

2021-805 AUDIT SCOPE AND OBJECTIVES

Local High Risk Proposal—City of Calexico

The audit by the California State Auditor will provide independently developed and verified information related to the city of Calexico (Calexico). The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Evaluate Calexico's current financial condition and ability to meet its short-term and long-term financial obligations, while continuing to provide services to its residents.
3. Determine the causes for any financial challenges we identify and the actions Calexico needs to take to resolve those financial challenges. This will include assessing the city's efforts to improve its financial condition by increasing revenues and reducing expenses.
4. Determine whether Calexico's budgeting practices align with best practices. In addition, evaluate the city's procedures and underlying assumptions for projecting future revenues and expenditures, and determine whether the projections have resulted in balanced budgets and accurate financial forecasts.
5. Assess Calexico's process for setting, increasing, or decreasing fees or rates, to ensure that it complies with applicable laws, rules, ordinances, regulations, and best practices. For a selection of these fees and rates, determine whether they cover the city's costs of providing the related services.
6. Review California Public Employees' Retirement System (CalPERS) projections of Calexico's pension costs, and assess how Calexico allocates funds for pension and other post-employment benefits (OPEB) liabilities during its budget process. Determine whether, based on its most recent financial projections, Calexico has sufficient resources to begin addressing its past funding shortfalls for pension and OPEB liabilities.
7. Evaluate Calexico's efforts to address the deficiencies identified by the State Controller's Office in 2019, and by any other relevant audits during the last five years.
8. Review and assess any other issues that are significant to the audit.