

# **City of Calexico**

Calexico, California

## **Single Audit and Independent Auditors' Reports**

*For the Year Ended June 30, 2021*





# City of Calexico

## Table of Contents

---

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Auditors' Report on Internal Control Over Financial Reporting<br/>and on Compliance and Other Matters Based on an Audit of Financial Statements<br/>Performed in Accordance with <i>Government Auditing Standards</i>.....</b> | 1           |
| <b>Independent Auditors' Report on Compliance for Each Major Federal Program,<br/>on Internal Control Over Compliance Required by the Uniform Guidance,<br/>and on Schedule of Expenditures of Federal Awards.....</b>                        | 3           |
| Schedule of Expenditures of Federal Awards .....  | 5           |
| Notes to the Schedule of Expenditures of Federal Awards .....   | 6           |
| Schedule of Findings and Questioned Costs .....   | 7           |
| Summary of Prior Audit Findings Status .....  | 8           |

*This page intentionally left blank*



**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 Auditors' Report**

To the Honorable Mayor and Members of the City Council  
of the City of Calexico  
Calexico, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Calexico, California (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 22, 2022.

**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 City'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 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 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*.

To the Honorable Mayor and Members of City Council  
of the City of Calexico  
Calexico, California  
Page 2

**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 City'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 PwC Group, LLP*

San Diego, California  
April 22, 2022



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

**Independent Auditors' Report**

To the Honorable Mayor and Members of City Council  
of the City of Calexico  
Calexico, California

**Report on Compliance for Each Major Federal Program**

We have audited the City of Calexico, California's (the "City") compliance with the types of compliance requirements described 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, 2021. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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; 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). Those standards and the Uniform Guidance 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 a major federal 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 for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of 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, 2021.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Schedule of Expenditures of Federal Awards**

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, 2021, and have issued our report thereon dated April 22, 2022 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the City's Basic Financial Statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



