

CITY OF LOS ANGELES, CALIFORNIA

Single Audit Reports

For the Fiscal Year Ended June 30, 2016



Certified
Public
Accountants

CITY OF LOS ANGELES, CALIFORNIA
Single Audit Reports
For the Fiscal Year Ended June 30, 2016

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RON GALPERIN
CONTROLLER

March 28, 2017

INTRODUCTION TO THE ORGANIZATION OF THE CITY OF LOS ANGELES

The City of Los Angeles (City) was incorporated in 1850 under the provisions of a City Charter. The current Charter was approved by the electorate on June 8, 1999 and became effective on July 1, 2000. The City's organizational structure provides for a decentralized operation. For single audit purposes in accordance with the amended Single Audit Act, the City reports as five separate entities to reflect this structure. These entities include: (1) General Government; (2) Department of Airports; (3) Harbor Department; (4) Department of Water and Power; and (5) Housing Authority of the City of Los Angeles. All five entities are responsible for arranging an annual financial audit. If they receive Federal assistance, they also arrange for single audits and submit the resulting reports to the U.S. Bureau of the Census.

The General Government entity is under the control and management of the Mayor and City Council. Services provided by this entity are delineated in the City Charter and Administrative Code. The remaining four entities are independent of direct Mayor and City Council control and management.

The Department of Airports, Harbor Department, and Department of Water and Power are independent Charter departments headed by citizen commissions appointed by the Mayor and confirmed by the City Council. These departments have control of their own funds and revenue. They establish their own budgets, set their rates subject to City Council review and approval, sell revenue bonds, and have required audits performed.

The Housing Authority of the City of Los Angeles is an entity established as a result of Federal/State law provisions and is headed by a City commission.

INTRODUCTION TO THE ORGANIZATION OF THE CITY OF LOS ANGELES

March 28, 2017

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The City prepares and issues a Comprehensive Annual Financial Report (CAFR) that contains the Basic Financial Statements. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) for State and local governments. For GAAP reporting purposes, the City's reporting entity includes three of the four independent entities. The Housing Authority is fiscally independent of the City and therefore excluded from the City's reporting entity.

The General Government's auditor performs financial and single audits of the General Government, while the financial and any required single audits of the other entities are performed by their respective auditors.

The City's CAFR (which includes the basic financial statements) and the Schedule of Expenditures of Federal Awards (SEFA) with required single audit reports for the fiscal year ended June 30, 2016 are issued as separate documents. Copies of both the CAFR and the SEFA, with the required single audit reports, are submitted to the Federal Audit Clearinghouse, U.S. Bureau of the Census, and the State Controller.

The attachment provides summary information on each of the five Single Audit reporting entities of the City. A brief description of the functions of each of these entities is included.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ron Galperin', with a stylized flourish extending to the right.

RON GALPERIN
City Controller

Attachment

STATUS OF THE FISCAL YEAR 2015-2016 SINGLE AUDIT

1. GENERAL GOVERNMENT

- Responsible for providing for the health, welfare and public safety of the City including police, fire, public works, building inspections and issuance of permits, City planning, libraries and recreation and parks under the authority of the City Charter.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2015-2016 Budget: \$8,582,563,000
- Fiscal Year 2015-2016 Federal Award Expenditures: \$564,146,000
- Fiscal Year 2015-2016 Balance of Outstanding Loans of Federal Funds under Loan Guarantee Program: \$ 138,549,000
- Fiscal Year 2015-2016 Financial Audit: Completed
- Fiscal Year 2015-2016 Single Audit: Completed
- Federal Cognizant Agency for Audit: Department of Housing and Urban Development
- Auditor: Macias Gini & O'Connell LLP

2. DEPARTMENT OF AIRPORTS

- Responsible for the management, supervision and control of the City's airports and airport facilities. Controls its own funds, establishes its own budget and sets rates subject to City Council review. Governed by a Board of Commissioners appointed by the Mayor and confirmed by the City Council.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2015-2016 Budget: \$4,668,930,000
- Fiscal Year 2015-2016 Federal Award Expenditures: \$46,116,000
- Fiscal Year 2015-2016 Financial Audit: Completed
- Fiscal Year 2015-2016 Single Audit: Completed
- Federal Cognizant Agency for Audit: Department of Transportation
- Auditor: Macias Gini & O'Connell LLP

**STATUS OF THE FISCAL YEAR 2015-2016 SINGLE AUDIT
(Continued)**

3. HARBOR DEPARTMENT

- Responsible for the management, supervision, and control of the Port of Los Angeles. Provides for the needs of maritime commerce, navigation, and marine recreations for the citizens of California. Constructs and maintains its own facilities and controls its own funds in accordance with the Charter and State of California Tidelands Trust. Governed by a Board of Commissioners appointed by the Mayor and confirmed by the City Council.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2015-2016 Budget: \$1,001,086,000
- Fiscal Year 2015-2016 Federal Award Expenditures: \$11,225,000
- Fiscal Year 2015-2016 Financial Audit: Completed
- Fiscal Year 2015-2016 Single Audit: Completed
- Federal Oversight Agency for Audit: Department of Homeland Security
- Auditor: Macias Gini & O'Connell LLP

**STATUS OF THE FISCAL YEAR 2015-2016 SINGLE AUDIT
(Continued)**

4. HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

- Responsible for the elimination of unsafe and unsanitary dwelling units in the City to protect the health and safety of the inhabitants and to develop and administer low-rent housing projects within the City limits. Established by the City Council in accordance with the California Health and Safety Code (Section 34200 et seq.) and Section 8 of the Federal Housing Act of 1937. Prepares its own budget for the approval by the Board of Housing Authority Commissioners and forwards it to the U.S. Department of Housing and Urban Development for approval in accordance with Federal guidelines. Employs personnel not included in the classified Civil Service established by the Charter and participates in the California Public Employees' Retirement System.
- Fiscal Year: January 1 to December 31
- Fiscal Year 2015 Budget: \$1,203,798,000
- Fiscal Year 2016 Budget: \$1,248,055,000
- Fiscal Year 2015 Federal Award Expenditures: \$1,075,650,000
- Fiscal Year 2016 Federal Award Expenditures: \$1,091,460,000 (Unaudited)
- Fiscal Year 2015 Financial and Single Audits: Completed
- Fiscal Year 2016 Financial and Single Audits: In Process
- Federal Cognizant Agency for Audit: Department of Housing and Urban Development
- Auditor: Macias Gini & O'Connell LLP

**STATUS OF THE FISCAL YEAR 2015-2016 SINGLE AUDIT
(Continued)**

5. DEPARTMENT OF WATER AND POWER

- Responsible for supplying the City and its inhabitants with water and electric energy by constructing, operating, and maintaining facilities located throughout the City and Inyo and Mono counties. Governed by a Board of Commissioners appointed by the Mayor and confirmed by the City Council. Controls its own funds, establishes its own budget and sets rates, subject to Council approval.
- Fiscal Year: July 1 to June 30
- Fiscal Year 2015-2016 Budget:
 - \$2,650,835,000 (Water System)
 - \$5,601,282,000 (Power System)
- Fiscal Year 2015-2016 Federal Award Expenditures:
 - \$31,743,000 (Water System)
 - \$605,000 (Power System) (Unaudited)
- Fiscal Year 2015-2016 Financial Audit: Completed
- Fiscal Year 2015-2016 Single Audit:
 - Water System (Completed)
 - Power System (Not subject to Single Audit)
- Federal Oversight Agencies for Audit:
 - Environmental Protection Agency (Water System)
- Auditor: KPMG LLP



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*

To the 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Angeles, California (City), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 6, 2017. Our report includes a reference to other auditors who audited the financial statements of the following City departments/funds, which are reported as enterprise and pension and other postemployment benefits trust funds: Department of Water and Power (DWP), Fire and Police Pension System (Pensions), Los Angeles City Employees' Retirement System (LACERS), and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plans (DWP Plans) as described in our report on the City's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. In addition, we audited the financial statements of the Department of Airports, and the Department of Harbor, and the results of our testing of internal control over financial reporting and compliance and other matters were reported separately to the Board of Airport Commissioners and Harbor Commissioners on October 31, 2016 and December 23, 2016, respectively. The financial statements of the DWP Plans were not audited in accordance with *Government Auditing Standards*.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, flowing style.

Los Angeles, California
February 6, 2017



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, the Supplementary Schedule of Expenditures of Federal and State Awards Granted by the California Department of Aging, the Community Services Block Grant Supplementary Schedules of Revenue and Expenditures, and the Supplementary Schedule of Expenditures of Selected State Financial Assistance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Los Angeles, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Department of Airports (Airports), Harbor Department (Harbor), and the Department of Water and Power (DWP), which expended \$46,116,000, \$11,225,000, and \$32,348,000, respectively in federal awards, which are not included in the schedule of expenditures of federal awards for the fiscal year ended June 30, 2016. Our audit, described below, did not include the operations of these departments. We were engaged to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and report on the results separately to the Airports and Harbor. The DWP engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-002, 2016-003, and 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-002, and 2016-004, that we consider to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, the Supplementary Schedule of Expenditures of Federal and State Awards Granted by the California Department of Aging, the Community Services Block Grant Supplementary Schedules of Revenue and Expenditures, and the Supplementary Schedule of Expenditures of Selected State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 6, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards, the supplementary schedule of expenditures of federal and state awards granted by the California Department of Aging, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of selected state financial assistance (Schedules) are presented for purposes of additional analysis as required by the Uniform Guidance, the California Department of Aging, the California Department of Community Services and Development, and the California Department of Alcoholic Beverage Control, respectively, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Los Angeles, California
March 28, 2017

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CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
<u>DEPARTMENT OF AGRICULTURE</u>						
Recreation and Parks	State of California - Department of Education	Summer Food Service Program for Children	10.559	19-81909V	\$ 714,000	\$ --
Aging	State of California - Department of Aging	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SP-1415-25	40,000	--
Aging	California Department of Food and Agriculture	Senior Farmers Market Nutrition Program	10.576	7CA810CA4	95,000	95,000
TOTAL FOR DEPARTMENT OF AGRICULTURE					849,000	95,000
<u>DEPARTMENT OF COMMERCE</u>						
Public Works	Direct	Economic Adjustment Assistance	11.307	07-79-06545	2,370,000	--
Recreation and Parks	National Fish and Wildlife Foundation	Habitat Conservation	11.463	3002.14.045332	15,000	--
Mayor	University of Southern California	MBDA Business Center	11.805	MB11SFR805004	75,000	--
TOTAL FOR DEPARTMENT OF COMMERCE					2,460,000	--
<u>DEPARTMENT OF DEFENSE</u>						
Police	Direct	Donations/Loans of Obsolete DOD Property	12.700	Unknown	588,000	--
TOTAL FOR DEPARTMENT OF DEFENSE					588,000	--
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Housing and Community Investment	Direct	Community Development Block Grants/Entitlement Grants (Note 8)	14.218	B-16-MC-06-0523 and Prior Awards B-08-MN-06-0512 B-11-MN-06-0512	79,349,000	25,180,000
					270,000	171,000
					334,000	56,000
					79,953,000	25,407,000
Subtotal 14.218						
Housing and Community Investment	Direct	Emergency Solutions Grant Program	14.231	E-16-MC-06-0523 and Prior Awards	4,160,000	3,976,000
Housing and Community Investment	Direct	HOME Investment Partnerships Program (Notes 8)	14.239	M-16-MC-06-0519 and Prior Awards	53,521,000	--

