy	6,359,027	553,607	8.71%
Grant Funded/Spec. Prog.	2,401,921	367,216	15.29%
Direct in City Space	6,359,027	553,607	8.71%
<b>NEIGHBORHOOD EMPOWERMENT</b>	1,356,807	298,602	22.01%
<b>PERSONNEL</b>			
Custody Care (Jails)	29,822,098	6,528,464	21.89%
Grant-Funded & Special Programs	29,822,098	6,528,464	21.89%
<b>PLANNING</b>	18,273,169	3,605,661	19.73%
<b>POLICE</b>			
Civilian	164,896,296	48,140,321	29.19%
Sworn (Police Officers)	691,605,490	218,491,909	31.59%

(Continued)

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**CITY OF LOS ANGELES, CALIFORNIA**  
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 Based on the Fiscal Year Ended June 30, 2014  
 To Be Applied in Fiscal Year 2015-2016

<b>DEPARTMENT/Cost Center</b>	<b>Compensated Time Off Salary Base</b>	<b>Compensated Time Off Costs</b>	<b>Rates</b>
<b>PUBLIC WORKS</b>			
Board Office Direct: Pub. Svcs.	\$ 5,525,515	\$ 1,072,040	19.40%
Contract Administration			
Construction Inspection	20,947,836	4,228,479	20.19%
Engineering			
Stormwater Facilities Engineering	55,179,701	11,565,177	20.96%
Wastewater Facilities Engineering	55,179,701	11,565,177	20.96%
Privately Financed Improvements Eng.	55,179,701	11,565,177	20.96%
Street Improvements Engineering	55,179,701	11,565,177	20.96%
Municipal Facilities Engineering	55,179,701	11,565,177	20.96%
Gen'l. Mapping & Survey	55,179,701	11,565,177	20.96%
Sanitation			
Solid Waste Program	145,548,724	33,164,532	22.79%
Wastewater/Flood Control	145,548,724	33,164,532	22.79%
Street Lighting	13,706,537	2,703,315	19.72%
Street Services (St. Maintenance)	51,535,940	14,303,441	27.75%
<b>RECREATION AND PARKS</b>	<b>61,216,608</b>	<b>14,377,279</b>	<b>23.49%</b>
<b>TRANSPORTATION</b>	<b>74,533,621</b>	<b>18,515,417</b>	<b>24.84%</b>
<b>ZOO</b>	<b>10,613,431</b>	<b>2,366,459</b>	<b>22.30%</b>

The accompanying notes are an integral part of this schedule.

**CITY OF LOS ANGELES, CALIFORNIA**

Cost Allocation Plan 38

For Department Administration and Support,

And Compensated Time Off

Notes to Schedules

For the Fiscal Year Ended June 30, 2014

**Note 1 – Accounting Policies**

The City of Los Angeles (City) prepares its Cost Allocation Plan (CAP) in accordance with Title 2 in the Code of Federal Regulations (CFR), Subtitle A, Chapter II, Part 225, “*Cost Principles for State, Local, and Indian Tribal Governments*” (formerly Office of Management and Budget’s Circular A-87).

The Department Administration and Support CAP is prepared for certain City departments (see Note 2) to allow for the recovery of administrative overhead costs incurred within departments from Federal and State grants. The administrative costs included in the Department Administration and Support CAP represent the actual costs incurred in fiscal year 2013-2014 as reported in the City’s basic accounting system, Financial Management System (FMS). Costs reported in FMS are accounted for on the cash basis method of accounting. The administrative and support indirect costs are not always the same as the City’s General Administration and Support Program (GASP). Expenditures are included in the Department Administration and Support CAP if they conform to the following criteria: benefit the department as a whole; are not directly charged to a Federal or State grant; are not direct operating expenditures; and are costs which are not practical to directly bill, even though they might be considered allocable to direct operations. Actual costs incurred during fiscal year 2013-2014 are added to “carry forward” amounts, which represent the difference between the costs theoretically recovered in fiscal year 2013-2014 and the costs entitled to be recovered in fiscal year 2013-2014. The sum of the actual and carry forward costs (i.e., total allocated costs) is divided by departmental administrative and support salary base (see Note 3) to calculate overhead rates for each department cost center (see Note 4). Overhead rates are calculated for “direct” departments, which are departments that do not provide services to other City departments, and for “support” departments with direct cost objectives. Overhead rates of support departments are only calculated for the “direct” components of such departments.

The Compensated Time Off (CTO) rates are to be used only when sick, vacation, and other CTO hours are not directly charged to a fee or grant project (see Notes 5 and 6). For employees who charge only part of their hours worked to a grant, their time off is usually not being charged to the project, so the cost of that time off may be recovered using the compensated time off rates. For employees whose entire annual salary is charged to a fee or grant, CTO is recovered as they take their time off, and the CTO rates are not to be used. When applicable, CTO costs should be billed to granting agencies or recipients of special services, either as a separate line item, or as an adjustment to salaries, increasing net salaries to gross salaries. When the CTO rate is applied to net salaries, the amount derived is added to net salaries to create gross salaries. The derived gross salaries become the base against which the fringe benefit rate and other indirect cost rates are applied.

**Note 2 – Departments with no Department Administration and Support Rates**

The City does not calculate Department Administration and Support rates for the Departments of Aging, Economic & Workforce Development, and Housing + Community Investment. These departments have been presented to be consistent with the presentation of the City’s Central Services Cost Allocation Plan.

The Department of Aging cannot recover administrative costs from its grants due to grant expenditures limitations. Department Administration and Support rates are not computed for the Departments of

**CITY OF LOS ANGELES, CALIFORNIA**  
Cost Allocation Plan 38  
For Department Administration and Support,  
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For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 – Departments with no Department Administration and Support Rates (Continued)**

Economic & Workforce Development and Housing + Community Investment because they bill their administrative and support costs directly to the grants.

**Note 3 – Department Administration and Support CAP - Salary Base and Overhead Rates**

The salary base used to calculate overhead rates includes salaries of line employees only. It includes compensated time off and excludes overtime and unused sick and vacation pay. Line employees are those employees directly involved with the administration of the grant program.

**Note 4 – Cost Centers and Cost Categories**

Cost centers are determined based on department functions. As the City reorganizes its departments, cost centers are revised to adjust to the City's reorganization. Cost centers are also revised to allocate costs more accurately to the proper organizational units, and to accommodate the inclusion of allowable but previously unrecovered cost. The cost categories are the Department Administration and Support costs, and Compensated Time Off costs for each cost center, as discussed in Note 1.

**Note 5 – Compensated Time Off CAP – Salary Base and Overhead Rates**

The salary base used to calculate the CTO rates includes salaries for actual hours worked (without CTO). The CTO cost includes salaries paid to employees who are on paid leave such as:

Sick Leave	Injury on Duty
Vacation	Jury Duty
Holiday	Bereavement Leave
Military Leave	Preventive Medicine
Family Illness	Floating Holiday
Workers' Compensation (Salary continuance paid by the employing department)	

**Note 6 – Cost Center with no Compensated Time Off Rate**

The City does not calculate Compensated Time Off rate for the Economic & Workforce Development Department – As Needed Employees since this cost center consists of part-time employees who are not entitled to compensated time off.