

# CITY OF HUNTINGTON PARK

## Final Audit Report

### ROAD MAINTENANCE AND REHABILITATION PROGRAM

*July 1, 2021, through June 30, 2023*



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

May 2026



**STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS**

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MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

May 21, 2026

Mr. Jeff Jones, Finance Director  
City of Huntington Park  
6550 Miles Avenue  
Huntington Park, CA 90255

Dear Mr. Jones:

The State Controller's Office audited the City of Huntington Park's (the city) Road Maintenance and Rehabilitation Program (RMRP) to determine whether the city complied with RMRP Maintenance-of-Effort (MOE) requirements for the period of July 1, 2021, through June 30, 2023.

Our audit found that the city complied with RMRP MOE requirements. However, we found that the city's reported expenditures for RMRP MOE compliance were inaccurate and included ineligible expenditures as well as excluded eligible expenditures. The inaccurately reported expenditures did not result in noncompliance with RMRP MOE requirements.

If you have any questions regarding this report, please contact Efren Loste, Chief, Local Government Audits Bureau, by telephone at 916-324-7226 or email at [eloste@sco.ca.gov](mailto:eloste@sco.ca.gov).

Thank you.

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

Mr. Jeff Jones

May 21, 2026

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Copy: The Honorable Eduardo Martinez, Mayor

City of Huntington Park

Ricardo Reyes, City Manager

City of Huntington Park

Gerardo Lopez, Director of Public Works

City of Huntington Park

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## SUMMARY

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The State Controller's Office (SCO) audited the City of Huntington Park's (the city) Road Maintenance and Rehabilitation Program (RMRP) to determine whether the city complied with RMRP Maintenance-of-Effort (MOE) requirements for the period of July 1, 2021, through June 30, 2023.

Our audit found that the city complied with RMRP MOE requirements. However, we found that the city's reported expenditures for RMRP MOE compliance were inaccurate and included ineligible expenditures as well as excluded eligible expenditures. The inaccurately reported expenditures did not result in noncompliance with RMRP MOE requirements.

## BACKGROUND

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Senate Bill 1 (Statutes of 2017, Chapter 5), known as the Road Repair and Accountability Act of 2017, created the RMRP to address deferred maintenance on the state highway system and the local street and road system. RMRP funds are apportioned by formula to eligible cities and counties pursuant to Streets and Highways Code (SHC) section 2032. Article XIX of the California Constitution and SHC sections 2030 through 2038 provide the requirements for RMRP funding.

SHC section 2036 establishes the RMRP MOE requirements. Specifically, to remain eligible for an allocation or apportionment of the RMRP funds, cities and counties must maintain their existing commitment of local funds for street, road, and highway purposes. The required level of funding, or MOE amount, was computed using the city's average discretionary expenditures for fiscal year (FY) 2009-10, FY 2010-11, and FY 2011-12, as reported in a city's or town's Annual Streets Report (ASR) or a county's Annual Road Report. The city's required MOE contribution is \$1,137,822.

## AUDIT AUTHORITY

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We conducted this audit in accordance with SHC section 2036(e), which provides the SCO with authority to perform audits to ensure compliance with the MOE.

## OBJECTIVE, SCOPE, AND METHODOLOGY

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Our audit objective was to determine whether the city complied with RMRP MOE requirements for the period of July 1, 2021, through June 30, 2023.

To achieve our objective, we performed the following procedures:

- We gained an understanding and evaluated the effectiveness of the city's internal controls that are significant to the audit objective by reviewing policies and procedures, interviewing the city's key personnel, completing an internal control questionnaire, reviewing the city's organization chart, and inspecting documents and records.
- We assessed the reliability of computer-processed data by reviewing existing information about the data and the system that produced it; by interviewing the city's officials knowledgeable about the data; and by tracing data to source documents, based on auditor judgment and non-statistical sampling. We determined that the data was sufficiently reliable for the purposes of achieving our audit objective.
- We conducted a risk assessment to determine the nature, timing, and extent of substantive testing.
- We performed analytical procedures to identify and explain the existence of unusual or unexpected account balances.
- We verified that the expenditures incurred during the audit period were supported by proper documentation and eligible in accordance with the applicable criteria by testing all

expenditure transactions that were equal to or greater than the significant item amount (calculated based on materiality threshold), and judgmentally selecting non-statistical samples of other transactions. Errors found were not projected to the intended (total) population. We tested the following categories:

- Services and supplies – We tested \$652,893 of \$723,623.
- Labor – We tested \$108,240 of \$1,234,652.
- Indirect – We tested \$1,492,540 of \$1,945,251.
- Transfers – We tested \$1,442,238 of \$2,881,335.