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Housing and Community Investment	Direct	Housing Opportunities for Persons with AIDS (Note 8)	14.241	CA-H12-0002 CA-H16-F005 and Prior Awards	\$ 247,000 11,051,000	\$ 247,000 10,754,000
		<i>Subtotal 14.241</i>			11,298,000	11,001,000
Economic and Workforce Development	Direct	Community Development Block Grants - Section 108 Loan Guarantees (Note 8)	14.248	B-11-MC-06-0523-B and Prior Awards	150,058,000	2,910,000
Housing and Community Investment	Direct	ARRA - Neighborhood Stabilization Program (Note 8)	14.256	B-09-LN-CA-0046	1,090,000	948,000
Housing and Community Investment	Direct	McKinney Act Savings (Note 8)	14.Unknown	Unknown	22,000	--
Housing and Community Investment	Direct	Lead Hazard Reduction Demonstration Grant Program	14.905	CALHD0242-12 CALHD0262-14	234,000 1,438,000	-- --
		<i>Subtotal 14.905</i>			1,672,000	--
TOTAL FOR DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					301,774,000	44,242,000
<u>DEPARTMENT OF THE INTERIOR</u>						
City Planning	State Department of Parks & Recreation	Historic Preservation Fund Grants-In-Aid	15.904	P15AP00001 P15AF00029	10,000 35,000	-- --
		<i>Subtotal 15.904</i>			45,000	--
TOTAL FOR DEPARTMENT OF THE INTERIOR					45,000	--
<u>DEPARTMENT OF JUSTICE</u>						
Police	Direct	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	SW-CAC-1148 SW-CAC-1170 SW-CAC-1182 SW-CAC-1211 SW-CAC-1224 SW-CAC-1233 SW-CAC-1257 SW-CAC-1267 SW-CAC-1269 SW-CAC-1275 SW-CAC-1296 SW-CAC-1298 SW-CAC-1301 SW-CAC-1321	6,000 8,000 5,000 3,000 6,000 1,000 17,000 14,000 5,000 7,000 1,000 16,000 9,000 9,000	-- -- -- -- -- -- -- -- -- -- -- -- -- --

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Police	Direct	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	11-0149 92R31600 Unknown	\$ 20,000 405,000 50,000	\$ -- -- --
		<i>Subtotal 16.004</i>			<u>582,000</u>	<u>--</u>
Police	Direct	Alcohol, Tobacco, and Firearms- Training Assistance	16.012	08-LOS-214-AFF SW-CAC-1104H	92,000 4,000	-- --
		<i>Subtotal 16.012</i>			<u>96,000</u>	<u>--</u>
Police	Direct	Law Enforcement Assistance - FBI Advanced Police Training	16.300	415-LA-A1509676-R 28IN-LA-229465 305A-LA-C247329-CE-1 Unknown 166E-LA-140751-CRA 281E-LA-A2472302	98,000 14,000 13,000 8,000 496,000 25,000	-- -- -- -- -- --
		<i>Subtotal 16.300</i>			<u>654,000</u>	<u>--</u>
Mayor	State of California - Department of Corrections and Rehabilitation	Juvenile Accountability Block Grants	16.523	BSCC 167-15	<u>110,000</u>	<u>--</u>
Mayor	Direct	OVW Technical Assistance Initiative	16.526	2013-EW-AX-K005	<u>109,000</u>	<u>--</u>
Police	Direct	Missing Children's Assistance	16.543	2012-MC-FX-K002 2015-MC-FX-K007	391,000 279,000	-- --
Police	State of California - Office of Emergency Services	Missing Children's Assistance	16.543	IC15 07 7250	<u>97,000</u>	<u>--</u>
		<i>Subtotal 16.543</i>			<u>767,000</u>	<u>--</u>
Police	Direct	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2012-DN-BX-K010 334D-LA-259761 Unknown Unknown	25,000 91,000 95,000 103,000	-- -- -- --
		<i>Subtotal 16.560</i>			<u>314,000</u>	<u>--</u>
City Attorney	County of Los Angeles	Crime Victim Assistance	16.575	VW15320190	1,264,000	--
City Attorney	State of California - Office of Emergency Services	Crime Victim Assistance	16.575	UV14047250	<u>99,000</u>	<u>--</u>
		<i>Subtotal 16.575</i>			<u>1,363,000</u>	<u>--</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Mayor	Direct	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0051	\$ 226,000	\$ 206,000
Police	Direct	Corrections -Technical Assistance/ Clearinghouse	16.603	JLEO-14-0045	126,000	--
Police	Direct	Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0532 2012ULWX0004 2014CKWX0004	47,000 988,000 11,000	-- -- --
		<i>Subtotal 16.710</i>			1,046,000	--
Mayor	Direct	Gang Resistance Education and Training	16.737	2012-PB-FX-K0003	186,000	95,000
Mayor	Direct	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2533 2012-DJ-BX-0878 2013-DJ-BX-1149 2014-DJ-BX-0235 2015-DJ-BX-0302	396,000 487,000 1,204,000 782,000 172,000	-- 480,000 1,106,000 664,000 --
		<i>Subtotal 16.738</i>			3,041,000	2,250,000
Police	Direct	DNA Backlog Reduction Program	16.741	2013-DN-BX-0070 2014-DN-BX-0035	594,000 679,000	-- --
		<i>Subtotal 16.741</i>			1,273,000	--
Police	Direct	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2014-CD-BX-0020	56,000	--
Police	State of California - Office of Emergency Services	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ14 11 7250 CQ15 12 7250	73,000 25,000	-- --
		<i>Subtotal 16.742</i>			154,000	--
City Attorney	Direct	Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2012-MO-BX-0030	31,000	--
Police	Direct	Edward Byrne Memorial Competitive Grant Program	16.751	2009-DG-BX-0118	51,000	--
Police	Direct	Economic High-Tech and Cyber Crime Prevention	16.752	2014-ZP-BX-0003	275,000	--
Economic and Workforce Development	Direct	Second Chance Act Reentry Initiative	16.812	2014-RV-BX-0006	225,000	145,000

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Mayor	Direct	Second Chance Act Reentry Initiative	16.812	2013-CZ-BX-0003	\$ 327,000	\$ 206,000
		<i>Subtotal 16.812</i>			<u>552,000</u>	<u>351,000</u>
City Attorney	County of Los Angeles	Byrne Criminal Justice Innovation Program	16.817	BSCC 656-14	75,000	--
City Attorney	Direct	Byrne Criminal Justice Innovation Program	16.817	Unknown	<u>125,000</u>	<u>--</u>
		<i>Subtotal 16.817</i>			<u>200,000</u>	<u>--</u>
City Attorney	Direct	Smart Prosecution Initiative	16.825	2014-YX-BX-0004	<u>238,000</u>	<u>--</u>
City Attorney	Direct	Equitable Sharing Program	16.922	Unknown	4,000	--
Police	Direct	Equitable Sharing Program	16.922	Unknown	<u>3,344,000</u>	<u>--</u>
		<i>Subtotal 16.922</i>			<u>3,348,000</u>	<u>--</u>
TOTAL FOR DEPARTMENT OF JUSTICE					<u>14,742,000</u>	<u>2,902,000</u>
<u>DEPARTMENT OF LABOR</u>						
Economic and Workforce Development	State of California-Employment Development Department	Employment Service/Wagner- Peyser Funded Activities	17.207	K597224	<u>7,000</u>	<u>7,000</u>
Aging	State of California- Department of Aging	Senior Community Service Employment Program	17.235	TV-1516-25	<u>1,509,000</u>	<u>--</u>
Economic and Workforce Development	State of California- Employment Development Department	WIA/WIOA Adult Program Cluster with CFDA Nos. 17.259, and 17.278	17.258	K594764 K594764 K698365 K594764	151,000 3,901,000 10,186,000 <u>1,324,000</u>	130,000 2,963,000 6,520,000 <u>927,000</u>
		<i>Subtotal 17.258</i>			<u>15,562,000</u>	<u>10,540,000</u>
Economic and Workforce Development	State of California- Employment Development Department	WIA/WIOA Youth Activities Cluster with CFDA Nos. 17.258, and 17.278	17.259	K698365 K594764 K7102035	10,410,000 2,675,000 <u>212,000</u>	7,779,000 -- <u>--</u>
		<i>Subtotal 17.259</i>			<u>13,297,000</u>	<u>7,779,000</u>
Economic and Workforce Development	South Bay Workforce Investment Board, Inc.	WIA/WIOA Dislocated Worker Formula Grants Cluster with CFDA Nos. 17.258, and 17.259	17.278	13-WO-62	417,000	321,000

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Economic and Workforce Development	State of California- Employment Development Department	WIA/WIOA Dislocated Worker Formula Grants Cluster with CFDA Nos. 17.258, and 17.259	17.278	K698365 K594764	\$ 8,506,000 4,689,000	\$ 4,543,000 3,066,000
		<i>Subtotal 17.278</i>			13,612,000	7,930,000
		<i>Subtotal WIA/WIOA Cluster (17.258, 17.259, 17.278)</i>			42,471,000	26,249,000
Economic and Workforce Development	State of California- Employment Development Department	WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	K698365	190,000	99,000
Economic and Workforce Development	Los Angeles Community College District	Trade Adjustment Assistance Community College and Career Training (TAACCCT)	17.282	4500212201	222,000	--
Economic and Workforce Development	Direct	Workforce Innovation Fund	17.283	IF-23259-12-60-A-6	1,706,000	1,119,000
Economic and Workforce Development	Direct	Workforce Innovation Fund	17.283	IF-26348-14-60-A-6	1,439,000	742,000
		<i>Subtotal 17.283</i>			3,145,000	1,861,000
TOTAL FOR DEPARTMENT OF LABOR					47,544,000	28,216,000
<u>DEPARTMENT OF TRANSPORTATION</u>						
Public Works	State of California - Department of Transportation	Highway Planning and Construction	20.205	Various	67,446,000	--
Transportation	State of California - Department of Transportation	Highway Planning and Construction	20.205	Various	8,836,000	--
		<i>Subtotal 20.205</i>			76,282,000	--
Transportation	Los Angeles County Metropolitan Transportation Authority (LACMTA)	Federal Transit - Capital Investment Grants Cluster with CFDA No. 20.507	20.500	CA-03-0815/ MOU-WBRTLADOT	2,685,000	--
Transportation	Direct	Federal Transit - Formula Grants Cluster with CFDA No. 20.500	20.507	CA-95-X063-00 CA-95-X294-00 CA-90-Z131-00	1,808,000 4,792,000 1,835,000	-- -- --
		<i>Subtotal 20.507</i>			8,435,000	--
		<i>Subtotal Federal Transit Cluster (20.500, 20.507)</i>			11,120,000	--

