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May 8, 2024

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

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Certified Public Accountants

This letter is provided in connection with our engagement to audit the financial statements and to audit compliance over major federal award programs of the City of Calabasas (the entity) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit, the compliance audit, and the planned scope and timing of our audits.

Our Responsibilities

As stated in our engagement letter dated May 8, 2024, we are responsible for conducting our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the purpose of forming and expressing an opinion on the financial statements, and on major federal award program compliance. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility as it relates to the schedule of expenditures of federal awards is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether it is presented fairly in all material respects in relation to the financial statements as a whole.

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 audits 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 procedures will also include determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs.



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Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or material noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance.

Our audits 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, the risk of material noncompliance in the major federal award programs, and as a basis for designing the nature, timing, and extent of further audit procedures. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention. 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.
- *Significant estimates:* Auditors must consider and respond to the risk of management bias in significant accounting estimates. Financial statement areas containing significant estimates can include, but are not limited to, net pension liability and related deferred inflows/outflows, net OPEB liability and related deferred inflows/outflows, leases receivable and related deferred inflows of resources, lease and subscription liabilities, right-to-use assets, depreciation and amortization expenses, and fair value measurements.

We expect to begin our audit on approximately June 17, 2024. Gardenya Duran, CPA, CGMA 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 entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Rogers, Anderson, Malachy & Scott, LLP.