

CITY OF LOS ANGELES, CALIFORNIA

Cost Allocation Plan 44
For Department Administration and Support,
And Compensated Time Off

(With Independent Auditor's Report)

For the Fiscal Year Ended June 30, 2020



Certified
Public
Accountants

CITY OF LOS ANGELES, CALIFORNIA
Cost Allocation Plan 44
For Department Administration and Support,
And Compensated Time Off
For the Fiscal Year Ended June 30, 2020

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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Los Angeles, California

We have audited the accompanying cash basis 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 44 for the fiscal year ended June 30, 2020, 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 the cash basis of accounting described in Note 1 and per Title 2 U.S. Code of Federal Regulations (CFR), Subtitle A, Chapter II, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; this include determining that the cash basis of accounting is an acceptable basis for the preparation of the Schedules in the circumstances. Management is also responsible for 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 cash basis 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 44 for the fiscal year ended June 30, 2020, in accordance with the cash basis of accounting described in Note 1.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 1 of 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 this matter.

Restriction on Use

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

Macias Gini É O'Connell LAP

Los Angeles, California
March 15, 2022

CITY OF LOS ANGELES, CALIFORNIA
Cost Allocation Plan 44
Schedule of Department Administration and Support Salary Base,
Administration and Support Costs, and Rates by Department
Based on the Fiscal Year Ended June 30, 2020
To Be Applied in Fiscal Year 2021-22

<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	na	na	na
Special Fund (Title V)	na	na	na
ANIMAL SERVICES	\$ 20,698,105	\$ 4,425,820	21.38%
BUILDING and SAFETY	83,628,923	14,664,802	17.54%
CANNABIS REGULATION	1,712,798	1,034,246	60.38%
CITY ADMINISTRATIVE OFFICER			
Proprietary, Capital Projects (Physical Plant)	699,933	219,103	31.30%
Disaster Grants Coordination	335,245	162,236	48.39%
CITY ATTORNEY			
Criminal	58,036,119	5,909,458	10.18%
Direct, at User's Site	17,802,226	1,732,481	9.73%
Direct, in City Space	6,310,616	616,361	9.77%
CITY CLERK			
Elections	3,310,146	2,861,353	86.44%
Special Assessment Section	952,110	943,115	99.06%
CONTROLLER			
Direct, at User's Site	928,301	638,878	68.82%
Direct, in City Space	756,340	551,936	72.97%
CULTURAL AFFAIRS	6,259,402	3,531,759	56.42%
DEPARTMENT on DISABILITY	1,599,208	1,672,351	104.57%
ECONOMIC and WORKFORCE DEVELOPMENT			
Balance of Department	-	na	na
As Needed Employees.	-	na	na
EL PUEBLO de LOS ANGELES	1,120,744	-	0.00%
EMERGENCY MANAGEMENT			
Emergency Preparedness Policy & Public Information	1,407,573	821,929	58.39%

The accompanying notes are an integral part of this schedule.

CITY OF LOS ANGELES, CALIFORNIA
Cost Allocation Plan 44
Schedule of Department Administration and Support Salary Base,
Administration and Support Costs, and Rates by Department
Based on the Fiscal Year Ended June 30, 2020
To Be Applied in Fiscal Year 2021-22