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
City Attorney	State of California - Office of Traffic Safety	State and Community Highway Safety Cluster with CFDA No. 20.616	20.600	DI1520 DI1619	\$ 90,000 200,000	\$ -- --
Housing and Community Investment	State of California - Office of Traffic Safety	State and Community Highway Safety Cluster with CFDA No. 20.616	20.600	OP1608	332,000	--
Police	State of California - Office of Traffic Safety	State and Community Highway Safety Cluster with CFDA No. 20.616	20.600	PT1551 PT16116	150,000 282,000	-- --
		<i>Subtotal 20.600</i>			<u>1,054,000</u>	<u>--</u>
Police	State of California- Office of Traffic Safety	National Priority Safety Programs Cluster with CFDA No. 20.600	20.616	PT16116	<u>32,000</u>	<u>--</u>
		<i>Subtotal Highway Safety Cluster (20.600, 20.616)</i>			<u>1,086,000</u>	<u>--</u>
Housing and Community Investment	State of California- Office of Traffic Safety	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	OP1503	108,000	--
Police	State of California- Office of Traffic Safety	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT1551 PT16116	930,000 1,891,000	-- --
		<i>Subtotal 20.608</i>			<u>2,929,000</u>	<u>--</u>
TOTAL FOR DEPARTMENT OF TRANSPORTATION					<u>91,417,000</u>	<u>--</u>
<u>DEPARTMENT OF THE TREASURY</u>						
Police	Direct	Equitable Sharing Program	21.000	Unknown	<u>894,000</u>	<u>--</u>
Police	Direct	Taxpayer Service	21.003	Unknown Unknown	29,000 61,000	-- --
		<i>Subtotal 21.003</i>			<u>90,000</u>	<u>--</u>
TOTAL FOR DEPARTMENT OF THE TREASURY					<u>984,000</u>	<u>--</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>						
Library	California State Library	Grants to States	45.310	40-8576	<u>5,000</u>	<u>--</u>
TOTAL FOR INSTITUTE OF MUSEUM AND LIBRARY SERVICES					<u>5,000</u>	<u>--</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Public Works	Direct	Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T51701-0 BF-99T09601-0	\$ 113,000 55,000	\$ -- --
		<i>Subtotal 66.818</i>			<u>168,000</u>	<u>--</u>
	TOTAL FOR ENVIRONMENTAL PROTECTION AGENCY				<u>168,000</u>	<u>--</u>
<u>DEPARTMENT OF ENERGY</u>						
Public Works	Direct	Conservation Research and Development	81.086	DE-EE0007430	<u>17,000</u>	<u>--</u>
Housing and Community Investment	Direct	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) (Note 8)	81.128	DE-EE0000869	<u>1,000</u>	<u>--</u>
	TOTAL FOR DEPARTMENT OF ENERGY				<u>18,000</u>	<u>--</u>
<u>DEPARTMENT OF EDUCATION</u>						
Economic and Workforce Development	Direct	Performance Partnership Pilots for Disconnected Youth	84.420	V420A150023	<u>20,000</u>	<u>--</u>
	TOTAL FOR DEPARTMENT OF EDUCATION				<u>20,000</u>	<u>--</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Aging	State of California - Department of Aging	Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation Cluster with CFDA Nos. 93.042, 93.043, 93.044, 93.045, 93.052, and 93.053	93.041	AP-1415-25	<u>49,000</u>	<u>49,000</u>
Aging	State of California - Department of Aging	Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals Cluster with CFDA Nos. 93.041, 93.043, 93.044, 93.045, 93.052, and 93.053	93.042	AP-1516-25	<u>86,000</u>	<u>86,000</u>
Aging	State of California - Department of Aging	Special Programs for the Aging Title III, Part D Disease Prevention Part F Disease Prevention and Health Promotion Services Cluster with CFDA Nos. 93.041, 93.042, 93.044, 93.045, 93.052, and 93.053	93.043	AP-1516-25	<u>218,000</u>	<u>218,000</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Aging	State of California - Department of Aging	Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.045, 93.052, and 93.053	93.044	AP-1516-25	\$ 3,380,000	\$ 2,738,000
Aging	State of California - Department of Aging	Special Programs for the Aging Title III, Part C Nutrition Services Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.052, and 93.053	93.045	AP-1516-25	6,040,000	5,520,000
Aging	State of California - Department of Aging	National Family Caregiver Support Title III, Part E Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.045, and 93.053	93.052	AP-1516-25	1,090,000	645,000
Aging	State of California - Department of Aging	Nutrition Services Incentive Program Cluster with CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.045, and 93.052	93.053	AP-1516-25	1,174,000	1,174,000
		<i>Subtotal Aging Cluster (93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053)</i>			12,037,000	10,430,000
Emergency Management	County of Los Angeles - Department of Public Health	Public Health Emergency Preparedness	93.069	126913	30,000	--
Economic and Workforce Development	County of Los Angeles - Community and Senior Services Department	Temporary Assistance for Needy Families	93.558	IA-0114 IA-0115	(15,000) 3,490,000	-- 3,021,000
		<i>Subtotal 93.558</i>			3,475,000	3,021,000
Housing and Community Investment	State of California - Department of Community Services and Development	Community Services Block Grant	93.569	15F-2022 16F-5022	4,241,000 1,269,000	3,015,000 695,000
		<i>Subtotal 93.569</i>			5,510,000	3,710,000
Recreation and Parks	State of California - Department of Education	Child Care and Development Block Grant Cluster with CFDA No. 93.596	93.575	CSPP-5154 CCTR-5076	16,000 2,000	-- --
		<i>Subtotal 93.575</i>			18,000	--

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Recreation and Parks	State of California - Department of Education	Child Care Mandatory and Matching Funds of the Child Care and Development Fund Cluster with CFDA No. 93.575	93.596	CSPP-5154 CCTR-5076	\$ 46,000 6,000	\$ -- --
		<i>Subtotal 93.596</i>			52,000	--
		<i>Subtotal CCDF Cluster (93.575, 93.596)</i>			70,000	--
Aging	State of California - Department of Aging	State Health Insurance Assistance Program	93.324	HI-1516-25	231,000	229,000
Housing and Community Investment	Impact Assessment, Inc. (IAI)	Child Lead Poisoning Prevention Surveillance Financed in Part by Prevention and Public Health (PPHF) Program	93.753	1UE1EH001261-01	25,000	--
TOTAL FOR DEPARTMENT OF HEALTH AND HUMAN SERVICES					21,378,000	17,390,000
<u>DEPARTMENT OF HOMELAND SECURITY</u>						
Fire	Direct	National Urban Search and Rescue (US&R) Response System	97.025	EMW-2012-CA-K00016-S01 EMW-2013-CA-K00017-S01 EMW-2014-CA-K00079-S01 EMW-2015-CA-00037-S01	9,000 243,000 650,000 214,000	-- -- -- --
		<i>Subtotal 97.025</i>			1,116,000	--
City Administrative Officer	State of California- Office of Emergency Services	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	180,000	--
Emergency Management	County of Los Angeles - Office of Emergency Management	Emergency Management Performance Grants	97.042	127592	641,000	--
Fire	Direct	Assistance to Firefighters Grant	97.044	EMW-2014-FO-03757	218,000	--
Mayor	State of California- Office of Emergency Services	Pre-Disaster Mitigation	97.047	2012-1001	37,000	--
Police	Direct	Port Security Grant Program	97.056	EMW-2013-PU-00501-S01 EMW 2014 PU 00413	127,000 1,495,000	-- --
Fire	Direct	Port Security Grant Program	97.056	EMW-2013-PU-00530-S01	14,000	--
		<i>Subtotal 97.056</i>			1,636,000	--

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

<u>FEDERAL GRANTOR/ CITY DEPARTMENT</u>	<u>PASS THROUGH GRANTOR</u>	<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>GRANT/PASS THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
Mayor	State of California- Office of Emergency Services	Homeland Security Grant Program	97.067	2011-SS-0077	\$ 17,396,000	\$ 17,055,000
				2012-0123	4,524,000	--
				2013-00110	6,139,000	649,000
				2014-00093	557,000	--
				2014-00093	40,371,000	26,548,000
				2015-0078	1,466,000	--
		Subtotal 97.067	70,453,000	44,252,000		
Police	Direct	Law Enforcement Officer Reimbursement Agreement Program	97.090	CA0194200	271,000	--
Mayor	Direct	Securing the Cities Program	97.106	2012-DN-106-000001-04 and Prior Awards	7,602,000	161,000
TOTAL FOR DEPARTMENT OF HOMELAND SECURITY					82,154,000	44,413,000
TOTAL FEDERAL AWARDS					\$ 564,146,000	\$ 137,258,000

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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CITY OF LOS ANGELES, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

1. Reporting Entity for Single Audit

The City of Los Angeles, California (City) has defined its single audit reporting entity for the purpose of this report, in accordance with the Single Audit Act, as:

"Those Departments and Offices over which the Mayor and the City Council have direct legislative, executive and budgetary control."

The Housing Authority of the City of Los Angeles is fiscally independent of the City and therefore excluded from the City's reporting entity under generally accepted accounting principles and, accordingly, from its Single Audit reporting entity.

For the purpose of the Schedule of Expenditures of Federal Awards, the reporting entity consists of the following City Departments and Offices:

Aging	Office of Finance
Animal Services	Fire
Building and Safety	General Services
City Administrative Officer	Housing and Community Investment
City Attorney	Information Technology Agency
City Clerk	Library
City Ethics Commission	Mayor
Controller	Neighborhood Empowerment
Convention and Tourism Development	Personnel
Council	Planning
Cultural Affairs	Police
Disability	Public Works
Economic and Workforce Development	Recreation and Parks
El Pueblo de Los Angeles	Transportation
Emergency Management	Zoo
Employee Relations Board	

The Federal award programs administered by the following City Departments and related organization are not included in the Schedule of Expenditures of Federal Awards but have separate independent single audits:

<u>Department/Agencies</u>	<u>Federal Single Audit Cognizant/Oversight Agencies</u>	<u>Auditors</u>
Airports	Department of Transportation	Macias Gini & O'Connell LLP
Harbor	Department of Homeland Security	Macias Gini & O'Connell LLP
Housing Authority of the City of Los Angeles	Department of Housing and Urban Development	Macias Gini & O'Connell LLP

CITY OF LOS ANGELES, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2016

1. Reporting Entity for Single Audit (Continued)

<u>Department/Agencies</u>	<u>Federal Single Audit Cognizant/Oversight Agencies</u>	<u>Auditors</u>
Water and Power	Environmental Protection Agency (Water System)	KPMG LLP

2. Basis of Presentation

- a. The accompanying Schedule of Expenditures of Federal Award (SEFA) presents the activity of all federal award programs of the City. All federal awards from the federal government and pass-through agencies are included in the SEFA. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- b. Accounting for Federal expenditures for disaster recovery activity (CFDA 97.036 – Disaster Grants – Public Assistance) is based on actual expenditures incurred for the approved Project Worksheet (formerly Damage Survey Reports) including expenditures incurred in prior fiscal years, which became eligible under the grant in the current fiscal year.

3. Summary of Significant Accounting Policies

Expenditures reported in the SEFA is reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the ten (10) percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying SEFA agree with the amounts reported in the related federal financial reports.

5. Changes in Catalog of Federal Domestic Assistance (CFDA) Numbers (No.) and Other Reclassifications

- a. CFDA Nos. 14.174, 14.256, 21.003 and 97.090 are archived programs that are being retained to report expenditures incurred or to show outstanding loans of these programs.
- b. Expenditures for CFDA No. 93.558 reflect a credit balance in the amount of \$15,000 due to the reversal of prior year expenditures for stipends returned by the participants.

CITY OF LOS ANGELES, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2016

5. Changes in Catalog of Federal Domestic Assistance (CFDA) Numbers (No.) and Other Reclassifications (Continued)

- c. The California Health and Human Services Agency, Department of Aging, has designated CFDA Nos. 93.041, 93.042, 93.043 and 93.052 to be added to the Aging Cluster.

6. Change in Program Title

Program titles for the following programs have been changed in the current year.

<u>CFDA No.</u>	<u>Old Program Title</u>	<u>New Program Title</u>
17.258	WIA Adult Program	WIA/WIOA Adult Program
17.277	WIA National Emergency Grants	WIOA National Dislocated Worker Grants/WIA National Emergency Grants
17.278	WIA Dislocated Worker Formula Grants	WIA/WIOA Dislocated Worker Formula Grants

7. Major Federal Programs

Under the risk based approach to determine major programs under the Uniform Guidance, major programs of the City may have expenditures as low as \$750,000 if the program is considered to be of high risk, with the exception of CFDA No. 17.277, WIOA National Emergency Grants, with program expenditures of \$190,000. In the prior year, this program was audited as a high risk program and resulted in a material weakness in internal control over compliance for subrecipient monitoring, which requires it to be audited in FY2016. Level of risk is determined by the auditor's judgment and guidelines contained in the Uniform Guidance.

8. Outstanding Loans of Federal Funds

The following is a summary of outstanding loans at cost by CFDA No. as of June 30, 2016. The outstanding loan balances do not reflect an allowance for uncollectibles of \$715,920,000. The FY2015 outstanding balance for CFDA No. 14.248 in the amount of \$138,977,000, for which the Federal Government imposed continuing compliance, was included in the total expenditures in the accompanying SEFA.

