

***CITY OF TEMPLE CITY
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
MEASURE M LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF TEMPLE CITY
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Temple City, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Temple City, California (the City) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City of Temple City, California, as of June 30, 2019 and 2018, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Temple City, California, as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' financial statements. Such 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 Funds' financial statements or to the Funds' financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 21, 2019, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 21, 2019

CITY OF TEMPLE CITY
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 1,238,184	\$ 984,420
Other receivable	<u>7,227</u>	<u>7,227</u>
Total assets	<u>\$ 1,245,411</u>	<u>\$ 991,647</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>64,046</u>	\$ <u>101,212</u>
Total liabilities	<u>64,046</u>	<u>101,212</u>
 Fund Balance		
Restricted	<u>1,181,365</u>	<u>890,435</u>
Total fund balance	<u>1,181,365</u>	<u>890,435</u>
Total liabilities and fund balance	<u>\$ 1,245,411</u>	<u>\$ 991,647</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
PROPOSITION A LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>
REVENUES		
Proposition A	\$ 730,549	\$ 681,478
Project generated revenue (Note 8)	43,916	73,388
Interest income	14,103	12,926
Total revenues	<u>788,568</u>	<u>767,792</u>
 EXPENDITURES		
Various projects	<u>497,638</u>	<u>740,309</u>
Total expenditures	<u>497,638</u>	<u>740,309</u>
 Excess of revenues over expenditures	 290,930	 27,483
 Fund balance at beginning of year	 <u>890,435</u>	 <u>862,952</u>
 Fund balance at end of year	 <u>\$ 1,181,365</u>	 <u>\$ 890,435</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance Favorable (Unfavorable)	2018 Actual
		Metro Budget	Actual		
130-01	Special Service Paratransit	\$ 525,000	\$ 266,631	\$ 258,369	\$ 477,246
130-05	Dial-A-Ride	265,000	-	265,000	-
140-02	Recreational Transit	68,000	61,873	6,127	60,674
170-04	Bus Shelter Maintenance	17,000	12,525	4,475	8,920
250-03	User-Side Subsidy	111,030	61,974	49,056	94,606
270-02	San Gabriel Valley Council of Governments Membership	11,500	10,880	620	10,720
480-05	Direct Administration	63,765 *	83,755	(19,990)	88,143
Total expenditures		\$ 1,061,295	\$ 497,638	\$ 563,657	\$ 740,309

* Metro subsequently approved the budget increase to \$83,755.

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ <u>1,759,584</u>	\$ <u>1,387,568</u>
Total assets	\$ <u><u>1,759,584</u></u>	\$ <u><u>1,387,568</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
 Fund Balance		
Restricted	<u>1,759,584</u>	<u>1,387,568</u>
Total fund balance	<u>1,759,584</u>	<u>1,387,568</u>
 Total liabilities and fund balance	 \$ <u><u>1,759,584</u></u>	 \$ <u><u>1,387,568</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
PROPOSITION C LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2019	2018
REVENUES		
Proposition C	\$ 605,970	\$ 566,343
Interest income	26,046	16,824
Total revenues	632,016	583,167
 EXPENDITURES		
Various projects	260,000	203,442
Total expenditures	260,000	203,442
 Excess of revenues over expenditures	372,016	379,725
 Fund balance at beginning of year	1,387,568	1,007,843
 Fund balance at end of year	\$ 1,759,584	\$ 1,387,568

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
130-05	Dial-A-Ride	\$ 260,000	\$ 260,000	\$ -	\$ -
440-01	Temple City Boulevard Upgrades and Safety Improvements	-	-	-	203,442
	Total expenditures	\$ 260,000	\$ 260,000	\$ -	\$ 203,442

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 1,043,109	\$ 575,970
Total assets	\$ 1,043,109	\$ 575,970
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	1,043,109	575,970
Total fund balance	1,043,109	575,970
Total liabilities and fund balance	\$ 1,043,109	\$ 575,970

