



February 27, 2023

Mr. Dan Singer  
City of Santa Paula  
970 Ventura Street  
Santa Paula, CA 93060

We have audited the financial statements of the Transportation Development Act, Article 3, Article 8, Section 99400(a), and 8, Section 99400(c) ("TDA Funds"), of the City of Santa Paula ("City"), as of and for the year ended June 30, 2022, and have issued our report thereon dated as follows.

<u>Report Title</u>	<u>Date of Report</u>
TDA Article 3 Fund – Auditor’s Report	February 13, 2023
TDA Article 8a Fund – Auditor’s Report	February 27, 2023
TDA Article 8c Fund – Auditor’s Report	February 13, 2023

Professional standards require that we provide you with information about our responsibilities under general accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City TDA Funds are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the following management representation letters.

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*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the TDA Funds’ financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Deficiency: Documentation was not maintained to show that vendors were procured through a competitive bidding process. The City is required to obtain at least three bids for supplies and general services with an estimated value between \$5,000 and \$50,000. The following vendors incurred costs between \$5,000 and \$50,000 and the City was not able to locate documentation of competitive bidding: Channel Islands Pressure Washing, and City Electric Supply.

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City of Santa Paula, California

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Additionally, the City is required to follow a formal bid process for purchases of supplies and general services above \$50,000. The services provide by Sierra Pacific Landscape exceeded \$50,000 but the City did not follow its formal bid process for this vendor.

Recommendation: Management should re-train employees and develop proper controls to ensure that employees follow the City procurement process and maintain adequate documentation to support procurement policy followed.

Restriction on Use

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

Best regards,

*Conrad LLP*

Lake Forest, CA  
February 27, 2023