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January 27, 2023

To the Management of City of Calabasas
Calabasas, California

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In planning and performing our audit of the financial statements of City of Calabasas (City) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, 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 over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We identified certain deficiencies in internal controls that we consider to be significant deficiencies and that were communicated in our 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 dated January 27, 2023.

In addition, during the course of our audit procedures, we noted certain matters that we consider to be an opportunity for improving financial reporting and internal controls, as follows:



Budgeted Transfers:

Observation 1 – Transfers without approved budgets. We identified various transfers that were recorded between funds without having a budget.

Recommendation – We recommend the City to review the current procedures in place to verify that transfers between funds are approved by Council and the documentation be given to the Finance Department.

Management Response – The City agrees with this recommendation. The Finance department will incorporate the transfers between funds as part of the annual budget process and include in budget amendments as authorized by the City Council.

This communication is intended solely for the information and use of the management of the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, CA
January 27, 2023