City of Monterey Park

Monterey Park, California

Single Audit and Independent Auditor's Reports

For the Year Ended June 30, 2025

THE PUN GROUP
ACCOUNTANTS & ADVISORS

City of Monterey Park
Single Audit and Independent Auditor's Reports
For the Year Ended June 30, 2025

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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*

Independent Auditor's Report

To the Honorable Mayor and the Members of City Council
of the City of Monterey Park
Monterey Park, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
December 10, 2025

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Honorable Mayor and the Members of City Council
of the City of Monterey Park
Monterey Park, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Monterey Park, California's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 10, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Pun Group, LLP

Santa Ana, California
March 26, 2026, except for the Schedule of Expenditures of Federal Awards, which is as of December 10, 2025.

City of Monterey Park
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grant Cluster Entitlement/Special Purpose Grants				
Community Development Block Grants / Entitlement Grants	14.218	B20-MC060548	$ 75,908	$ -
COVID-19 - Community Development Block Grants / Entitlement Grants	14.218	B20-MW060548	2,430	-
Community Development Block Grants / Entitlement Grants	14.218	B22-MC060548	440,210	-
Community Development Block Grants / Entitlement Grants	14.218	B23-MC060548	445,809	-
Community Development Block Grants / Entitlement Grants	14.218	B24-MC060548	247,673	1,656
Total Community Development Block Grant Cluster Entitlement/Special Purpose Grants			1,212,030	1,656
Home Investment Partnerships Program	14.239	M23-MC060550	25,446	-
COVID-19-Home Investment Partnerships Program	14.239	M21-MP060550	801,082	-
Total Home Investment Partnerships Program			826,528	-
Total U.S. Department of Housing and Urban Development			2,038,558	1,656
U.S. Department of Justice				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	2020BUBX15075628	6,800	-
Equitable Sharing Program	16.922	CA0194800	4,960	-
Total U.S. Department of Justice			11,760	-
U.S. Department of the Treasury				
Direct Programs:				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,029,375	-
Equitable Sharing Program	21.016	CA0194800	44,012	-
Total U.S. Department of the Treasury			1,073,387	-
U.S. Department of Education				
Passed through California Department of Education:				
Adult Education—Basic Grants to States	84.002	V002A200005	50,407	-
Total U.S. Department of Education			50,407	-
U.S. Department of Homeland Security				
Passed through City of Los Angeles:				
Urban Area Security Initiative Grant Program (UASI)	97.067	C-145707	18,000	-
Urban Area Security Initiative Grant Program (UASI)	97.067	C-143080	371,490	-
Passed through County of Los Angeles:				
State Homeland Security Grant Program (SHSP)	97.067	2020-0095	93,734	-
State Homeland Security Grant Program (SHSP)	97.067	2021-0081	114,210	-
State Homeland Security Grant Program (SHSP)	97.067	2022-0043	172,040	-
Total Homeland Security Grant Program (HSGP)			769,474	-
Passed through California Governor's Office of Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4482	40,380	-
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			40,380	-
Total U.S. Department of Homeland Security			809,854	-
Total Expenditures of Federal Awards			$ 3,983,966	$ 1,656

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

City of Monterey Park
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 – Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board ("GASB") Codification, consists of the primary government, which is the City of Monterey Park, California (the "City"), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organization, establishing financial accountability:

- The Monterey Park Public Financing Authority
- The Monterey Park Housing Authority

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

Funds received under the various grant programs have been recorded within the special revenue funds of the City. The City utilizes the modified accrual basis of accounting for the special revenue funds. The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations ("CFR")* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of City's basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the California Department of Education, City of Los Angeles, County of Los Angeles and California Governor's Office of Emergency Services, are included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

Indirect Cost Rate

The City has not elected to use the de minimis indirect rate as allowed under the Uniform Guidance (10 percent of modified total direct costs for awards issued prior to October 1, 2024 and 15 percent for awards issued or amended on or after October 1, 2024).

Subrecipients

During the fiscal year ended June 30, 2025, the City provided federal funds to the following subrecipients:

Assistance Listing Number(s)	Program Name / Subrecipient Names	Amount Provided to Subrecipients
14.218	Community Development Block Grant Cluster Entitlement/Special Purpose Grants	
	ChinaTown Service Center	$ 1,656
	Total Community Development Block Grant Cluster Entitlement/Special Purpose Grants	1,656
	Total Amount Provided to Subrecipients	$ 1,656

City of Monterey Park
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

Types of report the auditor's issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	2025-001
• Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

Assistance Listing Numbers	Major Federal Program or Cluster	Federal Expenditures
14.218	Community Development Block Grant Cluster Entitlement/Special Purpose Grants	$ 1,212,030
14.239	Home Investment Partnerships Program	826,528
97.067	Home Security Grant Program	769,474
	Total Expenditures of All Major Federal Programs	$ 2,808,032
	Total Expenditures of Federal Awards	$ 3,983,966
	Percent of Total Expenditures of Federal Awards	70.48%

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as a low-risk auditee in accordance with 2 CFR 200.520?	No

Section II – Financial Statement Findings

A. Current Year Findings – Financial Statements

No current year findings were reported.

B. Prior Year Findings – Financial Statements

No prior year findings were reported.

Section III – Federal Award Findings and Questioned Costs

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

2025-001 – Special Tests and Provisions – Internal Control and Compliance over Housing Quality Standards

Assistance Listing Number:	14.239
Assistance Listing Title:	HOME Investment Partnerships Program
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	N/A
Federal Award Identification Number:	M-23-MC-06-0550, M-21-MP-06-0550

Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):

Pursuant to 24 CFR 92.209(i), 92.251(f), and 92.504(d), the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every three years for projects containing one to four units, (b) every two years for projects containing five to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME/HOME-ARP- assisted tenant-based rental assistance to determine compliance with housing quality standards.

Condition:

During our audit, we noted that the City did not perform any housing inspections for housing projects funded by the HOME Investment Partnerships Program.

Cause:

The City did not perform housing inspections as a result of oversight and inadequate resources dedicated to the compliance function.

Effect or Potential Effect:

Failure to conduct required housing inspections increases the risk that HOME-assisted units do not meet federal property standards, potentially resulting in noncompliance with program requirements and exposure to questioned costs or repayment obligations.

Section III – Federal Award Findings and Questioned Costs (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2025-001 – Special Tests and Provisions – Internal Control and Compliance over Housing Quality Standards (Continued)

Questioned Costs:

None.

Context:

The housing projects funded by the HOME Investment Partnerships Program include Pacific Bridge (single family house for 6 disabled), ABAJO (61-units Sr housing), Pacific Housing (7-units low income apartment), and LINC (Mosaic Garden 31 units).

Identification as a Repeat Finding, If Applicable:

Not applicable.

Recommendation:

The City should implement procedures to ensure timely conduct the housing standard inspections in accordance with HOME Program requirements. This includes allocating sufficient staff resources, establishing a monitoring schedule, and documenting all inspections performed. If staffing limitations persist, the City should consider temporary contracting or interdepartmental support to meet compliance obligations.

Views of Responsible Officials:

Management concurs with the finding. The City is contracting with its current HUD consultant to include housing inspections before end of fiscal year 2025-2026.

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No prior year findings were reported.

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