DEPARTMENT/Cost Center	Department Administration and Support Salary Base	Administration and Support Costs	Rates
FINANCE			
Revenue Collections	\$ 20,520,142	\$ 11,332,391	55.23%
Cash Management and Investment	1,308,904	735,096	56.16%
FIRE			
Civilian	9,997,368	2,423,168	24.24%
Sworn	384,944,711	138,180,908	35.90%
<i>Field Support rate, Sworn only -></i>	<i>370,800,701</i>	<i>44,466,461</i>	<i>11.99%</i>
GENERAL SERVICES			
Materials Testing	7,051,209	544,920	7.73%
Print Shop	2,298,980	176,055	7.66%
LOS ANGELES HOUSING Dept. (LAHD)			
Grant Funded & Special Programs	-	-	na
Local Funded Housing	-	-	na
Enforcement	-	-	na
Internal Administration	-	-	na
LIBRARY	71,022,897	13,861,576	19.52%
LOS ANGELES CITY TOURISM Dept.	596,377	1,969,593	330.26%
MAYOR			
Executive Policy	9,589,004	604,946	6.31%
Grant Funded & Special Programs	10,780,268	896,819	8.32%
NEIGHBORHOOD EMPOWERMENT	1,865,608	1,222,641	65.54%
PERSONNEL			
Custody Care (Jails)	6,223,619	1,378,372	22.15%
Grant Funded & Special Programs	726,967	163,484	22.49%
PLANNING	33,951,795	8,565,890	25.23%
POLICE			
Civilian	180,865,722	53,038,339	29.32%
Sworn	1,017,757,017	179,729,826	17.66%
<i>Field Support rate, Sworn only -></i>	<i>985,254,181</i>	<i>398,841,331</i>	<i>40.48%</i>

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CITY OF LOS ANGELES, CALIFORNIA
Cost Allocation Plan 44
Schedule of Department Administration and Support Salary Base,
Administration and Support Costs, and Rates by Department
Based on the Fiscal Year Ended June 30, 2020
To Be Applied in Fiscal Year 2021-22

<u>DEPARTMENT/Cost Center</u>	<u>Department Administration and Support Salary Base</u>	<u>Administration and Support Costs</u>	<u>Rates</u>
PUBLIC WORKS			
Board			
Public services	\$ 1,973,362	\$ 102,316	5.18%
Contract Administration			
Construction Inspection	25,132,207	4,261,580	16.96%
Engineering			
Clean Water Infrastructure	33,518,680	5,839,944	17.42%
Development Services	14,441,746	2,594,449	17.96%
Mobility	20,627,912	3,625,021	17.57%
Public Bldgs & Open Spaces	14,901,739	2,623,342	17.60%
General Mapping & Survey	6,200,643	1,041,396	16.79%
Sanitation			
Solid Resources	112,164,575	12,745,772	11.36%
Environmental Quality	18,406,873	1,290,322	7.01%
Watershed Protection	12,656,856	1,393,570	11.01%
Clean Water	107,560,426	11,036,953	10.26%
Street Lighting	29,937,760	2,406,715	8.04%
Street Services	93,352,312	17,269,926	18.50%
RECREATION and PARKS	147,252,450	15,934,067	10.82%
TRANSPORTATION	120,266,682	16,296,346	13.55%
ZOO	17,614,137	3,537,257	20.08%

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CITY OF LOS ANGELES, CALIFORNIA
 Cost Allocation Plan 44
 Schedule of Compensated Time Off Salary Base,
 Compensated Time Off Costs, and Rates by Department
 Based on The Fiscal Year Ended June 30, 2020
 To Be Applied in Fiscal Year 2021-22

<u>DEPARTMENT/Cost Center</u>	<u>Compensated Time Off Salary Base</u>	<u>Compensated Time Off Costs</u>	<u>Rates</u>
AGING			
Balance of Department	\$ 2,684,002	\$ 697,839	26.00%
Special Fund (Title V)	290,591	49,191	16.93%
ANIMAL SERVICES	15,640,084	5,111,046	32.68%
BUILDING & SAFETY	74,543,859	17,320,323	23.24%
CANNABIS REGULATION	1,966,205	248,478	12.64%
CITY ADMINISTRATIVE OFFICER (CAO)			
Proprietary, Capital Projects (Physical Plant)	12,578,007	2,116,934	16.83%
Disaster Grants Coordination	12,578,007	2,116,934	16.83%
CITY ATTORNEY			
Criminal	112,782,385	21,184,525	18.78%
Direct, at User's Site	112,782,385	21,184,525	18.78%
Direct, in City Space	112,782,385	21,184,525	18.78%
CITY CLERK			
Elections	2,494,864	399,601	16.02%
Special Assessment Section	7,240,995	1,194,583	16.50%
CONTROLLER			
Direct, at User's Site	13,590,714	2,215,158	16.30%
Direct, in City Space	13,590,714	2,215,158	16.30%
CULTURAL AFFAIRS	4,568,124	724,696	15.86%
DEPARTMENT on DISABILITY	2,001,185	341,630	17.07%
ECONOMIC and WORKFORCE DEVELOPMENT			
Balance of Department	9,886,034	1,949,894	19.72%
As Needed Employees.	na	na	na
EL PUEBLO de LOS ANGELES	724,158	139,881	19.32%
EMERGENCY MANAGEMENT			
Emergency Preparedness Policy & Public Information	2,692,429	458,492	17.03%

