

City of Coachella

AU-C 260 Communication With Those Charge With Governance

For the Year Ended June 30, 2022

April 26, 2023



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SCOPE OF WORK

SCOPE OF WORK

- Audit of the City's Financial Statement, including the Coachella Successor Agency, Coachella Financing Authority, Coachella Water Authority, Coachella Sanitary District, and Coachella Fire Protection District
- Agreed-upon Procedures on Appropriation Limit Schedules
- Report on Internal Control over Financial Reporting and on Compliance in accordance with *Government Auditing Standards* ("GAS")

Required Communications (AU-C 260)

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)

- **Ethics and Independence**
 - Complied with ALL relevant ethical requirements regarding independence
- **Significant Accounting Policies**
 - The City of Coachella disclosed all significant accounting policies in Note 1 to the financial statements.
 - Implementation of GASB 87 - Leases
- **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 3B – Advances To/From Other Funds
 - Note 11 – Pensions
 - Note 12 – Other Postemployment Benefits (“OPEB”) Plan
 - Note 15 – Commitments and Contingencies
 - Note 16 – Individual Fund Disclosure
- **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 Coachella Government-Wide Summary As of June 30, 2022

	Governmental Activities	Business-type Activities	Total
Net Position:			
Net investment in capital assets	\$ 176,608,000	\$ 29,658,000	\$ 206,266,000
Restricted	21,737,000	9,218,000	30,955,000
Unrestricted	17,672,000	11,617,000	29,289,000
Total Net Position	\$ 216,017,000	\$ 50,493,000	\$ 266,510,000

City of Coachella Government-Wide Summary (Continued) For the Year Ended June 30, 2022

	Gonernmental Activities	Business-type Activities	Total
Expenses	\$ 28,078,000	\$ 6,420,000	\$ 34,498,000
Program Revenues	19,877,000	15,591,000	35,468,000
Net Cost of Services	(8,201,000)	9,171,000	970,000
General Revenues	29,054,000	197,000	29,251,000
Transfers	1,583,000	\$ (1,583,000)	\$ -
Changes in Net Position	\$ 22,436,000	\$ 7,785,000	\$ 30,221,000
Tax revenue	\$ 25,860,000		
Cost of Service to Tax Revenue	32%		

City of Coachella General Fund Summary Balance Sheet As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Changes</u>
Fund Balance:			
Nonspendable	\$ 9,671,000	\$ 7,470,000	\$ 2,201,000
Committed	6,701,000	6,701,000	-
Assigned	4,600,000	4,600,000	-
Unassigned	<u>12,860,000</u>	<u>3,110,000</u>	<u>9,750,000</u>
Total Fund Balance	<u><u>\$ 33,832,000</u></u>	<u><u>\$ 21,881,000</u></u>	<u><u>\$ 11,951,000</u></u>

City of Coachella General Fund Summary Statement of Revenues, Expenditures, and Changes in Fund Balance For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Changes</u>
Revenues	\$ 29,813,000	\$ 26,525,000	3,288,000
Less: Expenditures	<u>23,762,000</u>	<u>22,769,000</u>	<u>(993,000)</u>
Revenues Over Expenditures	6,051,000	3,756,000	2,295,000
Other Financing Sources	<u>3,840,000</u>	<u>1,510,000</u>	<u>2,330,000</u>
Net Change in Fund Balance	<u><u>\$ 9,891,000</u></u>	<u><u>\$ 5,266,000</u></u>	<u><u>\$ 4,625,000</u></u>

City of Coachella Pension Plans Financial Statement Date June 30, 2022 and 2021 (Measurement Date of June 30, 2021 and 2020)

	2022			2021
	Miscellaneous Plan	Safety Police Plan	Total	
Total Pension Liability	\$ 52,958,000	\$ 16,423,000	\$ 69,381,000	\$ 67,132,000
Fiduciary Net Position	60,706,000	18,692,000	79,398,000	49,012,000
Net Pension Liability (Asset)	\$ (7,748,000)	\$ (2,269,000)	\$ (10,017,000)	\$ 18,120,000
Funding Ratio	114.63%	113.82%	114.44%	73.01%
Contribution Made in FY	\$ 664,000	\$ -	\$ 664,000	\$ 19,352,000

City of Coachella Other Postemployment Benefits Plan Measurement Date June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Total OPEB Liability	\$ 3,986,000	\$ 5,808,000
Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 3,986,000</u>	<u>\$ 5,808,000</u>
Funding Ratio	<u>0.00%</u>	<u>0.00%</u>
Contribution Made in FY	<u>\$ 151,000</u>	<u>\$ 122,000</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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