CITY OF LOS ANGELES, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2016

8. Outstanding Loans of Federal Funds (Continued)

CFDA No.	Federal Grantor	Administering City Departments	Outstanding Balance as of June 30, 2016
14.174	HUD	Housing	\$ 539,000
14.218	HUD	Economic & Workforce Development	27,417,000
		Housing	322,014,000
		Subtotal for CFDA No. 14218	349,431,000
14.228	HUD	Housing	4,500,000
14.239	HUD	Housing	685,122,000
14.241	HUD	Housing	13,211,000
14.248	HUD	Economic & Workforce Development	138,549,000
14.256	HUD	Housing	39,512,000
14.Unknown	HUD	Housing (previously reported under CFDA No. 14.871)	12,202,000
81.128	DOE	Housing	3,649,000
			<u>\$ 1,246,715,000</u>

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I - Summary of Auditor's Results

(a) Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified? **Yes**

Noncompliance material to the financial statements noted? **No**

(b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified? **None reported**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? **Yes**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.231	Emergency Solutions Grant Program
14.241	Housing Opportunities for Persons with AIDS
14.248	Community Development Block Grants Section 108 Loan Guarantees
16.922	Equitable Sharing Program

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Identification of major programs (Continued):

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.277	WIOA National Dislocated Worker Grants/ WIA National Emergency Grants
97.067	Homeland Security Grant Program
97.106	Securing the Cities Program
93.558	Temporary Assistance for Needy Families
93.569	Community Services Block Grant

Dollar threshold used to distinguish between type A and
type B programs:

\$3,000,000

Auditee qualified as a low-risk auditee?

No

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Section II – Financial Statement Findings

2016-001 Financial Reporting - Consolidation

Criteria

Statement of the National Council on Governmental Accounting (NCGA) Statement No. 1: *Governmental Accounting and Financial Reporting Principles Summary Statement of the Principles*, paragraph 11 states, “A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports of each fund.”

Condition

The City has seven component units, which issue separate audits reports. These reports are consolidated for inclusion in the City’s Comprehensive Annual Financial Report (CAFR). Our review identified inconsistencies in financial reporting amongst the various component reports within the CAFR. Inconsistencies noted pertained to note disclosures, accounting treatment, and naming conventions used.

Cause

The City does not have policies or procedures in place to ensure the component unit financial statements are being classified consistently throughout the City CAFR.

Effect

Due to the inconsistent reporting in the standalone reports, which was not standardized for the CAFR, the following inconsistencies occurred:

- The difference between projected and actual earnings on investments was not netted consistently across component units per GASB No. 68
- Absence of a disclosure indicating whether investments in security lending collateral is reported at amortized cost or fair value
- Inconsistent naming convention and classifications for investments amongst the various component reports
- Lack of consistent classification of deferred inflows and unearned revenues.
- Pollution remediation obligation was treated as accounts payable in certain component units
- All three pension plans reported changes in proportion and differences between employer’s contribution and proportionate share of contributions in calculating total deferred inflows. However, all three pension plans are single-employer plans and as such, do not normally report this type of change as it is normally only applicable to cost-sharing plans.

Recommendation

We recommend that the City develop and implement procedures over financial reporting in order to properly consolidate its component reports into the City’s CAFR.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Management Response and Corrective Action

1. Person Responsible:
Matthew Crawford, Director of Financial Analysis and Reporting Division
Office of the Controller
Telephone No. (213) 978-7203
2. Corrective Action Plan:
As mentioned, the City has seven (7) component units with various levels of autonomy over the presentation of their individual financial statements. The seven (7) unit's financial statements are audited by a total of four (4) different independent audit firms. While the City can set general policies on accounting treatments and naming conventions, it is impossible to mandate and enforce uniformity across the entire organization.

In preparing the CAFR, City staff works closely with staff representing the various component units to ensure the greatest possible uniformity, but invariably there are disagreements on matters of presentation and highly-subjective naming conventions. As these disagreements arise, decisions are made whether to prioritize consistency between the statements or what the Controller's staff believes is the most appropriate treatment. As noted in the finding, sometimes this results in minor inconsistencies and variation in naming conventions and disclosures.

City staff will meet with the various component units to communicate the various audit adjustments proposed during the development of the 2016 CAFR which apply to the component units and determine if there are changes to which they are agreeable which can be made to improve the overall consistency across financial statements. In addition, City staff will meet the various pension systems and their actuaries to determine if the presentation of the actuarial reports can be modified to resolve some of the inconsistencies identified. While the City can commit to initiating these discussions, no guaranteed outcome or result is possible.
3. Anticipated Implementation Date:
June 30, 2017

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

Reference Number:	2016-002
Federal Program Title:	Equitable Sharing Program
Federal Catalog Number:	16.922
Federal Agency:	US Department of Justice
Pass-Through Entity:	N/A
Federal Award Number and Year:	Unknown
Name of Department:	Los Angeles Police Department
Category of Finding:	Procurement and Suspension and Debarment

Criteria

Local governments and Indian tribal governments that are direct recipients of Federal awards and their subrecipients will use procurement procedures that conform to applicable Federal law and regulations and standards identified in the A-102 Common Rule or OMB Circular A-110 (2 CFR Part 215), as applicable.

A-102 Common Rule (§____.35) states:

“Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, “Debarment and Suspension.”

Non-Federal entities are prohibited from contracting with suspended or debarred parties. Covered transactions include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g. grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR §180.220.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR §180.300).

Condition

The Los Angeles Police Department (LAPD) utilizes their own Contracts Division and the City of Los Angeles’ General Services Division (GSD) to procure goods and services under the Equitable Sharing Program. During our review, we noted that out of the seven (7) contractors tested, two (2) contracts executed by the LAPD and two (2) contracts executed by the GSD, were subject to the suspension and debarment verification. However, the LAPD and GSD were not able to provide evidence to demonstrate that they verified the four (4) contractors were not suspended or debarred prior to entering into covered transactions. These contractors were subsequently verified in the SAM and were not suspended or debarred.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Cause

When the contracts were executed, it was not anticipated that federal funds would be used.

Effect

We did not identify any suspended or debarred contractors receiving Federal funds during our testing. However, without adequate internal controls over the suspension and debarment requirement, there is an increased risk that the LAPD and GSD may enter into covered transactions with contractors that are suspended or debarred.

Questioned Costs

N/A

Context

The required verification for suspension and debarment were not performed for four (4) out of a total population of fifty (50) contractors prior to entering into covered transactions. Total procurement expenditures for the Equitable Sharing program in fiscal year 2016 and for the four (4) noted contractors were \$3,105,475 and \$613,861, respectively. All samples tested were statistically valid samples.

Recommendation

We recommend that the LAPD ensure adherence to existing policies and procedures, whether the procurement is performed by the LAPD's contract division or the city's GSD, by ensuring that the suspension and debarment verification is performed prior to entering into covered transactions, and adding documentation to the contract files as evidence that the verification was performed.

Management Response and Corrective Action:

1. Person Responsible:
Maureen Wai Wan, Acting Departmental Chief Accountant
Los Angeles Police Department
Telephone No. (213) 486-8563
2. Corrective Action Plan:
The Contracts Section and the Fiscal Operations Division will check the contractor status on SAM.gov prior to entering into covered transactions.
3. Implementation Date:
February 23, 2017

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Reference Number:	2016-003
Federal Program Title:	Temporary Assistance for Needy Families
Federal Catalog Number:	93.558
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	County of Los Angeles Community & Senior Services
Federal Award Number and Year:	IA-0115
City Department:	Economic and Workforce Development Department
Category of Finding:	Cash Management

Criteria

In accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) §200.303 - *Internal controls*, the non-Federal entity must (b) comply with federal statutes, regulations, and the terms and conditions of the Federal awards.

The grant agreement (Contract) between the County of Los Angeles (County) and the City of Los Angeles, Economic and Workforce Development Department (EWDD), states:

“13.3 Program Income Statement Report

13.3.2.1 – The use of Program Income requires prior written approval from County’s Contract Manager.”

Condition

During our review of the Temporary Assistance for Needy Families (TANF) program, we noted that the EWDD used program income, in the form of interest, to offset program expenditures, but did not obtain prior written approval as required by the County.

Cause

The EWDD submitted its monthly cash request along with the detailed expenditure report and the amount requested/reported for reimbursement was net of the interest income earned. The EWDD also reported the interest income on LA County’s Close-out Form.

Effect

Failure of the EWDD to comply with the use of program income requirement results in noncompliance under paragraph 13.3 of the grant agreement between the EWDD and the County, and the Uniform Guidance §200.303. In addition, the EWDD exposes itself to the risk of improper use of program funding, which may lead to disciplinary action by the granting agency such as discontinuance of future funding.

Questioned Costs

N/A

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Context

The total amount of interest earned on advances in the amount of \$3,264 during FY 2016 was used to offset expenditures without obtaining prior written approval from the County. We did not identify any unallowable costs during our testing.

Recommendation

We recommend that the EWDD obtain written approval from the grantor prior to using interest earned to comply with the grant agreement.

Management Response and Corrective Action

1. Person Responsible:
Catherine Bondoc, Director
Financial Management Division
Economic and Workforce Development Department
Telephone No. (213) 744 – 7294
2. Management Response:

We do not agree with the audit finding for the following reasons:

The EWDD submitted its monthly cash request along with the Detailed Expenditure Report. The EWDD reduced its reported expenditures by the amount of interest earned. The LA County accepted our cash request and reimbursed us based on the reduced reported expenditures. EWDD also reported the interest income on LA County's Close-out Form.

Auditor's Response

Submission of the Program Income Statement Report along with the Closeout Report is required under 13.3.2.3 of the Contract while obtaining prior written approval from the County's Contract Manager to use program income is required under 13.3.2.1.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Reference Number:	2016-004
Federal Program Title:	Temporary Assistance for Needy Families
Federal Catalog Number:	93.558
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	County of Los Angeles Community & Senior Services
Federal Award Number and Year:	IA-0115
City Department:	Economic and Workforce Development Department
Category of Finding:	Subrecipient Monitoring

Criteria

In accordance with the Uniform Guidance §200.331– *Requirements for pass-through entities*:

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - (1) Federal Award Identification
 - (xi) Catalog of Federal Domestic Assistance (CFDA) number and name; the pass-through entity, and contact information for awarding official of the pass-through entity;
- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors.
- (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions.
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Further, the Contract between the County and the EWDD, states:

“8.38.3 – Monitoring Reviews

8.38.3.3 Contractor shall be responsible for monitoring the activities of its subcontractor(s) providing Services. Contractor shall conduct on-site fiscal and program monitoring reviews which shall be documented and maintained on file according to the record retention requirements provided in this Paragraph 8.38. Contractor shall ensure that subcontractor(s) adheres to all requirements for correcting areas of non-compliance, and implements the corrective action plan which has been approved by Contractor.”

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Condition

During our review of the TANF program, we noted the following:

1. The CFDA number was incorrectly identified by the EWDD in all six (6) contracts tested.
2. Fiscal and program monitoring reviews for FY 2016 were not performed for three (3) out of six (6) subrecipients tested.

Cause

1. Lack of coordination between the Contracts Unit and the Financial Management Division (FMD).
2. Lack of adequate staff.

Effect

1. EWDD's incorrect identification of the CFDA number in the contracts with the subrecipients results in noncompliance with the Uniform Guidance §200.331 (a). This may also result in the subrecipient's reporting of federal expenditures under an incorrect federal program during the SEFA preparation.
2. EWDD's failure to perform the fiscal and program monitoring reviews annually results in noncompliance with the Uniform Guidance §200.331 (d), and under paragraph 8.38.3 of the grant agreement with the County.