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE R LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2019	2018
REVENUES		
Measure R	\$ 454,608	\$ 423,380
Interest income	12,531	6,059
Total revenues	467,139	429,439
 EXPENDITURES		
Street repair and maintenance	-	750,000
Total expenditures	-	750,000
 Excess (deficiency) of revenues over (under) expenditures	467,139	(320,561)
 Fund balance at beginning of year	575,970	896,531
 Fund balance at end of year	\$ 1,043,109	\$ 575,970

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Pavement Management: Street Resurfacing	\$ 750,000	\$ -	\$ 750,000	\$ -
1.05	Street Repair and Maintenance	-	-	-	750,000
	Total expenditures	\$ 750,000	\$ -	\$ 750,000	\$ 750,000

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 673,046	\$ 198,211
Due from Metro	<u>41,376</u>	<u>-</u>
Total assets	<u><u>\$ 714,422</u></u>	<u><u>\$ 198,211</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>274</u>	\$ <u>-</u>
Total liabilities	<u>274</u>	<u>-</u>
 Fund Balance		
Restricted	<u>714,148</u>	<u>198,211</u>
Total fund balance	<u>714,148</u>	<u>198,211</u>
Total liabilities and fund balance	<u><u>\$ 714,422</u></u>	<u><u>\$ 198,211</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE M LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2019	2018
REVENUES		
Measure M	\$ 512,161	\$ 383,679
Interest income	7,381	1,377
Total revenues	519,542	385,056
 EXPENDITURES		
Various projects	3,605	186,845
Total expenditures	3,605	186,845
 Excess of revenues over expenditures	515,937	198,211
 Fund balance at beginning of year	198,211	-
 Fund balance at end of year	\$ 714,148	\$ 198,211

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Pavement Management: Street Resurfacing	\$ 400,000	\$ 3,605	\$ 396,395	\$ -
1.05	Street Resurfacing per Pavement Management Plan	-	-	-	186,845
	Total expenditures	\$ 400,000	\$ 3,605	\$ 396,395	\$ 186,845

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Due from Metro	\$ -	\$ 62,351
Total assets	\$ -	\$ 62,351
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	-	62,351
Total fund balance	-	62,351
Total liabilities and fund balance	\$ -	\$ 62,351

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>
REVENUES		
TDA 3	\$ -	\$ 62,351
Interest income	<u>1,006</u>	<u>-</u>
Total revenues	<u>1,006</u>	<u>62,351</u>
 EXPENDITURES		
Various projects	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
 OTHER FINANCING USE		
Funds returned to Metro	<u>63,357</u>	<u>-</u>
Total other financing use	<u>63,357</u>	<u>-</u>
 (Deficiency) excess of revenues (under) over expenditures and other financing use	 (62,351)	 62,351
 Fund balance at beginning of year	 <u>62,351</u>	 <u>-</u>
 Fund balance at end of year	 \$ <u><u>-</u></u>	 \$ <u><u>62,351</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2019

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
None	2018-19	\$ -	\$ -	\$ -	
	Total	<u>\$ -</u>	<u>\$ -</u>	\$ -	
Interest income				1,006	
Fund balance at beginning of year				62,351	
Funds returned to Metro				<u>(63,357)</u>	
Fund balance at end of year				<u>\$ -</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF TEMPLE CITY
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City’s share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue Funds are reported on spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statement of revenue, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF TEMPLE CITY
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

In accordance with Government Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investment at fair value and recognizes unrealized gain (loss) on investments.

Refer to City's 2019 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment policy and fair value measurement.

Fund Balance Reporting

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F report the following fund balance classification as of June 30, 2019:

- Restricted– Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).

Information regarding the fund balance reporting policy adopted by the City is described in Note 1 to the City's Comprehensive Annual Financial Report.