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CITY OF LOS ANGELES, CALIFORNIA
 Cost Allocation Plan 44
 Schedule of Compensated Time Off Salary Base,
 Compensated Time Off Costs, and Rates by Department
 Based on The Fiscal Year Ended June 30, 2020
 To Be Applied in Fiscal Year 2021-22

<u>DEPARTMENT/Cost Center</u>	<u>Compensated Time Off Salary Base</u>	<u>Compensated Time Off Costs</u>	<u>Rates</u>
FINANCE			
Revenue Collections	\$ 22,678,496	\$ 5,149,278	22.71%
Cash Management and Investment	22,678,496	5,149,278	22.71%
FIRE			
Civilian	28,645,427	5,762,467	20.12%
Sworn	320,764,341	74,102,308	23.10%
GENERAL SERVICES			
Materials Testing	5,372,891	1,333,640	24.82%
Print Shop	1,793,288	406,729	22.68%
LOS ANGELES HOUSING Dept. (LAHD)			
Grant Funded & Special Programs	47,631,745	9,041,066	18.98%
Local Funded Housing	47,631,745	9,041,066	18.98%
Enforcement	47,631,745	9,041,066	18.98%
Internal Administration	47,631,745	9,041,066	18.98%
LIBRARY	60,744,586	12,326,954	20.29%
LOS ANGELES CITY TOURISM Dept.	1,176,532	150,521	12.79%
MAYOR			
Executive/Policy	14,338,463	1,653,983	11.54%
Grant Funded & Special Programs	2,201,908	379,803	17.25%
NEIGHBORHOOD EMPOWERMENT	2,038,938	315,326	15.47%
PERSONNEL			
Custody Care (Jails)	43,091,911	7,285,593	16.91%
Grant-Funded & Special Programs	43,091,911	7,285,593	16.91%
PLANNING	31,796,035	5,450,076	17.14%
POLICE			
Civilian	195,369,319	51,513,751	26.37%
Sworn	858,991,322	276,839,549	32.23%

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CITY OF LOS ANGELES, CALIFORNIA
 Cost Allocation Plan 44
 Schedule of Compensated Time Off Salary Base,
 Compensated Time Off Costs, and Rates by Department
 Based on The Fiscal Year Ended June 30, 2020
 To Be Applied in Fiscal Year 2021-22

<u>DEPARTMENT/Cost Center</u>	<u>Compensated Time Off Salary Base</u>	<u>Compensated Time Off Costs</u>	<u>Rates</u>
PUBLIC WORKS			
Board			
Public services	\$ 3,931,418	\$ 604,574	15.38%
Contract Administration			
Construction Inspection	27,828,042	5,307,353	19.07%
Engineering			
Clean Water Infrastructure	78,289,713	14,084,885	17.99%
Development Services	78,289,713	14,084,885	17.99%
Mobility	78,289,713	14,084,885	17.99%
Public Bldgs & Open Spaces	78,289,713	14,084,885	17.99%
General Mapping & Survey	78,289,713	14,084,885	17.99%
Sanitation			
Solid Resource	83,108,512	19,357,741	23.29%
Environmental Quality	9,638,979	1,745,064	18.10%
Watershed Protection	13,013,681	2,712,504	20.84%
Clean Water	85,299,874	19,291,374	22.62%
Street Lighting	24,557,480	4,194,735	17.08%
Street Services	75,911,977	17,194,072	22.65%
RECREATION and PARKS	147,719,219	25,984,309	17.59%
TRANSPORTATION	90,327,419	24,492,715	27.12%
ZOO	13,091,608	3,188,812	24.36%

The accompanying notes are an integral part of this schedule.