Questioned Costs

\$22,644

Context

1. The CFDA number was incorrectly identified as 17.258 instead of 93.558 for six (6) out of a total population of eighteen (18) subawards. Total subawards for the TANF program in fiscal year 2016 and for the six (6) noted subawards were \$3,021,000 and \$1,535,321, respectively.
2. The EWDD did not perform the program and fiscal monitoring for three (3) out of a total population of eighteen (18) subrecipients. Total subrecipient expenditures for the TANF program in fiscal year 2016 and for the three (3) noted subrecipients were \$3,021,000 and \$521,966, respectively. The single audit report for the year ending December 2015 for one (1) of the three (3) cited subrecipients issued by their external auditors on November 4, 2016 was not found in the Federal Audit Clearinghouse. The EWDD paid this subrecipient \$22,644 from TANF funds.

All samples tested were statistically valid samples.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

Recommendation

We recommend that the EWDD's management strengthen its internal controls to ensure adherence with the grant agreements and to comply with the Uniform Guidance §200.331. Also, the EWDD should have a closer coordination with the Contract Unit to ensure accurate information (i.e. CFDA) are indicated in the executed contracts.

Management Response and Corrective Action

1. Person Responsible:

Paul Nakama, Sr. Management Analyst II
Workforce Development Division
Economic and Workforce Development Department
Telephone No. (213) 744-9001

Catherine Bondoc, Director
Financial Management Division
Economic and Workforce Development Department
Telephone No. (213) 744-7294

2. Corrective Action Plan:

The EWDD Contract Unit will confirm CFDA numbers with the FMD prior to contract execution. Additionally, FMD will issue an information bulletin listing the CFDA numbers for all Federal grants administered by the department.

The Audit Section is currently understaffed. However, we ensure that our fiscal reviews cover all program years. The fiscal monitoring reviews for the three cited subrecipients are currently ongoing.

3. Anticipated Implementation Date:

Information bulletin will be issued to the subrecipients by June 30, 2017 and monitoring reports to be completed by April 30, 2017.

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CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016

FINANCIAL STATEMENT FINDINGS:

2015-001 Recording of Interfund Reimbursements and Related Costs

Condition

The City recorded approximately \$331.2 million of reimbursements of related costs as charges for services revenue in the General Fund. These related costs include overhead costs such as pension and fringe benefit expenditures for employees charged to other funds that the General Fund initially records, but are subsequently offset by a pre-established budgeted monthly allocation from other funds.

Because the monthly allocation from other funds may not equal the actual costs incurred by the General Fund, a reconciliation of actual to budgeted related costs for each respective fund is performed as part of the year-end closing process. Amounts transferred to the General Fund in excess of actual costs will be recorded as an interfund payable (Due to Other Funds) in the General Fund. Actual costs in excess of budgeted amounts will be absorbed by the General Fund. During our review of charges for services revenue reported in the General Fund, we identified \$4.8 million in excess monies transferred to the General Fund that were not accounted for as interfund payables. In addition, the \$331.2 million of reimbursements of related costs was recorded as charges for services revenue in the General Fund instead of being recorded as a reduction to the initial expenditures recorded by the General Fund.

Recommendation

We recommend that the City implement policies and procedures to ensure that departments within the City and the Controller's Office are recording an interfund receivable (Due from General Fund) when performing their actual versus budget reconciliation, as well as ensuring interfund reimbursements are offset against the initial related costs recorded as expenditures in the General Fund.

Current Year Management Response

In fiscal year 2016, interfund receivables and payables were fully accounted for in the Due From and Due To General Fund in the City's Comprehensive Annual Financial Report (CAFR).

The Financial Analysis and Reporting Division (FAR) designed standard related cost and interfund reimbursements reporting forms that departments were required to complete and submit for inclusion in the CAFR. Policies, procedures and instructions relative to this reporting process were emailed by FAR to departments on April 4, 2016. Included in the April 4, 2016 memo were instructions on identifying fees received for direct services rendered so that valid charges for services could be distinguished from related cost reimbursements. In addition, as a reminder to departments, FAR included these policies and reporting requirements in the July 19, 2016 Citywide GAAP reporting and submission deadlines memo. Departments were also reminded of the use of appropriate revenue source codes for direct charges for services fees as differentiated from related costs accounts.

A reconciliation and analysis of actual interfund transactions reported to FAR against the City's Financial Management System (FMS) records was done and adjustments, if necessary, were made accordingly. The interfund reimbursement revenues received by the General Fund were offset against the initial related costs as expenditures of the General Fund in compliance with

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards (GAS).

Analysis of the application of appropriate revenue source codes used for both direct fees for charges for services and related costs reimbursements was made to ensure that only related costs transactions were offset against General Fund expenditures in the CAFR and that transactions recorded complied with GAAP and GAS.

Current Status as of June 30, 2016

Implemented.

2015-002 Accrual of Related Costs

Condition

During our audit of revenues reported in the General Fund, we identified approximately \$3.2 million of reimbursements of related costs related to fiscal year 2015 that were incorrectly recorded in fiscal year 2016 and not properly accrued as of June 30, 2015. Additionally, we identified approximately \$7.9 million of reimbursements of related costs related to fiscal year 2014 that were incorrectly recorded in fiscal year 2015 and not properly accrued as of June 30, 2014.

During our audit of revenues reported in the Solid Waste Resources Fund, we identified approximately \$4.0 million of reimbursements of related costs related to fiscal year 2015 that were incorrectly recorded in fiscal year 2016 and not properly accrued as of June 30, 2015. Additionally, we identified \$0.6 million of reimbursements of related costs related to fiscal year 2014 that were incorrectly recorded in fiscal year 2015 and not properly accrued as of June 30, 2014.

Recommendation

We recommend that the City implement a uniform policy or methodology to ensure that its departments record timely their related cost expenditures and corresponding reimbursement revenues received in the correct period in which the costs were incurred.

Current Year Management Response

Policies and methodologies to ensure that related cost expenditures were recorded in timely manner had been established since the City started preparing the CAFR. These policies are posted on the City's intranet website for departments to access. They are also included in the annual Citywide FAR reporting guidelines and submission deadlines memo. Email notifications of these policies and guidelines are also sent out annually. It should be noted that the City's policy includes a cut off time period for inclusion of all identified accrual transactions to be reported in the CAFR. This cut off period is a must in order for the financial transactions to be processed so that financial statements could be completed and provided to the external auditors for audit on a timely manner. FAR ensures that all accrual transactions up to the cut off time period were accounted for in the CAFR through an automated accrual process and a manual accrual submission of accruals not included in the automated process.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-003 Capital Assets – Completion of Capital Projects

Condition

During our review of capital assets for the Governmental Activities, we noted several assets in the amount of approximately \$65.8 million were placed into service in prior years; however, the balance was recorded in Construction in Progress (CIP). These completed capital assets were not transferred in the accounting records to their respective depreciable asset categories in the years they were placed into service.

The City subsequently reclassified \$61.2 million of this total amount to Buildings & Improvements (B&I). However, no adjustment was recorded for the total cumulative effect on accumulated depreciation and depreciation expense for fiscal year 2015 for the full \$65.8 million of capital assets completed in prior years.

The remaining \$4.6 million of capital assets that were not transferred from CIP and the associated unrecorded depreciation expense of approximately \$11.9 million will be recorded in fiscal year 2016.

Recommendation

We recommend that the City review and evaluate its current policies and procedures related to capital asset accounting to ensure that capital assets are recorded timely in the appropriate categories (depreciable and non-depreciable) when placed in service and depreciation is reported in the correct period. In addition, training should be provided to the departments and individuals that manage capital asset projects to ensure compliance with the new policies and procedures to facilitate the accurate reporting of capital assets.

Current Year Management Response

The City's policies and procedures on capital assets reporting and accounting are reviewed and updated regularly to ensure that the City complies with new GAS and other governmental regulations, including Federal and State pronouncements, such as the new State requirements for capitalization of intangible assets. FAR sends out memos, email notifications and conducts training, if necessary, to inform, guide and train departments on changes to capital assets accounting and reporting.

Prior to the fiscal year 2016 closing of FMS books, FAR instructed departments to update the status of all CIP accounts in order to identify any completed assets that had not been transferred to the capitalized asset accounts. The CIP accounts were reviewed and analyzed again during the CAFR preparation to ensure that the most updated status of capital assets were reported for fiscal year 2016. Related depreciation and accumulated depreciation were adjusted, if necessary, in fiscal year 2016. Documentation supporting any changes to status updates were also provided to support adjustments, if any.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-004 Information Technology – General Controls Review

1. Active Directory Lockout Policy

Condition

City employee workstations do not lockout the user after a specified period of inactivity to prevent unauthorized access to the data, some of which may be sensitive and confidential, stored on those workstations.

Recommendation

We recommend that the City implement a policy for all employee workstations to automatically lockout the user from the operating system after a specified duration of inactivity, and require the re-entering of the user's login and password.

Current Year Management Response

Although the City's Information Technology (IT) system does not include idle timeout feature to lock out screens, compensating controls exist to prevent unauthorized access to computer systems, such as a power policy which hibernates PCs after a certain amount of idle time. During business hours (7 AM – 6 PM), desktop monitors hibernate after 15 minutes of nonuse/ inactivity, and CPUs hibernate after 60 minutes of non-use/inactivity. After business hours (6 PM – 7 AM), desktop monitors hibernate after 5 minutes of non-use/inactivity, and CPUs hibernate after 15 minutes of non-use/inactivity. Once a desktop is hibernating, the employee/user is required to re-enter their password in order to gain access to their desktop. Exceptions are granted to staff who need remote access to their desktop in order to complete work without having to come into the office after business hours. These exceptions require approval by their division manager, and assistant general manager. The aforementioned policy has been implemented in the offices of the Chief Legislative Analyst, Council, Mayor, City Attorney, Controller, El Pueblo, Cultural affairs, Employee Relations Board, Department of Disability, Emergency Management Department, Emergency Operations Center, Los Angeles Convention Center, Chinese American Museum and the Information Technology Agency.

Additionally, the City's Information Technology Policy Committee (ITPC) recently adopted the "City of Los Angeles Information Security Policy Manual", which applies to all City departments. Included is an Identification and Authentication Policy, which directs departments to require users re-enter their passwords to re-activate their access if idle time exceeds fifteen (15) minutes (Standard 14.4.1.4.15). The manual was forwarded to all City departments, and is also published on the ITPC's intranet site.

Further, the City's Information Technology Agency (ITA) conducts periodic mandatory staff user awareness training with modules that specifically address security access to computer systems. The ITA also regularly sends out email notification to all employees regarding security policies on the use of computers.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2. Storage and Access to Sensitive Data

Condition

City employees do not have secured network folders stored on pre-defined servers for both data protection and backup/recovery reasons. Such data, including sensitive and/or confidential data, is either stored on employees' computing devices or on network folders accessible to all employees on the same network.

Recommendation

We recommend that the City implement a policy requiring all employees to store sensitive and/or confidential data on password protected network folders utilizing the current Active Directory that are housed on pre-defined servers maintained by ITA. The password for these secure folders should be changed regularly to minimize the risk of unauthorized access. Additionally, the City should also incorporate a data retention policy to prevent sensitive data from being unnecessarily stored for a prolonged period of time.

Current Year Management Response

The City's ITA current uses Active Directory, which allows employees to store sensitive data on password protected network drives housed on pre-defined servers maintained and back-up by ITA. Through the Active Directory system, we control security and provision rights to shared network drives through Group Policies. Currently, if a new employee request access to certain network drive, the individual must have an Employee ID, or an ID that is created by the Desktop Administrator group. This ID requires a strong, encrypted password to authenticate to the network. In order for a current, or new employee, to access data in shared network drive, management approval is required. Once approved, the Desktop support team will add the employee to the specific group to grant the individual access to that shared network drive. Please note that if an employer is added to a specific group, the individual only sees data from that specific group and no other shared data can be visible to the individual.