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Measure M Local Return Program Guidelines, Transportation Development Act Article 3 and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

CITY OF TEMPLE CITY
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 3 - PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Measure R Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic improvement Plan Ordinance, known as Measure M. In accordance with Measure M Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234, funds received pursuant to this Code’s section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F’s cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

NOTE 8 – PROJECT GENERATED REVENUE - PALRF

Project generated revenue for the years ended June 30, 2019 and 2018 consisted of the following:

		2019		2018
Bus Pass Sales	\$	43,916	\$	73,388
Total	\$	43,916	\$	73,388

CITY OF TEMPLE CITY
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 9 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
FY 2014-15 allocation	\$ -	\$ 15,273
FY 2015-16 allocation	-	23,034
FY 2016-17 allocation	-	24,044
Total payment requested	<u>\$ -</u>	<u>\$ 62,351</u>

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2019 and 2018, the City has funds on reserve as follows:

	<u>2019</u>	<u>2018</u>
FY 2015-16 allocation	\$ 23,034	\$ -
FY 2016-17 allocation	24,044	-
FY 2017-18 allocation	23,802	23,802
FY 2018-19 allocation	24,676	-
Available reserve balance	<u>\$ 95,556</u>	<u>\$ 23,802</u>

The fiscal year 2014-15 allocation of \$15,273 was not spent as of June 30, 2019 and therefore, lapsed and returned to Metro for future reallocation. See Finding No. 2019-007 on the Schedule of Findings and Recommendations.

NOTE 11 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through November 21, 2019, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**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 of the
City of Temple City, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Temple City, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the Funds' 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 Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
November 21, 2019

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report on Compliance

To the Honorable Members of the City Council of the
City of Temple City, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Temple City, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for the City's compliance with the Guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. 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 Guidelines referred to in the preceding paragraph. Those standards and the Guidelines 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 Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program, and Transportation Development Act Article 3 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 with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

Opinion on Each Local Return Program and Transportation Development Act Article 3

In our opinion, except as noted in the Compliance Matrix and the Schedule of Findings and Recommendations, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.





Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding Nos. 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, and 2019-007. Our opinion on each local return program and Transportation Development Act Article 3 program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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.

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 we consider to be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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 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 under the Guidelines will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as Finding No. 2019-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as Finding 2019-005 to be a significant deficiency.



The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
November 21, 2019

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2019

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).		X		None	See Finding No. 2019-001 on Schedule of Findings and Recommendations.
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X			None	
6.	All on-going and carryover projects were reported in Form B.	X			None	
7.	Annual Project Summary Report (Form B) was submitted on time.		X		None	See Finding No. 2019-002 on Schedule of Findings and Recommendations.
8.	Annual Expenditure Report (Form C) was submitted on time.	X			None	
9.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping and documentation are adequate.		X		None	See Finding No. 2019-003 on Schedule of Findings and Recommendations.
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.			X	None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	
14.	Signed Assurances and Understandings form was on file.	X			None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Recreational transit form was submitted on time.		X		None	See Finding No. 2019-004 on Schedule of Findings and Recommendations.

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes.			X	None	
2.	Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.			X	None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.			X	None	
7.	Expenditure Plan (Form One) was submitted on time.		X		None	See Finding No.2019-005 on Schedule of Findings and Recommendations.
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted on time.			X	None	

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form M-One) was submitted on time.		X		None	See Finding No. 2019-006 on Schedule of Findings and Recommendations.
8.	Expenditure Report (Form M-Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted timely.			X	None	

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
 Year Ended June 30, 2019
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
D. Transportation Development Act Article 3 Fund						
1.	Timely use of funds.		X		\$15,273	See Finding No. 2019-007 on Schedule of Findings and Recommendations.
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.			X	None	

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2019

PALRF: Finding No. 2019-001

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
Condition	The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 480.05, Direct Administration, in the amount of \$4,049. However, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on December 6, 2019.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City’s PALRF project expenditure exceeded 25 percent of LACMTA’s approved budget without LACMTA’s approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA’s approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating Local Return projects.
Management’s Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval in the amount of \$83,755 of the said expenditures on December 6, 2019. No follow-up is required.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PALRF and PCLRF: Finding No. 2019-002

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, “Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects.”
Condition	The City did not meet the August 1, 2018 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 8, 2018.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City’s Form B was not submitted timely as required by Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	The City subsequently submitted the Form B on August 8, 2018. No follow-up is required.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PALRF: Finding No. 2019-003

