

***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, 2021 AND 2020***



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, 2021 and 2020, 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2021 and 2020, and the respective changes in 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, 2021 and 2020, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 December 1, 2021, 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 the effectiveness of the City's 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
December 1, 2021

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

	2021	2020 as restated
ASSETS		
Cash and investments	\$ 1,108,069	\$ 1,433,938
Prepaid expenditures	10,190	10,838
Other receivable	1,612	7,227
Total assets	\$ 1,119,871	\$ 1,452,003
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 52,547	\$ 805,036
Accrued payroll and benefits payable	1,291	-
Total liabilities	53,838	805,036
 Fund Balance		
Restricted	1,066,033	646,967
Total fund balance	1,066,033	646,967
Total liabilities and fund balance	\$ 1,119,871	\$ 1,452,003

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

	2021	2020
		as restated
REVENUES		
Proposition A	\$ 736,054	\$ 703,703
Interest income	2,031	17,770
Project generated revenue (Note 8)	1,072	27,365
Total revenues	739,157	748,838
EXPENDITURES		
Various projects	320,091	1,283,236
Total expenditures	320,091	1,283,236
Excess (deficiency) of revenues over expenditures	419,066	(534,398)
Fund balance at beginning of year	646,967	1,181,365
Fund balance at end of year	\$ 1,066,033	\$ 646,967

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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual as restated
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
106	Special Service Paratransit	\$ 525,000	\$ 233,575	\$ 291,425	\$ 29,541
135	User-Side Subsidy	61,480	418	61,062	36,621
155	Recreational Transit	55,000	-	55,000	29,879
205	Bus Shelter Maintenance	14,000	9,000	5,000	9,000
470	Transportation Membership	11,000	10,838	162	-
610	Direct Administration	71,730	66,260	5,470	67,653
130-05	Dial-A-Ride	-	-	-	349,542
270-02	San Gabriel Valley Council of Governments Membership	-	-	-	11,000
410-00	Proposition A Fund Exchange with Foothill Transit (Note 9)	-	-	-	750,000
Total expenditures		\$ <u>738,210</u>	\$ <u>320,091</u>	\$ <u>418,119</u>	\$ <u>1,283,236</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 CAPITAL ASSETS
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
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

	2021	2020
ASSETS		
Cash and investments	\$ <u>1,416,699</u>	\$ <u>1,933,412</u>
Total assets	\$ <u><u>1,416,699</u></u>	\$ <u><u>1,933,412</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>43,790.00</u>	\$ <u>-</u>
Total liabilities	<u>43,790.00</u>	<u>-</u>
 Fund Balance		
Restricted	<u>1,372,909</u>	<u>1,933,412</u>
Total fund balance	<u>1,372,909</u>	<u>1,933,412</u>
Total liabilities and fund balance	\$ <u><u>1,416,699</u></u>	\$ <u><u>1,933,412</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

	<u>2021</u>	<u>2020</u>
REVENUES		
Proposition C	\$ 610,530	\$ 583,723
Interest income	<u>11,879</u>	<u>27,667</u>
Total revenues	<u>622,409</u>	<u>611,390</u>
 EXPENDITURES		
Various projects	<u>1,182,912</u>	<u>437,562</u>
Total expenditures	<u>1,182,912</u>	<u>437,562</u>
 Excess (deficiency) of revenues over expenditures	 (560,503)	 173,828
 Fund balance at beginning of year	 <u>1,933,412</u>	 <u>1,759,584</u>
 Fund balance at end of year	 \$ <u><u>1,372,909</u></u>	 \$ <u><u>1,933,412</u></u>

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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	Las Tunas Drive Resurfacing	\$ 2,900,000	\$ 1,182,912	\$ 1,717,088	\$ 437,562
	Total expenditures	\$ <u>2,900,000</u>	\$ <u>1,182,912</u>	\$ <u>1,717,088</u>	\$ <u>437,562</u>

