

# Corona Housing Authority

Corona, California

## Housing Successor Compliance and Independent Auditors' Report

*For the Year Ended June 30, 2023*



**EXHIBIT 4**

# Corona Housing Authority

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## REPORT ON COMPLIANCE FOR THE HOUSING SUCCESSOR; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXCESS SURPLUS

### Independent Auditors' Report

To the Honorable Mayor, City Council and Citizens  
of the City of Corona  
Corona, California

#### Report on Compliance for the Housing Successor

#### *Opinion on Compliance for the Housing Successor*

We have audited Corona Housing Authority, a component unit of the City of Corona, California (the "City"), as the Housing Successor to the former Redevelopment Agency of the City of Corona's (the "Housing Successor") compliance with the type of compliance requirements described in the California Health and Safety Code sections applicable to the Housing Successor for the year ended June 30, 2023.

In our opinion, the Housing Successor complied, in all material respects, with the compliance requirements referred to above that are applicable to Housing Successor for the year ended June 30, 2023.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* ("*Government Auditing Standards*") issued by the Comptroller General of the United States; and California Health and Safety Code sections applicable to the Housing Successor (the "Health and Safety Codes"). Our responsibilities under those standards and the Health and Safety Codes are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Successor and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Housing Successor's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Successor's government programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Successor's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Health and Safety Codes will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Successor's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Health and Safety Codes, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Successor's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Housing Successor's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Health and Safety Codes, but not for the purpose of expressing an opinion on the effectiveness of the Housing Successor's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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 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 compliance requirement 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Honorable Mayor, City Council and Citizens  
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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Health and Safety Codes. Accordingly, this report is not suitable for any other purpose.

### **Report on the Schedule of Excess Surplus**

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 27, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Excess Surplus is presented for purposes of additional analysis and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Excess Surplus is fairly stated in all material respects in relation to the basic financial statements as a whole.

*The PwC Group, LLP*

Santa Ana, California  
November 27, 2023

**Corona Housing Authority**  
**Schedule of Excess Surplus**  
**For the Year Ended June 30, 2023**

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	<b>Low and Moderate Housing Funds All project Area</b>	<b>July 1, 2022</b>
Opening Fund Balance	\$	37,622,892
Less: Land held for resale		(1,998,648)
Long term receivables		<u>(16,989,433)</u>
Available Housing Successor Funds		18,634,811
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2021-2022	7,801,457	
2020-2021	632,172	
2019-2020	919,410	
2018-2019	<u>378,540</u>	
<b>Total</b>	<b>\$ 9,731,579</b>	
Greater amount		<u>9,731,579</u>
<b>Computed Excess Surplus</b>	<b>\$</b>	<b><u>8,903,232</u></b>

**Appendix C**  
**2023 Calendar Year Housing Element**  
**Annual Progress Report**