The audit by the California State Auditor will provide independently developed and verified information related to the city of El Cerrito (El Cerrito). 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 El Cerrito’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. Identify the causes of El Cerrito’s financial challenges, and determine whether the city has developed an adequate plan for addressing those challenges, including the following:
   a) Assess the city’s efforts to improve its financial condition by increasing revenue and reducing expenses.
   b) Evaluate the city’s use of short-term and long-term loans to fund its operations, and identify other viable options for improving its cash flow.

4. Determine whether El Cerrito’s budgeting processes comply with best practices. Evaluate the city’s procedures and underlying assumptions for projecting future revenue and expenditures, and determine whether they result in balanced budgets and accurate financial forecasts.

5. Review the costs of El Cerrito’s existing programs and services. Identify which programs are self-sustaining; evaluate options for potential revenue from new or increased fees; evaluate potential cost savings from reduced spending on programs that rely on the general fund to operate.

6. Evaluate the financial viability of El Cerrito’s fire department, including the following:
   a) Evaluate the city’s demand for emergency fire services, and assess the appropriateness of its fire department’s staffing and size.
   b) Evaluate the cost and benefit of El Cerrito’s use of staff overtime rather than filling vacancies in its fire department.
   c) Determine whether El Cerrito can charge fees to offset the costs of its fire department providing primary response to emergency medical calls, and estimate the potential revenue it could receive from doing so.

7. Evaluate the impact of deferred maintenance and delayed equipment and capital replacement, including the city’s need for a new public safety building, on El Cerrito’s long-term costs and ability to provide services.

8. Review and assess any other issues significant to the audit.