



June 5, 2023

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To Management, the Honorable Mayor, and City Council  
City of Calabasas  
Calabasas, California

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American Institute of  
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*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
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This letter is provided in connection with our engagement to audit the financial statements of the City of Calabasas (the City) as of and for the year ended June 30, 2023. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

**Our Responsibilities**

As stated in our engagement letter dated April 24, 2023, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America, and in accordance with *Government Auditing Standards* of the Comptroller General of the United States of America, for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in the entity's annual report includes only the information identified in our report. We have no responsibility for determining whether the introductory or statistical information is properly stated. We require that we receive the final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report, or if that is not possible, as soon as practicable and, in any case, prior to the entity's issuance of such information.

**Planned Scope of the Audit**

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.



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Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

Certain significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although we are currently in the planning stage of our audit, the following presumptive significant risks are applicable to our audit and require special audit considerations:

- *Management's override of internal controls over financial reporting:* Auditors must consider and respond to the risk of management override of internal controls, which is the intervention by management in handling financial information and making decisions contrary to internal control policy.
- *Revenue recognition:* Auditors must consider and respond to the risk of management subversion of generally accepted accounting principles in determining how and when revenue is recognized.

We expect to begin our audit on approximately June 26, 2023. Terry Shea, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

Respectfully,

*Rogers, Anderson, Malody & Scott, LLP.*