San Diego, California  
April 22, 2022



**City of Calexico**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

| Federal Grantor/Passed through Grantor<br>Program Title  | CFDA<br>Number | Grant Award<br>Number | Federal<br>Expenditures |
|--|----------------|-----------------------|-------------------------|
| <b>U.S. Department of Housing and Urban Development:</b>                                       |                |                       |                         |
| <b>CDBG - Entitlement Grants Cluster:</b>  |                |                       |                         |
| <i>Passed through the State of California Department of Housing and Community Development:</i> |                |                       |                         |
| Home and Ownership Section   | 14.218         | Program Income        | \$ 5,349                |
| <b>Total CDBG - Entitlement Grants Cluster</b>   |                |                       | <u>5,349</u>            |
| <i>Passed through the State of California Department of Housing and Community Development:</i> |                |                       |                         |
| HOME Investment Partnerships Program   | 14.239         | Program Income        | 4,701                   |
| <b>Total U.S. Department of Housing and Urban Development</b>                                  |                |                       | <u>10,050</u>           |
| <b>U.S. Department of Justice:</b>   |                |                       |                         |
| <i>Direct Program:</i>   |                |                       |                         |
| Bulletproof Vest Partnership Program   | 16.607         | N/A                   | 8,476                   |
| <b>Total U.S. Department of Justice</b>  |                |                       | <u>8,476</u>            |
| <b>U.S. Department of Transportation:</b>  |                |                       |                         |
| <b>Highway Planning and Construction Cluster:</b>  |                |                       |                         |
| <i>Passed Through State of California Department of Transportation:</i>                        |                |                       |                         |
| New River Bike Path  | 20.205         | HPUL-5168(015)        | 2,318                   |
| Cesar Chavez Blvd- West Port of Entry  | 20.205         | HPUL-5168(017)        | 114,260                 |
| Weakley Road Improvements  | 20.205         | CML-5168(032)         | 1,771                   |
| <b>Total Highway Planning and Construction Cluster</b>   |                |                       | <u>118,349</u>          |
| <b>Airport Improvement Program:</b>  |                |                       |                         |
| <i>Direct Program:</i>   |                |                       |                         |
| Airport Improvement Program  | 20.106         | 3-06-0034-017-2018    | 13,135                  |
| COVID-19 - CARES Act   | 20.106         | 3-06-0034-019-2020    | 30,000                  |
| COVID-19 - CRRSA - Airport Coronavirus Response Grant Program                                  | 20.106         | 3-06-0034-020-2021    | 9,000                   |
| <b>Total Airport Improvement Program</b>   |                |                       | <u>52,135</u>           |
| <b>Total U.S. Department of Transportation</b>   |                |                       | <u>170,484</u>          |
| <b>U.S. Department of Treasury:</b>  |                |                       |                         |
| <b>Coronavirus Relief Fund:</b>  |                |                       |                         |
| <i>Passed through State of California Department of Housing and Community Development:</i>     |                |                       |                         |
| Coronavirus Relief Fund  | 20.109         | 20-HK-00113           | 5,300,000               |
| <i>Passed through the State of California:</i>   |                |                       |                         |
| Coronavirus Relief Fund  | 20.109         | N/A                   | 504,948                 |
| <i>Passed through the County of Imperial:</i>  |                |                       |                         |
| Coronavirus Relief Fund  | 20.109         | N/A                   | 35,285                  |
| <b>Total Coronavirus Relief Fund</b>   |                |                       | <u>5,840,233</u>        |
| <b>Total U.S. Department of Treasury</b>   |                |                       | <u>5,840,233</u>        |
| <b>Executive Office of the President:</b>  |                |                       |                         |
| <i>Passed through the County of San Diego:</i>   |                |                       |                         |
| High Intensity Drug Trafficking Areas (HIDTA)  | 95.001         | N/A                   | 3,852                   |
| <b>Total Executive Office of the President</b>   |                |                       | <u>3,852</u>            |
| <b>U.S. Department of Homeland Security:</b>   |                |                       |                         |
| <i>Direct Program:</i>   |                |                       |                         |
| Public Assistance - Disaster Grants  | 97.036         | FEMA-4482-DR-CA       | 341,312                 |
| <i>Passed through the County of Imperial:</i>  |                |                       |                         |
| Operation Stonegarden  | 97.067         | 15-ELCELC-05-001      | 9,744                   |
| <b>Total U.S. Department of Homeland Security</b>  |                |                       | <u>351,056</u>          |
| <b>Total Expenditures of Federal Awards</b>  |                |                       | <u>\$ 6,384,151</u>     |

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

**City of Calexico**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

---

**Note 1 – Reporting Entity**

The financial reporting entity consists of the primary government, City of Calexico (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 reporting entity’s financial statements to be misleading or incomplete.

**Note 2 – Basis of Accounting**

The various grant programs have been recorded within the general fund and special revenue funds of the City. The City utilizes the modified accrual method of accounting for the general fund and special revenue funds. The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) is presented in accordance with the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

**Note 3 – 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 State of California, County of Imperial, and County of San Diego is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position, change in fund balance, or results of operations of the City.

**Note 4 – Subrecipients**

During the fiscal year ended June 30, 2021, there were no amounts provided to subrecipients.

**Note 5 – Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

**City of Calexico**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

---

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditors 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 programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

| Major Program                                      | Federal<br>CFDA # | Federal<br>Expenditures |
|--|-------------------|-------------------------|
| Coronavirus Relief Fund                            | 21.019            | \$ 5,840,233            |
| <b>Total major program expenditures</b>            |                   | <b>\$ 5,840,233</b>     |
| <b>Total expenditures of federal awards</b>        |                   | <b>\$ 6,384,151</b>     |
| <b>Percent of total federal award expenditures</b> |                   | <b>91.48%</b>           |

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? No

**City of Calexico**  
**Summary of Prior Audit Findings Status**  
**For the Year Ended June 30, 2021**

---

**Section II – Financial Statement Findings**

**A. Current Year Findings – Financial Statement Audit**

No findings were noted on the City’s financial statement audit for the year ended June 30, 2021.

**B. Prior Year Findings – Financial Statement Audit**

No findings were noted on the City’s financial statement audit for the year ended June 30, 2020.

**Section III – Federal Award Findings**

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

No findings or questioned costs were noted on the City’s major federal programs for the year ended June 30, 2021.

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

No findings or questioned costs were noted on the City’s major federal programs for the year ended June 30, 2020.