Moreover, effective May 19, 2016, Citywide Information Handling Guidelines, were adopted to address the issue of storage of sensitive and/or confidential data on network folders maintained by ITA. These guidelines define five categories of information: public information; open data; internal information; confidential information; and restricted information. Included, amongst other things, are policies regarding the electronic storage protection for each category. Confidential and restricted data must be protected by authenticated passwords and/or require restricted, multipart authentication and encryption. Guidelines for granting electronic access to designated users, and restrictions by information owners on electronic data transmission have also been incorporated. If departments develop their own policies in addition to these Citywide guidelines, the City's ITA requires departments to obtain approval of departmental policies, in writing, by the City Attorney's Office.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2014-001 Risk Assessment over Financial Reporting

1. Control Environment and Risk Assessment

Condition

The City does not have a comprehensive risk assessment process over external financial reporting.

Due to the risks associated with the decentralized nature of the City, in 2008, the City Controller identified and issued a report titled "Evaluation of Citywide Risk Management Functions" related to the lack of risk assessment within the City.

The report recommended that the City establish an organizational and governance structure for an enterprise risk management model (ERM). The report further recommended that the City be responsible for implementing a risk assessment framework similar to that mentioned in the Green Book.

As of fiscal year 2014, an ERM or risk assessment framework over external financial reporting has not yet been implemented.

Recommendation

We recommend that the City adopt a process for financial statement risk assessment to ensure that adequate controls over external financial reporting exist.

2. Control Activities and Monitoring

Condition

The City has not established a comprehensive assessment of risks over external financial reporting. In the absence of a risk assessment, the City has not identified the critical controls to ensure compliance with external financial reporting requirements nor have these critical controls been monitored on a regular basis.

The City's current control activities, while necessary, emphasize risks primarily at the transaction level rather than at the external financial reporting level. The transaction level reporting and monitoring includes Demand Audit for payments, Funds and Appropriations for budgetary controls, and the Audit Division for departmental controls. As the City is decentralized, individual City departments' internal control processes are significantly relied upon for accurate external financial reporting.

The lack of controls over external financial reporting resulted in certain inconsistencies by various departments in the preparation of financial information used in preparing the City's basic financial statements included in its CAFR resulting in misstatements, such as misclassifications of financial statement elements, and misapplications of GAAP. As an example, the reversion worksheets prepared at the department level to reclassify expenditures initially recorded in the General Fund to the proper funds add an extra element of complexity to the financial reporting process. Since these reversion worksheets are based on both budgeted and actual expenditures, there is an increased risk that the consolidation process for external financial reporting may contain errors.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

This is further complicated by the City's multiple proprietary IT systems (PaySR, LATAX, and SMS) that interface with the City's Financial Management System (FMS), which is then summarized in a Microsoft Access database used by the Controller's Office to prepare the City's CAFR.

Recommendation

The City should design and implement a system of internal controls over external financial reporting. The system of internal controls should include: 1) implementation of a risk assessment over external financial reporting; 2) design and implementation of controls over critical risk areas identified; 3) monitoring of stated controls; and 4) periodic re-evaluations of risks and controls.

Current Year Management Response

In December 2015, the City released an Internal Control Framework Guidelines. In March 2016, the City engaged the services of Bronner Group, LLC. (Bronner) to determine the adequacy of the City's internal controls framework on financial reporting and issue a formal Internal Control Over Financial Reporting Framework (ICFR). Bronner released the ICFR in June 2016, and conducted a Citywide departmental training on the ICFR in September 2016.

Current Status as of June 30, 2016

In process.

2014-02 Information Technology – General Controls Review

1. Lack of Adequate Fire Protection at Server Room

Condition

The City's server room does not have an automatic non-water fire suppression system. We note that the City has plans to build a new data center adjacent to its current center, and install adequate fire protection.

Recommendation

The City should ensure that the new data center contains a dry fire suppression system.

Current Year Management Response

Construction of the server room upgrade is expected to start by June 2017. The recommended system is an automated double interlock water fire suppression system which has been designed for data centers to suppress fire locally and quickly.

Current Status as of June 30, 2016

In process.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2. Access to Programs and Data

Condition

General computer controls over the access to programs and data require that network and application security controls be implemented to ensure administrative, master, and super user activities are properly authorized and to safeguard access to information technology resources and data.

Recommendation

In order to minimize the risk of improper or unauthorized administrator activities within the City's major IT systems, we recommend that the City take the following actions:

- 1) Develop policies and implement procedures requiring periodic (e.g. monthly) reviews of financial application administrative, master, and super user activities at the application and database levels. The review should be performed by a position outside of the chain of command of these users with high level access and should be pursuant to guidelines and criteria that would aid in identifying the nature of this activity.
- 2) Develop policies and implement procedures requiring periodic (at least annually) reviews of user access privileges to ensure that the access privileges are current and appropriate for their job functions and to ensure proper segregation of duties.
- 3) Eliminate the use of generic FMS logons, and transition the appropriate access to specific individual user accounts.
- 4) Develop policies and implement procedures to ensure that terminated employees and contractors have their system and application access privileges revoked immediately.

Current Year Management Response

The outstanding areas in fiscal year 2015 pertained to the method of collecting data on activities of database administrators and the review of their activities going forward. In fiscal year 2016, the City has reviewed all user access levels to ensure only appropriate personnel have administrator level access. In addition, methods of collecting administrator activity data and a review process of these logs have been completed and implemented.

Current Status as of June 30, 2016

Implemented.

3. Lack of Comprehensive Disaster Recovery Plan

Condition

General computer controls require that contingencies for unforeseeable events be developed and implemented. The City has initiated a project to develop a Disaster Recovery host site location at the Switch/NAP facility in Las Vegas for its five major financial applications (FMS, PaySR, LATAX, SMS and GCD).

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

Recommendation

The Information Technology Agency should continue its present efforts to develop appropriate Disaster Recovery infrastructure and create and test a City Disaster Recovery Plan. The plan should include:

- 1) Personnel and contact information
- 2) Vendor contacts
- 3) More specific identification of systems and information to be addressed
- 4) Step-by-step procedures with assigned responsibilities for system, application and data recovery.
- 5) Date last reviewed, date last tested

Current Year Management Response

Installation of the hardware and software to support on-line and batch operations for PaySR and LATAX from the out-of-state location was completed by June 30, 2016. Installation for FMS, SMS, and GCD was completed in December 2016. All systems have been fully tested, and the results show that the DR site is ready to support production-like functionality. Use authentication and user access from the internet will be available by December 2017, which will give the City departments the capability to implement their business continuity plans.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

FEDERAL AWARD FINDINGS:

2015-005 Noncompliance with Subrecipient Monitoring Requirement– Noncompliance

CFDA No. 14.218 Community Development Block Grants

Condition

The Housing and Community Investment Department (HCID) passed through to the Economic and Workforce Development Department (EWDD) partial funding of the Community Development Block Grants (CDBG) funds. During our review, we noted that the EWDD did not perform the programmatic monitoring review for one (1) of its subrecipients.

Recommendation

We recommend that the EWDD management emphasize and strengthen adherence to their program monitoring policies and procedures to ensure they are in compliance with the grant requirements over subrecipient monitoring.

Current Year Management Response

The EWDD no longer has active contracts with the cited subrecipient since July 2015. However, EWDD performed the required program monitoring reviews of its subrecipients.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-006 Noncompliance with Reporting Requirement – Noncompliance and Material Weakness

CFDA No. 14.241 - Housing Opportunity for Persons with AIDS

Condition

The Consolidated Annual Performance and Evaluation Report (CAPER) for grant number CA-H14-F005 was submitted late as follows:

Report Name	Contract No.	Report Period	Due Date	Submission Date	No. of Days Late
Form Housing & Urban Development (HUD) - 40110 - D - CAPER	CA-H14-F005	4/1/14-3/31/15	6/29/2015	12/14/2015	168 days

This is a repeat finding from the prior year.

Recommendation

We recommend that the HCID management emphasize and strengthen adherence to their established procedures to ensure the required forms are submitted within the prescribed timeframe.

Current Year Management Response

Management reviewed the HOPWA CAPER submission procedures and identified that staff missed a step in submitting the report. Although the HCID had uploaded the HOPWA CAPER to HUD's IDIS system, we failed to submit it to the required email address, HOPWA@hud.gov. The HOPWA CAPER was eventually submitted via email on December 14, 2015, after we identified the missing step. A procedure has been developed and implemented by the Grant Administration Unit to ensure that the HCID is in compliance with the reporting requirements.

The HOPWA CAPER for Contract No. CA-I14-F005 with operating year of April 1, 2015 to March 31, 2016 was submitted on time on June 30, 2016 to both the email address and via HUD's electronic reporting system, and our schedule for 2017 is to submit to both locations on time.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-007 Noncompliance with Reporting Requirement – Noncompliance and Significant Deficiency

CFDA No. 14.248 – Community Development Block Grants – Section 108 Loan Guarantees

Condition

The HCID submitted the CAPER as required by HUD. Our review identified that the CAPER contained mathematical errors and was not reconciled to the financial records.

Recommendation

We recommend that the EWDD emphasize and strengthen internal controls to ensure that mathematically correct information is presented and consistent with the underlying financial records when reported in the CAPER. We also recommend enhanced coordination between HCID and EWDD when consolidating information for CAPER reporting purposes.

Current Year Management Response

Mathematically correct information consistent with the underlying financial records were reported in the June 30, 2016 submission of CAPER for the period April 1, 2015 to March 31, 2016, due to enhanced coordination between HCID and EWDD during the consolidation of information for CAPER reporting purposes.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-008 Noncompliance with Allowable Costs/Cost Principles Requirement - Significant Deficiency

CFDA No. 17.235 – Senior Community Service Employment Program

Condition

Under the Senior Community Service Employment Program (SCSEP), the Los Angeles Department of Aging (LADOA) uses T5 Form 49a to document the participant's bi-weekly time sheet and job search, which is required to be signed by the participant and the supervisor.

During our review, we noted two (2) instances where the timesheets for the pay period ended January 10, 2015 did not contain the supervisor's signature to indicate approval for the hours charged to the program.

Recommendation

We recommend that the LADOA strengthen their review process to ensure approval of timesheets are obtained and consistently enforce its policies and procedures for proper record retention.

Current Year Management Response

The LADOA implemented the three-level review process, ensuring that the time sheet approval process is consistent with California Department of Aging's (CDA) allowable activity criteria along with proper record retention procedure, meeting and exceeding transparency, accountability and accuracy goals. To date, all time sheets are reviewed utilizing the three-level review process and verified by staff's initial.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-009 Noncompliance with Reporting Requirement – Noncompliance and Significant Deficiency

CFDA No. 17.235 – Senior Community Service Employment Program

Condition

During our review of the SCSEP, it was noted that one (1) Request for Funds (RFF) report and one (1) Monthly Expenditure Report (MER), were submitted after the deadline as follows:

Name of Report	Report Month	Report Due	Date Submitted	No. of Days Late
MER	August 2014	September 15, 2014	October 28, 2014	43 days
RFF	October 2014	September 15, 2014	October 28, 2014	43 days

Recommendation

We recommend that the LADOA strengthen its internal controls to ensure adherence with the CDA grant reporting requirements and to comply with the OMB Circular A-133 Subpart C, Section 300. The LADOA is to report the required information on the RFF, MER, and Closeout Reports on a timely basis for each reporting period. In a case where the department is unclear on the CDA requirements, it should contact the CDA to obtain proper understanding of the requirements set forth in the agreement.