CITY OF LOS ANGELES, CALIFORNIA
Cost Allocation Plan 44
For Department Administration and Support,
And Compensated Time Off
Notes to Schedules
For the Fiscal Year Ended June 30, 2020

NOTE 1 – ACCOUNTING POLICIES

The City of Los Angeles (City) prepares its Cost Allocation Plan (CAP) in accordance with Title 2 of the Code of Federal Regulations (CFR), Subtitle A, Chapter II, Part 200, “*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*” (formerly CFR 225).

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 the fiscal year ended June 30, 2020, as reported in the City’s 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 the fiscal year ended June 30, 2020, are added to “carry forward” amounts, which represent the difference between the costs theoretically recovered in the fiscal year ended June 30, 2020 and the costs entitled to be recovered in the fiscal year ended June 30, 2020. 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 not being charged to the project, so the cost of that time off may be recovered using the CTO 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 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. The adjustment to salaries resulting in gross salaries is computed by applying the CTO rate to net salaries and adding this derived amount to net salaries. The derived gross salaries become the base against which the fringe benefit rate and other indirect cost rates are applied.

Overhead rates presented in the accompanying schedules will be negotiated with the U.S. Department of Housing and Urban Development (HUD), the City’s CAP cognizant agency. Final overhead rates to be applied in the fiscal year ending June 30, 2022, will be developed, and approved by HUD based upon this negotiation process. During the fiscal year ended June 30, 2021, HUD contracted with the U.S. Department of Health and Human Services (HHS) to negotiate the overhead rates. It is expected HHS will continue to perform the negotiation of the City’s CAP for the fiscal year ending June 30, 2022.

CITY OF LOS ANGELES, CALIFORNIA
Cost Allocation Plan 44
For Department Administration and Support,
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Notes to Schedules
For the Fiscal Year Ended June 30, 2020 (Continued)

NOTE 2 – DEPARTMENTS WITHOUT 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 (formerly Housing + Community Investment). These departments have been presented to be consistent with the presentation of the City's Central Services CAP.

The Department of Aging cannot recover administrative costs from its grants due to grant expenditure limitations. Department Administration and Support rates are not computed for the Departments of Economic & Workforce Development and Housing + Community Investment because their administrative and support costs are directly billed 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 CTO 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 costs. The cost categories are the Department Administration and Support costs and CTO costs for each cost center, as discussed in Note 1.

The following are changes from CAP 43 to CAP 44.

1. REVISIONS TO COST CENTERS – NEW OR RENAMED COST CENTERS

- 1) Starting in CAP 44, a new direct cost objective cost center has been created in the **Los Angeles Housing Department (LAHD)**. Los Angeles voters have approved a bond-funded ballot measure providing funds for construction of permanent housing to alleviate a worsening homelessness crisis. In order to keep the LAHD staff and allocated costs for the local bond-funded projects separate from the grant funded projects staff, the City split the cost center formerly entitled **Grant funded and Special Projects** into two cost centers: **Grant Funded Housing** and **Local Funded Housing**. The four CAP Cost centers in LAHD are now as follows:

- i. Grant Funded Housing (CD4311)
- ii. Local Funded Housing (CD4313)
- iii. Enforcement (CD4312)
- iv. Housing, Internal Admin. (CD43AD)

- 2) The Housing + Community Investment Department is renamed to Los Angeles Housing Department (LAHD).

CITY OF LOS ANGELES, CALIFORNIA
Cost Allocation Plan 44
For Department Administration and Support,
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Notes to Schedules
For the Fiscal Year Ended June 30, 2020 (Continued)

NOTE 4 – COST CENTERS AND COST CATEGORIES (Continued)

- 3) The Los Angeles Convention & Tourism Development Department is renamed to Los Angeles City Tourism Department.

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 a CTO rate for the Economic & Workforce Development Department – As Needed Employees since this cost center consists of part-time employees who are not entitled to CTO.