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, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
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

	2021	2020
ASSETS		
Cash and investments	\$ 1,955,701	\$ 1,485,561
Total assets	\$ 1,955,701	\$ 1,485,561
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	1,955,701	1,485,561
Total fund balance	1,955,701	1,485,561
Total liabilities and fund balance	\$ 1,955,701	\$ 1,485,561

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

	2021	2020
REVENUES		
Measure R	\$ 458,532	\$ 437,166
Interest income	14,108	17,515
Total revenues	472,640	454,681
EXPENDITURES		
Various projects	2,500	12,229
Total expenditures	2,500	12,229
Excess of revenues over expenditures	470,140	442,452
Fund balance at beginning of year	1,485,561	1,043,109
Fund balance at end of year	\$ 1,955,701	\$ 1,485,561

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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
705	Pavement Management Street Resurfacing	\$ 1,244,000	\$ -	\$ 1,244,000	\$ 12,229
705	San Gabriel Valley Council of Governments VMT Analysis *	2,500	2,500	-	-
	Total expenditures	<u>\$ 1,246,500</u>	<u>\$ 2,500</u>	<u>\$ 1,244,000</u>	<u>\$ 12,229</u>

* The City received a retroactive approval from Metro on December 2, 2021 on the budget for Project 705, San Gabriel Valley Council of Governments VMT Analysis, in the amount of \$2,500. See Compliance Matrix and Schedule of Findings and Recommendations - Finding No. 2021-002.

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, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
	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

	2021	2020 as restated
ASSETS		
Cash and investments	\$ 1,567,784	\$ 1,093,879
Total assets	\$ 1,567,784	\$ 1,093,879
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 55,305
Accrued payable	5,000	-
Total liabilities	5,000	55,305
Fund Balance		
Restricted	1,562,784	1,038,574
Total fund balance	1,562,784	1,038,574
Total liabilities and fund balance	\$ 1,567,784	\$ 1,093,879

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

	2021	2020	
		as restated	
REVENUES			
Measure M	\$ 519,534	\$ 491,944	
Interest income	10,743	12,890	
Total revenues	530,277	504,834	
EXPENDITURES			
Various projects	6,067	180,408	
Total expenditures	6,067	180,408	
Excess of revenues over expenditures	524,210	324,426	
Fund balance at beginning of year	1,038,574	714,148	
Fund balance at end of year	\$ 1,562,784	\$ 1,038,574	

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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual as restated
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	Pavement Management Street Resurfacing	\$ 400,000	\$ 1,067	\$ 398,933	\$ 180,408
705	Las Tunas Drive Resurfacing	736,000	-	736,000	-
705	San Gabriel Valley Council of Governments VMT Mitigation *	5,000	5,000	-	-
	Total expenditures	<u>\$ 1,141,000</u>	<u>\$ 6,067</u>	<u>\$ 1,134,933</u>	<u>\$ 180,408</u>

* The City received a retroactive approval from Metro on December 2, 2021 on the budget for Project 705, San Gabriel Valley Council of Governments VMT Mitigation, in the amount of \$5,000. See Compliance Matrix and Schedule of Findings and Recommendations - Finding No. 2021-003.

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, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
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

	2021	2020
ASSETS		
Due from Metro	\$ -	\$ 55,023
Total assets	\$ -	\$ 55,023
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ -	\$ 55,023
Total liabilities	-	55,023
Fund Balance		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ 55,023

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

	2021	2020
REVENUES		
TDA 3	\$ -	\$ 55,023
Total revenues	-	55,023
EXPENDITURES		
Various projects	-	55,023
Total expenditures	-	55,023
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

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, 2021

<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	2020-21	\$ -	\$ -	\$ -	
Total		<u>\$ -</u>	<u>\$ -</u>	\$ -	
Fund balance at beginning of year				-	
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, 2021 and 2020

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 the 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. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenues 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, 2021 and 2020
(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 2021 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, 2021:

- 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, 2021 and 2020
(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, 2021 and 2020 consisted of the following:

		2021		2020
Bus Pass Sales	\$	1,072	\$	27,365
Total	\$	1,072	\$	27,365

The significant decrease in project generated revenue in fiscal year ended June 30, 2021 was caused by the coronavirus that adversely affected the operations and services of the City.