Current Year Management Response

The LADOA set internal milestone dates for the monthly reviews of timely progress by the Fiscal Division Director. The implemented corrective action ensured that the RFF and MER have been submitted timely.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-010 Noncompliance with Subrecipient Monitoring Requirement – Noncompliance and Material Weakness

CFDA No. 17.277 – Workforce Investment Act National Emergency Grants

Condition

During our review of the Workforce Investment Act (WIA) National Emergency Grant (NEG) program, we noted that the EWDD did not perform a fiscal monitoring review for one (1) out of six (6) subrecipients tested.

This is a repeat finding from the prior year.

Recommendation

We recommend that the EWDD management emphasize, strengthen, and adhere to their fiscal monitoring policies and procedures to ensure they are in compliance with the grant requirements over subrecipient monitoring.

Current Year Management Response

In April 2016, the EWDD completed the fiscal monitoring review for the subrecipient identified. Our current fiscal review procedures are in adherence to grant regulations on subrecipient monitoring and include additional procedures intended to further strengthen our fiscal monitoring process. While maintaining adequate staffing remains a challenge in light of grant revenues, we will continue to implement these procedures.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-011 Noncompliance with Cash Management Requirement – Noncompliance and Significant Deficiency

CFDA No. 17.278– WIA Dislocated Worker Formula Grants

Condition

Although the contract is on a reimbursement basis, South Bay Workforce Investment Board, Inc. (SBWIB) allows accrued expenditures to be submitted for payment at year-end due to their closing process. However, the SBWIB expects entities to pay the invoices in a timely manner upon receipt of funds.

During our review of the WIA Dislocated Worker Formula grant, we noted that the cumulative interest earned by EWDD on advances in the amount of \$2,343 was not remitted to the grantor.

Recommendation

We recommend that EWDD comply with the terms of the agreement to return any program income to SBWIB or obtain a written amendment to the agreement if program income will be used to augment the WIA program.

Current Year Management Response

The interest earned was returned to the grantor in March 2016.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-012 Noncompliance with Special Tests and Provisions Requirement - Noncompliance and Significant Deficiency

CFDA No. 20.500 - Federal Transit – Capital Investment Grants

Condition

During our review of the Federal Transit Capital Investment Grants program, it was noted that the Los Angeles Department of Transportation (LADOT) did not obtain and review one (1) out of the twenty-five (25) certified weekly payroll for one subcontractor.

Recommendation

We recommend that the LADOT strengthen its internal controls to ensure adherence with the requirements of 29 CFR part 5.5 and to comply with the OMB Circular A-133 Subpart C, §_.300 (c).

Current Year Management Response

Several correspondences for failure to provide certified weekly payrolls were sent to the prime contractor and subcontractor. Certified weekly payrolls were ultimately submitted by the subcontractor on March 8, 2016 and it was determined that there was an underpayment of prevailing wages. Wage restitution and penalties were assessed and paid by the subcontractor in July 2016 and checks were distributed accordingly in August 2016.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-013 Noncompliance with Reporting Requirement - Noncompliance and Significant Deficiency

CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.045, 93.052 and 93.053 –

Aging Cluster: Special Programs for the Aging- Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation; Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals; Title III, Part D – Disease Prevention and Health Promotion Services; Title III, Part B – Grants for Supportive Services and Senior Centers; Title III, Part C – Nutrition Services; National Family Caregiver Support, Title III, Part E; Nutrition Services Incentive Program

Condition

During our review of the Aging Cluster program, it was noted that three (3) of the RFFs, two (2) of the MERs, and one (1) Area Plan Financial Closeout Report (APFCR) were submitted after the deadline as follows:

Name of Report	Period Covered	Due Date	Date Submitted	Status
RFF-CARS	July 2014	August 1st (1)	September 18th	48 days late
RFF-CARS	December 2014	October 30th	November 12th	13 days late
RFF-CARS	January 2015	November 30th	December 29th	29 days late
MER-CARS	July 2014	August 30th	October 9th	40 days late
MER-CARS	October 2014	November 30th	December 29th	29 days late
APFCR-CARS	FY 2014-15	July 30th	August 31st	31 days late

(1) Please note that CDA granted an extension to the original due date on the RFF for the period covered of July 2014 to August 1, 2014.

This is a repeat finding from the prior year.

Recommendation

We recommend that the LADOA strengthen its internal controls to ensure adherence with the CDA grant reporting requirements and to comply with the OMB Circular A-133 Subpart C, Section 300 (c). The LADOA should submit the RFF, MER, and APFCR on a timely basis for each reporting period.

Current Year Management Response

The LADOA implemented the corrective action to ensure that the RFF, MER, and APFCR are submitted timely which includes monthly reviews of timely progress by the Fiscal Division Director. Furthermore, LADOA instructed all contractors to observe the new reporting guidelines for the final quarter of the fiscal year to ensure that all costs have been fully reported and correctly entered.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-014 Noncompliance with Subrecipient Monitoring Requirement - Noncompliance and Significant Deficiency

CFDA Nos. 93.044, 93.045, and 93.053 - Aging Cluster: Special Programs for the Aging - Title III, Part B – Grants for Supportive Services and Senior Centers; Title III, Part C – Nutrition Services; Nutrition Services Incentive Program

Condition

During our review of the Aging Cluster program, it was noted that the LADOA did not perform program monitoring for two (2) subrecipients.

Recommendation

Due to the lack of staff, we recommend that the LADOA reconsider its current procedures of program monitoring over its subrecipients. The LADOA should consider a risk assessment procedure in order to guarantee that the LADOA is performing the proper oversight over all of its subrecipients and to ensure adherence with the CDA grant monitoring requirements and to comply with the OMB Circular A-133 Subpart D, Section 400. The LADOA is to perform monitoring of its subrecipients timely to ensure the subrecipients are following procedures and providing the appropriate guidance.

Current Year Management Response

The LADOA's Program Management Division (PMD) implemented annual planned monitoring visits schedules. Each program monitor submits a schedule of their planned monitoring site visits for the year to the PMD Director. The PMD Director reviews these schedules monthly and follows up with the program monitors to ensure that the visits are completed by fiscal year end.

Current Status as of June 30, 2016

Implemented

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-015 Noncompliance with Allowable Costs/Cost Principles Requirement – Qualified Opinion and Material Weakness

CFDA No. 93.558 -Temporary Assistance for Needy Families

Condition

During our review of the CalWORKs Temporary Assistance for Needy Families (TANF) Program, we noted six (6) out of forty (40) expenditures tested were paid to participants of Net County Cost (NCC)/Foster program and not CalWORKs TANF.

Recommendation

We recommend that the EWDD strengthen its current practices with respect to the determination of participant's eligibility to avoid the risk of providing program funding to ineligible participants.

Current Year Management Response

The EWDD received additional County funds for implementation of youth jobs program activities during April through June 2016. Unlike the two prior years' Spring period programs, this phase of the program was not exclusively geared toward TANF youth. The funding allocation included monies from all three funding streams (TANF, NCC, and Foster youth). Implementing the corrective action plan, orientation to the Spring program included a detailed overview of the various funding streams. Allocation of funds and slots in each of those funding streams was clearly communicated to each subrecipient. Eligibility requirements for each funding stream were reviewed in a subrecipient meeting. There were no revisions to the three sets of eligibility criteria. Subrecipients were issued a succinct summary of eligibility criteria with instruction to ensure that a copy be provided to any staff determining program eligibility for easy reference.

With the implementation of the Spring 2016 program, the County has eliminated phases with differing targeted populations from its program design and has initiated greater program continuity by serving all three targeted groups (TANF, NCC, and Foster youth) during the program year. This should also serve to mitigate confusion about the population being served.

As information regarding audit findings and comments became available, this information was shared with subrecipients to apprise them of areas for improvement. Subrecipients were instructed to designate a quality control point person to oversee participant compliance with file maintenance.

For program year 2016-17, EWDD hired an increased number of as-needed staff earlier in the program implementation process to provide additional file review capacity.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-016 Noncompliance with Cash Management Requirement - Noncompliance and Significant Deficiency

CFDA No 93.558 - Temporary Assistance for Needy Families

Condition

Although the contract is on a reimbursement basis, the County allows invoices to be submitted for payment if the grantee or pass-through entities do not have funds available to pay the invoices.

During our review of the TANF program, we noted that the cumulative interest earned by EWDD on advances in the amount of \$10,111 was not remitted to the grantor.

Recommendation

We recommend that EWDD report the program income and remit the interest earned to the grantor.

Current Year Management Response

The interest was returned to the grantor in April 2016.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-017 Noncompliance with Eligibility Requirement – Qualified Opinion and Material Weakness

CFDA No 93.558 - Temporary Assistance for Needy Families

Condition

During our review of the CalWORKs TANF program, we noted fourteen (14) out of the fifty-three (53) participants tested who were not in compliance with the eligibility determination requirements as follows:

- a. Eleven (11) ineligible participants were provided benefits under CalWORKs TANF grant funds.
- b. Three (3) eligible participants under CalWORKs TANF program were missing the Confidential Verification Sheet Forms in the participant files.

This is a repeat finding from the prior year.

Recommendation

We recommend that EWDD strengthen its current practices with respect to the determination and documentation of participant's eligibility in compliance with the program requirements.

Current Year Management Response

The EWDD received additional County funds for implementation of the youth jobs program during April through June 2016. Unlike the two prior years' Spring period programs, this phase of the program was not exclusively geared toward TANF youth. The funding allocation included monies from all three funding streams (TANF, NCC, and Foster youth).

Implementing the corrective action plan, orientation to the Spring program included a detailed overview of the various funding streams. Allocation of funds and slots in each of those funding streams was clearly communicated to each subrecipient. Eligibility requirements for each funding stream were reviewed in a subrecipient meeting with reference to the existing County Technical Assistance Guide for a reiteration of eligibility criteria as well as procedural instructions. There were no revisions to the three sets of eligibility criteria. Subrecipients were issued a succinct summary of eligibility criteria by funding stream with instruction to ensure that a copy be provided to all staff determining program eligibility for easy reference. Hard copies and electronic copies of the summary were provided to all participating subrecipients.

With implementation of the Spring 2016 program, the County has eliminated phases with differing target populations from its program design and has initiated greater program continuity by serving all three targeted groups (TANF, NCC, and Foster youth) during the program year. This should also serve to mitigate confusion about the population being served. Additionally, the program is referenced as the "LACYJ" program (Los Angeles County Youth Jobs program) as opposed to identifying it with a single funding source (i.e. CalWORKs).

As information regarding audit findings and comments became available, this information was shared with subrecipients to apprise them of areas for improvement. Subrecipients were instructed to designate a quality control point person to oversee participant compliance with file maintenance.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

For program year 2016-17, EWDD hired an increased number of as-needed staff earlier in the program implementation process to provide additional file review capacity. The additional staff also functions as additional points of contacts for subrecipients to field questions and apprise EWDD staff of technical assistance needs.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2015-018 Noncompliance with Subrecipient Monitoring Requirement - Noncompliance and Material Weakness

CFDA No 93.558 - Temporary Assistance for Needy Families

Condition

During our review of the TANF Program, we noted that the EWDD program monitoring reports did not contain evidence of review and approval. EWDD also failed to provide documentation indicating there was communication with the subrecipients regarding the correction of deficiencies noted during the monitoring process.

Recommendation

We recommend that the EWDD management implement procedures to ensure there is evidence of review and approval of the program monitoring reports and ensure proper documentation is maintained to indicate the department followed up on deficiencies noted in the program monitoring reports.

Current Year Management Response

With the allocation of additional County funds for program implementation of the youth jobs program in the Spring 2016, EWDD initiated monitoring processes that included follow up on cited issues for issue resolution and/or technical assistance and documentation of issue resolution. EWDD lead staff provides supervision for the Youth Employment Specialists' (YES), the as-needed staff, and meet with them regularly to provide feedback and review the work plan.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2014-004 Noncompliance with Reporting Requirement – Noncompliance and Material Weakness

CFDA No. 14.241 - Housing Opportunity for Persons with AIDS

Condition

The CAPER for grant number CA-H14-F005 and the APR for grant number CA-H12-0002 were submitted late as follows;

Report Name	Contract No.	Report Period	Due Date	Submission Date	Status
HUD-40110-C Annual Progress Report (APR)	CA-H12-0002	7/1/13 – 06/30/14	9/30/2014	12/11/2014	72 days late
HUD-40110-D CAPER	CA-H14-F005	4/1/13 – 3/31/14	6/29/2014	11/7/2014	131 days late

This is a repeat finding from the prior year.

