



City of Corona

AU-C 260 Communication With Those Charge With Governance

For the Year Ended June 30, 2023

December 6, 2023



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SCOPE OF WORK

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- City's Financial Statement Audit
- Housing Successor Compliance Audit
- Trip Reduction Special Revenue Fund Financial statements and Compliance Audit
- Agreed-upon Procedures on Investments
- Agreed-upon Procedures on Appropriation Limit Schedules
- Report on Internal Control over Financial Reporting and on Compliance in accordance with *Government Auditing Standards* ("GAS")

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

- Form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America
- Plan and perform the audit to obtain “reasonable” assurance (not “absolute” assurance) about whether the financial statements are free of material misstatements
- Considered internal control over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control
- Concluded there are no conditions or events that raise substantial doubt about the City’s ability to continue as a going concern.
- Communicate with those charged with governance

Required Communications (AU-C 260)

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- **Ethics and Independence**
 - Complied with ALL relevant ethical requirements regarding independence
- **Significant Accounting Policies**
 - The City of Corona disclosed all significant accounting policies in Note 1 to the financial statements.
 - Implementation of GASB 96 – Subscription Based Information Technology Arrangements
- **Significant Estimates**
 - Investment Fair Value
 - Depreciation on Capital Assets
 - Net Pension Liability
 - Net OPEB Liability

Required Communications (AU-C 260)

- **Sensitive Disclosures**
 - Note 1 – Summary of Significant Accounting Policies
 - Note 2 – Stewardship, Compliance and Accountability
 - Note 13 – Pension Plan
 - Note 14 – Other Postemployment Benefits (“OPEB”)
 - Note 17 – Commitments and Contingencies
- **Misstatements**
 - There were no uncorrected misstatements reported

Required Communications (AU-C 260)

- **Consultation with Other Accountants**
 - Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and other matters.
- **Significant Difficulties**
 - We encountered no significant difficulties in dealing with management.
- **Disagreement with Management**
 - We did not have any disagreement with management in terms of accounting treatments nor audit procedures performed.

OVERVIEW OF THE FINANCIAL STATEMENTS

City of Corona Government-Wide Summary As of June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Position:			
Net investment in capital assets	\$ 805,912,000	\$ 371,608,000	\$ 1,177,520,000
Restricted	155,876,000	1,434,000	157,310,000
Unrestricted	72,781,000	(44,212,000)	28,569,000
Total Net Position	<u>\$ 1,034,569,000</u>	<u>\$ 328,830,000</u>	<u>\$ 1,363,399,000</u>

City of Corona Government-Wide Summary (Continued) For the Year Ended June 30, 2023

	Gonernmental Activities	Business-type Activities	Total
Expenses	\$ 230,061,000	\$ 116,131,000	\$ 346,192,000
Program Revenues	93,244,000	141,371,000	234,615,000
Net Cost of Services	(136,817,000)	25,240,000	(111,577,000)
General Revenues	194,482,000	3,441,000	197,923,000
Changes in Net Position	\$ 57,665,000	\$ 28,681,000	\$ 86,346,000
Tax revenue	<u>\$ 157,875,000</u>		
Cost of Service to Tax Revenue	<u>87%</u>		

City of Corona General Fund Summary Balance Sheet As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Changes</u>
Fund Balance:			
Nonspendable	\$ 181,343,000	\$ 187,584,000	\$ (6,241,000)
Restricted	35,429,000	30,103,000	5,326,000
Committed	52,916,000	48,121,000	4,795,000
Assigned	76,964,000	55,140,000	21,824,000
Unassigned	18,603,000	222,000	18,381,000
Total Fund Balance	<u><u>\$ 365,255,000</u></u>	<u><u>\$ 321,170,000</u></u>	<u><u>\$ 44,085,000</u></u>

* As restated

**City of Corona
General Fund Summary
Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Changes</u>
Revenues	\$ 220,485,000	\$ 191,622,000	28,863,000
Less: Expenditures	177,081,000	390,754,000	213,673,000
Revenues Over (Under) Expenditures	43,404,000	(199,132,000)	242,536,000
Other Financing Sources	681,000	224,876,000	(224,195,000)
Net Change in Fund Balance	<u>\$ 44,085,000</u>	<u>\$ 25,744,000</u>	<u>\$ 18,341,000</u>

City of Corona Detailed Pension Plans Measurement Date June 30, 2022 and 2021

	2022				2021
	Miscellaneous Plan	Safety Police Plan	Safety Fire Plan	Total	
Total Pension Liability	\$ 416,787,000	\$ 329,324,000	\$ 208,527,000	\$ 954,638,000	\$ 887,330,000
Fiduciary Net Position	398,724,000	307,831,000	196,647,000	903,202,000	723,303,000
Net Pension Liability	\$ 18,063,000	\$ 21,493,000	\$ 11,880,000	\$ 51,436,000	\$ 164,027,000
Funding Ratio	95.67%	93.47%	94.30%	94.61%	81.51%
Contribution Made in FY23 and FY22	\$ 3,762,000	\$ 4,928,000	\$ 2,979,000	\$ 11,669,000	\$ 291,077,000

City of Corona Other Postemployment Benefits (“OPEB”) Measurement Date June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Plan Total OPEB Liability	\$ 155,068,000	\$ 153,409,000
Plan Fiduciary Net Position	61,086,000	68,232,000
Net OPEB Liability	<u>\$ 93,982,000</u>	<u>\$ 85,177,000</u>
Funding Ratio	<u>39.39%</u>	<u>44.48%</u>
Contribution Made in FY23 and FY22	<u>\$ 9,994,000</u>	<u>\$ 10,745,000</u>

AUDIT RESULTS

Audit Results

- **Financial Statements**
 - Unmodified opinion
 - Financial Statements are fairly presented in all material respects
 - Significant accounting policies have been consistently applied
 - Estimates are reasonable
 - Disclosures are properly reflected in the financial statements
- **AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit***
 - None Reported



Thank You



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