We did not audit the city's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that the city complied with RMRP MOE requirements.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## CONCLUSION

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Our audit found that, for the period of July 1, 2021, through June 30, 2023, the city complied with the RMRP MOE requirements. However, we found that the city's reported expenditures for RMRP MOE compliance were inaccurate and included ineligible expenditures as well as excluded eligible expenditures. The inaccurately reported expenditures did not result in noncompliance with RMRP MOE requirements.

## **FOLLOW-UP ON PRIOR AUDIT FINDINGS**

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We have not previously conducted an audit of the city's RMRP MOE.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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We issued a draft audit report on March 20, 2026. The city's representatives responded by email on March 30, 2026. The city agreed with the audit results.

## **RESTRICTED USE**

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This report is solely for the information and use of the city and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA

Chief, Division of Audits

May 21, 2026

## SCHEDULE—ROAD MAINTENANCE AND REHABILITATION PROGRAM

### MAINTENANCE-OF-EFFORT DISCRETIONARY EXPENDITURES

**July 1, 2021, through June 30, 2023**

Discretionary Expenditures	FY 2021-22 Amount	FY 2022-23 Amount
The city-reported discretionary expenditures	\$317,283	\$1,255,352
Audit adjustments:		
Less: Overstated expenditures	52,135	119,630
Plus: Understated expenditures	1,228,524	29,205
Total discretionary expenditures, per audit	<u>\$1,493,672</u>	<u>\$1,164,927</u>
The city's MOE amount	\$1,137,822	\$1,137,822
Total discretionary expenditures, per audit	\$1,493,672	\$1,164,927
The city met MOE requirement, per audit	Yes	Yes

## FINDING AND RECOMMENDATION

### Finding—Inaccurate Reporting of Expenditures

During our initial review of FY 2021-22 discretionary expenditures reported in the city's ASR, we identified a potential MOE expenditure shortfall of \$820,539, prompting an audit. During our audit, we tested the reported expenses to verify their eligibility and found that the city had included ineligible expenditures totaling \$52,135. As a result, we expanded our testing to include FY 2022-23 expenditures. We found that the city had reported similar ineligible expenditures, totaling \$119,630, for FY 2022-23. The ineligible expenditures are detailed in the following table:

Description	FY 2021-22	FY 2022-23
Electric services for various city parking locations	\$436	\$5,402
Equipment rental for Christmas parade	571	35,118
Supplies for Christmas and Halloween events	495	2,692
Services and supplies for pay stations	50,633	76,418
<b>Total</b>	<b>\$52,135</b>	<b>\$119,630</b>

During our review of the city's expenditures, we also discovered that the city had inadvertently excluded reporting in its ASR eligible expenditures, resulting in understatements of the discretionary expenditures for FY 2021-22 and FY 2022-23 by \$1,228,524 and \$29,205, respectively. As a result, despite reducing the reported expenditures to remove ineligible costs, we found that, with the inclusion of these previously unreported eligible expenditures, the city is in compliance with the RMRP MOE for FY 2021-22 and FY 2022-23.

The inaccurate reporting occurred because the city did not follow applicable policies and procedures to ensure the accuracy of its expenditure report.

## **Criteria**

SHC section 2151 states that each city must file with the SCO a complete report of the expenditures for street or road purposes during the preceding fiscal year ending on the 30th day of June. This report must be certified by the city's fiscal officer to verify its accuracy.

*Instructions to Cities for Preparing the Annual Street Report (LGRS Online Submission)*, published in October 2023, provides guidance and step-by-step instructions for reporting revenues and expenditures, including discretionary revenues and expenditures.

## **Recommendation**

We recommend that the city establish procedures for recording street-related revenues and expenses to meet the RMRP MOE, and train staff to accurately record, report, and verify eligible expenses to ensure consistency in the ASR.