Recommendation

We recommend that the HCID establish procedures to submit the required form within the prescribed timeframe.

Current Year Management Response

The HOPWA CAPER was timely submitted in 2016. The APR is due 90 days after the close of the program year. The program ended June 30, 2015, with a due date to submit the APR on September 30, 2015. The HUD granted HCID's request to extend the deadline to October 30, 2015. The report was reviewed by the HUD technical consultant and was finalized on October 30, 2015. The final completed report was submitted to HUD on October 30, 2015.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2014-006 Noncompliance with Subrecipient Monitoring Requirement – Noncompliance and Material Weakness

CFDA No. 17.277 – Workforce Investment Act National Emergency Grants

Condition

During our review of the WIA NEG program, we noted that EWDD performed the required on-site programmatic monitoring reviews but not the fiscal monitoring reviews for three (3) out of eight (8) subrecipients tested. Although the fiscal monitoring reviews did not occur during the year, EWDD obtained the Single Audit Reports for these subrecipients and no findings were noted.

Recommendation

We recommend that the EWDD management emphasize and strengthen adherence to their fiscal monitoring policies and procedures to ensure they are in compliance with the grant requirements over subrecipient monitoring.

Current Year Management Response

The EWDD has completed the fiscal monitoring reviews for the three (3) subrecipients identified.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2014-008 Noncompliance with Reporting Requirement – Noncompliance and Significant Deficiency

CFDA Nos. 93.041, 93.042, 93.043, 93.044, 93.045, 93.052 and 93.053 – Aging Cluster: Special Programs for the Aging - Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation; Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals; Title III, Part D Disease Prevention and Health Promotion Services; Title III, Part B Grants for Supportive Services and Senior Centers; Title III, Part C Nutrition Services; National Family Caregiver Support, Title III, Part E

Condition

During our review of the Aging cluster program, it was noted that four (4) of the RFFs were submitted after the deadline.

The details of the late submission of the reports are as follows:

<u>Name of Report</u>	<u>Period Covered</u>	<u>Due Date</u>	<u>Date Submitted</u>	<u>Status</u>
RFF-CARS	December 2013	October 30th	November 6, 2013	7 days late
RFF-CARS	January 2014	November 30th	December 26, 2013	26 days late
RFF-CARS	March 2014	January 30th	January 31, 2014	1 day late
RFF-CARS	June 2014	April 30th	May 1, 2014	1 day late

Recommendation

We recommend that the LADOA strengthen its internal controls to ensure adherence with the CDA grant reporting requirements and to comply with the OMB Circular A-133 Subpart C, §.300 (c). The LADOA is to report the required information on the RFF on a timely basis for each reporting period.

Current Year Management Response

LADOA implemented its corrective action plan on April 1, 2015 by establishing a monthly progress review to ensure that report preparation was on target for the month-end submission.

Each of the monthly due dates have been met, from April 2015 – June 2015.

RFF-CARS Report Submission Dates

Name of Report	Period Covered (FY 14-15)	Due Date	Date Submitted	Status
RFF - CARS	April, 2015	February 28, 2015	February 27, 2015	On time
RFF – CARS	May, 2015	March 30, 2015	March 26, 2015	On time
RFF – CARS	June, 2015	April 30, 2015	April 24, 2015	On time

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

2014-009 Noncompliance with Eligibility Requirement – Noncompliance and Material Weakness

CFDA No. 93.558 – Temporary Assistance for Needy Families

Condition

During our review of the TANF program, we noted nine (9) out of the fifty-one (51) participants tested who were not in compliance with the documentation requirements on the general eligibility determination requirements as follows:

- a. Five (5) youths did not have a valid work permit prior to starting their work experience in the TANF Los Angeles County Youth Program. Work permits were issued subsequent to the start of the work experience;
- b. The Statement of Intent to Employ a Minor for four (4) youths were not signed by the participant's guardian, parent, caregiver or foster parent prior to issuing a work permit. However, a work permit was issued prior to the start date of their work experience.

Recommendation

We recommend that the EWDD strengthen its current practices with respect to the determination and documentation of participant's eligibility in compliance with the program requirements.

Current Year Management Response

The EWDD has taken action to strengthen practices related to the determination of participants' eligibility and compliance with the program requirements by reviewing prior year successes and opportunities for improvement with program operators at the outset of new program year activities. This issue was discussed during the first three program operators meetings. In addition, prior to commencing summer program activities, the Los Angeles Unified School District Work Experience Office Coordinator who oversees issuance of work permits for the district, delivered a detailed presentation on work permits to the program operators and responded to questions.

Current Status as of June 30, 2016

Implemented.

CITY OF LOS ANGELES, CALIFORNIA
Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2016

Finding #13-5 Noncompliance with Reporting Requirement – Noncompliance and Significant Deficiency

CFDA No. 14.218 - Community Development Block Grant

Condition

As a prime recipient of financial assistance from HUD, for each grant over \$200,000 that the City receives that involves housing rehabilitation, housing construction, or other public construction, the City is required to submit to HUD an annual performance report titled “ 60002 - Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons” (Section 3 Summary Report). During the review of the annual Section 3 Summary Report for program year 2012-13, it was noted that the City did not identify and report all of its contractors and subrecipients. The City reported only the Section 3 data collected from Los Angeles Housing Department (LAHD) for construction projects.

This is a repeat finding since fiscal year 2011.

Recommendation

HCID should strengthen its internal controls to ensure the accuracy and completeness of the Section 3 Summary Report submitted to HUD.

Current Year Management Response

The HUD’s Section 3 Performance Evaluation and Registration System (SPEARS) now appears to have the Community Development Block Grant (CDBG) grant available to report Section 3 data. The City is collecting data to allow us to enter current and past year CDBG information and will submit the reports at the same time the annual report is due, after the end of the program year. Additionally, the City will report on the technical assistance work done to improve data collection and Section 3 reporting, particularly relating to CDBG.

Current Status as of June 30, 2016

Implemented.

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CITY OF LOS ANGELES, CALIFORNIA
DEPARTMENT OF AGING
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
GRANTED BY THE CALIFORNIA DEPARTMENT OF AGING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor Pass-through Grantor Program Title	Grant/ Contract No.	CFDA No.	Expenditures State	Federal
U.S. Department of Agriculture				
Passed through State of California, Department of Aging Supplemental Nutrition Assistance Program	SP-1415-25	10.561	\$ -	\$ 39,884
U.S. Department of Labor				
Passed through State of California, Department of Aging Title V	TV-1516-25	17.235	-	1,509,360
U.S. Department of Health and Human Services				
Passed through State of California, Department of Aging:				
Title III B	AP-1516-25	93.044	77,528	3,380,081
Title III C1 Congregate Nutrition	AP-1516-25	93.045	424,552	4,024,430
Title III C2 Home Delivered Nutrition	AP-1516-25	93.045	653,512	2,015,324
Title III D	AP-1516-25	93.043	-	217,854
Title III E	AP-1516-25	93.052	-	1,090,422
NSIP C1	AP-1516-25	93.053	-	583,628
NSIP C2	AP-1516-25	93.053	-	590,034
Title VII A	AP-1516-25	93.042	-	86,430
Title VII B	AP-1516-25	93.041	-	48,837
Ombudsman - Public Health L & C			31,011	-
Ombudsman - State Health Facilities/Citation Penalties			258,774	-
Ombudsman Volunteer Recruitment Initiative- Skilled Nursing Facility (SNF) Quality & Accountability Fund (QAF)			147,303	-
Health Insurance Counseling & Advocacy Program (HICAP)	HI-1516-25	93.324	456,124	231,343
Total Human and Health Services			2,048,804	12,268,383
Total			\$ 2,048,804	\$ 13,817,627

CITY OF LOS ANGELES, CALIFORNIA
HOUSING AND COMMUNITY INVESTMENT DEPARTMENT
STATE OF CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
COMMUNITY SERVICES BLOCK GRANT
SUPPLEMENTARY SCHEDULES OF REVENUE AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Community Services Block Grant - CFDA No. 93.569
Contract No. 15F-2022, Project No. CAA-2015

	<u>January 1, 2015 through June 30, 2015</u>	<u>July 1, 2015 through June 30, 2016</u>	<u>Total Reported</u>	<u>Total Budget</u>
Revenue				
Grant Revenue	\$ 3,136,523	\$ 3,030,869	\$ 6,167,392	\$ 6,167,392
Interest Income/ Program Income	4,344	6,258	10,602	-
Deferred Interest Income	(4,344)	4,344	-	-
Deferred Grant Revenue	(1,200,000)	1,200,000	-	-
Total Revenue	<u>1,936,523</u>	<u>4,241,471</u>	<u>6,177,994</u>	<u>6,167,392</u>
Expenditures				
Administrative Costs				
Salaries and Wages	95,068	779,411	874,479	833,095
Fringe Benefits	34,179	287,677	321,856	316,743
Operating Expenses and Equipment	6,725	69,150	75,875	112,169
Contractor/ Consultant Services	5,349	3,794	9,143	8,744
Other Costs	2,928	86,713	89,641	89,641
Total Administrative Costs	<u>144,249</u>	<u>1,226,745</u>	<u>1,370,994</u>	<u>1,360,392</u>
Program Costs				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Subcontractor Services	1,792,274	3,014,726	4,807,000	4,807,000
Total Program Costs	<u>1,792,274</u>	<u>3,014,726</u>	<u>4,807,000</u>	<u>4,807,000</u>
Total Expenditures	<u>1,936,523</u>	<u>4,241,471</u>	<u>6,177,994</u>	<u>6,167,392</u>
Excess of Revenue Over Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LOS ANGELES, CALIFORNIA
HOUSING AND COMMUNITY INVESTMENT DEPARTMENT
STATE OF CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
COMMUNITY SERVICES BLOCK GRANT
SUPPLEMENTARY SCHEDULES OF REVENUE AND EXPENDITURES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Community Services Block Grant - CFDA No. 93.569
Contract No. 16F-5022, Project No. CAA-2016

	January 1, 2016 through June 30, 2016	Total Budget
Revenue		
Grant Revenue	\$ 2,905,061	\$ 6,544,449
Interest Income/ Program Income	5,569	-
Deferred Interest Income	(5,569)	-
Deferred Grant Revenue	(1,636,112)	-
Total Revenue	<u>1,268,949</u>	<u>6,544,449</u>
Expenditures		
Administrative Costs		
Salaries and Wages	420,083	1,150,724
Fringe Benefits	113,400	437,085
Operating Expenses and Equipment	11,917	114,181
Contractor/Consultant Services	1,873	10,744
Other Costs	26,949	124,715
Total Administrative Costs	<u>574,222</u>	<u>1,837,449</u>
Program Costs		
Salaries and Wages	-	-
Fringe Benefits	-	-
Subcontractor Services	694,727	4,707,000
Total Program Costs	<u>694,727</u>	<u>4,707,000</u>
Total Expenditures	<u>1,268,949</u>	<u>6,544,449</u>
Excess of Revenue Over Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LOS ANGELES, CALIFORNIA
POLICE DEPARTMENT
STATE OF CALIFORNIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF SELECTED
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>State Grantor</u>	<u>Program Title</u>	<u>Agreement Number</u>	<u>Expenditures</u>
State of California			
Department of Alcoholic Beverage Control	Operation Alcoholic Beverage Control	15G-LA17	\$ <u>100,000</u>