CITY OF TEMPLE CITY
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(Continued)

NOTE 9 – PROPOSITION A FUND EXCHANGE WITH FOOTHILL TRANSIT - PALRF

In fiscal year 2020, the City entered into an agreement on May 19, 2020 with Foothill Transit to exchange \$1 of Proposition A Local Return Funds for every \$.75 (or 75 cents) of General Fund. Accordingly, the City received \$562,500 of Foothill Transit’s General Funds on July 8, 2020 and assigned \$750,000 of its Proposition A Local Return Funds to Foothill Transit on July 7, 2020.

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2021 and 2020 consisted of the following:

		2021		2020
FY 2015-16 allocation	\$	-	\$	23,034
FY 2016-17 allocation		-		24,044
FY 2017-18 allocation		-		7,945
Total payment requested	\$	-	\$	55,023

NOTE 11 – 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, 2021 and 2020, the City has funds on reserve as follows:

		2021		2020
FY 2017-18 allocation	\$	15,857	\$	15,857
FY 2018-19 allocation		24,676		24,676
FY 2019-20 allocation		26,199		26,199
FY 2020-21 allocation		20,402		-
Available reserve balance	\$	87,134	\$	66,732

NOTE 12 – IMPACT OF CORONAVIRUS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. However, the City’s management believes that the financial impact, if any, will not materially affect the June 30, 2021 Funds’ financial statements

CITY OF TEMPLE CITY
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(Continued)

NOTE 13 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 1, 2021, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2021.

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) as a basis for designing 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 financial statements. 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 1, 2021

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, 2021.

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, 2021.





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. 2021-001, 2021-002, 2021-003. 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.

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 under the Guidelines 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. 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.

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 have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Recommendations as Finding No. 2021-001 that we consider to be a material weakness.

The response by the City to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The response by the City was not subject 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 Guidelines. Accordingly, this report is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
December 1, 2021

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2021

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 or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X			None	
2.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X			None	
3.	Funds were expended with Metro’s approval and were not substituted for property tax.	X			None	
4.	Timely use of funds.	X			None	
5.	Administrative expenses are within the 20% cap.	X			None	
6.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	X			None	
7.	Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X			None	
9.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
10.	Local Return Account is credited for reimbursable expenditures.	X			None	
11.	Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.	X			None	
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2021
(Continued)

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						
13.	A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.			X	None	
14.	Recreational transit form was submitted on time.			X	None	
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	
16.	Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X			None	
17.	All on-going and carryover projects were reported on Form B or electronic equivalent.	X			None	
18.	Cash or cash equivalents are maintained.	X			None	
19.	Accounting procedures, record keeping, and documentation are adequate.		X		PALRF: \$66,260	See Finding No. 2021-001 on the Schedule of Findings and Recommendations.

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2021
(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.	Separate Measure R Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.		X		None	See Finding No. 2021-002 on the Schedule of Findings and Recommendations.
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X	None	
11.	Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
 Year Ended June 30, 2021
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
14.	Recreational transit form was submitted on time.			X	None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2021
(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.	Separate Measure M Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.		X		None	See Finding No. 2021-003 on the Schedule of Findings and Recommendations.
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X	None	
11.	Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
Year Ended June 30, 2021
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF TEMPLE CITY
COMPLIANCE MATRIX
 Year Ended June 30, 2021
 (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			None	
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
Year Ended June 30, 2021

PALRF: Finding No. 2021-001

Compliance Reference	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “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: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the Metro Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(b) A Federal award and non-Federal award.</p> <p style="padding-left: 40px;">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>
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CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021
(Continued)