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	To support the propriety of expenditures being charged to the PALRF, non-payroll expenditures should be supported by properly executed contracts, invoices, and payment vouchers. Although payments to vendors were allowable and were properly supported by invoices and cancelled checks, the expenditures for Recreational Transit Project Code 140-02 were not supported by an existing contract or purchase order form for the following vendors: a) Thirteen (13) payments made to Fast Deer Bus Charter, Inc. in the total amount of \$20,376; b) Two (2) payments made to Catalina Channel Express in the total amount of \$11,114. This is a repeat finding from the prior two fiscal years.
Cause	Contracts agreements with the transportation companies were not previously enforced by the City.
Effect	No contract or purchase order form to support the payments made to the vendors, Fast Deer Bus Charter, Inc. and Catalina Channel Express, indicates a weakness in the City’s internal control.
Recommendation	We recommend that the City establish controls to ensure that the costs charged to the Local Return Funds, although allowable, are adequately supported by contracts, purchase orders, invoices, canceled checks or similar documentation so that Local Return expenditures are in compliance with the Guidelines.
Management’s Response	Currently, the City department receives services from different bus charter vendors and prepares the necessary contracts for each vendor.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PALRF: Finding No. 2019-004

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, “Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 6, 2019.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City’s Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15 th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	The City submitted the form to LACMTA on November 6, 2019. No follow-up is required.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

MRLRF: Finding No. 2019-005

Compliance Reference	According to Measure R Local Return Guidelines, Section B (II.1), Expenditure Plan (Form One): “Jurisdictions shall submit to LACMTA an Expenditure Plan, annually, on or before August 1st of each fiscal year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form One. However, the City submitted the Form One on August 7, 2018. This is a repeat finding from the prior fiscal year.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City’s Form One was not submitted timely as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form One is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Measure R Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	The City subsequently submitted the Form One on August 7, 2018. No follow-up is required.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

MMLRF: Finding No. 2019-006

Compliance Reference	According to Measure M Local Return Guidelines, Reporting Requirements Section XXV, Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR Program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 7, 2018.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City’s Form M-One was not submitted timely as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Measure M Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	The City subsequently submitted the Form M-One on August 7, 2018. No follow-up is required.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

TDAA3F: Finding No. 2019-007

Compliance Reference	According to LACMTA’s Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, “TDA Article 3 local funds may be placed on reserve for up to three years (i.e. no longer than the fourth June 30 after they were made available by Metro Board action). Agencies may accumulate three years worth of reserved TDA Article 3 local funds before being required to obligate them or return them to the TDA Article 3 fund. Any funds left on reserve by the local agency longer than three years are subject to lapse and future reallocation. For FY 2018-2019, any TDA Article 3 funds left on reserve for FY 2014-2015 are subject to lapse if not claimed by the agency by May 31, 2019.”
Condition	At June 30, 2019, the City had lapsed funds of \$15,273 from the June 30, 2015 allocation.
Cause	The planned project for TDA Article 3 funds did not commence in FY 2018-19 as anticipated by the City.
Effect	Untimely review of the funding status from the prior year allocation could result in losing the funding.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 reserve balance to ensure that all TDA Article 3 funds are claimed and expended within the required timeline per the TDA Article 3 Guidelines.
Management’s Response	In the future, the City will ensure that the TDA Article 3 funds are expended for qualified projects within the period allowed for the timely use of funds.

EXIT CONFERENCE

CITY OF TEMPLE CITY
PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND,
MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2019

An exit conference was held on December 11, 2019, with the City of Temple City. Those in attendance were:

Simpson & Simpson Representative:

John Longoria, Auditor

City's Representative:

Lee Ma, Accountant

Matters Discussed:

Results of the audit disclosed one (1) material weakness, one (1) significant deficiency and seven (7) non-compliance issues with Metro Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Lee Ma, Accountant

Simpson & Simpson, LLP
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF TEMPLE CITY ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund for the years ended June 30, 2019 and 2018 for the City of Temple City and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date