PALRF: Finding No. 2021-001 (Continued)

Condition	To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. The salaries and benefits charged to PALRF’s Project Code 610, Direct Administration, in the total amount of \$66,260 were based on estimated percentages on activities rather than the employee’s actual hours worked on the projects. In prior fiscal years, adjustments were made to reflect the “true” hours worked on the projects at the end of the fiscal year. However, the adjustments were not recorded in fiscal year ended June 30, 2021.
Cause	Due to the mitigated coronavirus (COVID-19) protocols, the City was not able to record the necessary adjustments to reflect the actual hours worked on PALRF projects.
Effect	The payroll costs claimed under the PALRF projects may include expenditures which may be disallowed Proposition A project expenditures. This resulted in questioned costs of \$66,260 for PALRF.
Recommendation	We recommend that the City reimburse its PALRF account for \$66,260. In addition, we recommend that the City strengthen its controls over the allocation of payroll costs by making the proper adjustments to reflect the “true” hours worked on the projects, particularly, if the salaries are initially allocated to PALRF based on estimated percentages.
Management’s Response	Beginning July 1, 2021, the City employees who work on the PALRF operations or projects were instructed to indicate the actual hours on their timesheet.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021
(Continued)

MRLRF: Finding No. 2021-002

Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro’s approval.”
Condition	The expenditures for MRLRF’s Project Code 705, San Gabriel Valley Council of Governments Vehicle Miles Traveled (VMT) Analysis, in the amount of \$2,500 were incurred prior to Metro’s approval. However, the City subsequently received an approved budget amount of \$2,500 from Metro for the MRLRF project on December 2, 2021.
Cause	Due to the mitigated coronavirus (COVID-19) protocols, the City staff were not able to coordinate their efforts to obtain approval prior to incurring expenditures on MRLRF projects.
Effect	The City did not comply with the Guidelines as expenditures for the MRLRF project were incurred prior to Metro’s approval, which could result in the City being required to reimburse the MRLRF funds account.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Measure R Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City’s expenditures of Measure R Local Return Funds are in accordance with Metro’s approval and the Guidelines.
Management’s Response	The City instructed the employees who are involved in obtaining budget approvals to ensure that the proper approvals are received from Metro before expenditures are incurred on MRLRF projects.
Corrected During the Audit	Metro Program Manager granted retroactive approval of the said project on December 2, 2021. No follow-up is required.

CITY OF TEMPLE CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021
(Continued)

MMLRF: Finding No. 2021-003

Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro’s approval.”
Condition	The City incurred expenditures prior to receiving approval from Metro for MMLRF’s Project Code 705, San Gabriel Valley Council of Governments VMT Mitigation, in the amount of \$5,000. However, the City subsequently received an approved budget amount of \$5,000 from Metro for the MMLRF project on December 2, 2021.
Cause	Due to the mitigated coronavirus (COVID-19) protocols, the City staff were not able to coordinate their efforts to obtain approval prior to incurring expenditures on MMLRF projects.
Effect	The City did not comply with the Guidelines and expenditures for the MMLRF project were incurred before Metro’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Measure M Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City’s expenditures of Measure M Local Return Funds are in accordance with Metro’s approval and the Guidelines.
Management’s Response	The City instructed the employees who are involved in obtaining budget approvals to ensure that the proper approvals are received from Metro before expenditures are incurred on MMLRF projects.
Corrected During the Audit	Metro Program Manager granted retroactive approval of the said project on December 2, 2021. No follow-up is required.

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, 2021

An exit conference was held on December 15, 2021, with the City of Temple City. Those in attendance were:

Simpson & Simpson Representative:

Daryl Maxwell, Auditor

City's Representative:

Lee Ma, Accountant

Matters Discussed:

Results of the audit disclosed one (1) material weakness and three (3) 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, 2021 AND 2020

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, 2021 and 2020 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