



December 10, 2025

Mr. James Vega
City of Port Hueneme
250 North Ventura Road
Port Hueneme, CA 93041

We have audited the financial statements of the Transportation Development Act, Article 3 Fund and Transportation Development Act 4 Fund (“TDA Funds”), of the Port Hueneme (“City”), as of and for the year ended June 30, 2025 and 2024, and have issued our reports thereon dated as follows.

<u>Report Title</u>	<u>Date of Report</u>
TDA Article 3 Fund – Auditor’s Report	December 10, 2025
TDA Article 4 Fund – Auditor’s Report	October 17, 2025

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, 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 management representation letters as indicated below.

<u>Report Title</u>	<u>Date of Management Representation Letters</u>
TDA Article 3 Fund – Auditor’s Report	December 10, 2025
TDA Article 4 Fund – Auditor’s Report	October 17, 2025

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 Fund’s 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 prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Deficiency #1: The City erroneously omitted an expense from the TDA 3 Fund (Fund 207) for fiscal year ended June 30, 2024. The error resulted from an invoice being incorrectly split between Fund 207 and Fund 301, when the entire amount should have been coded to Fund 207. This miscoding was not identified until after the fiscal year 2024 audit report was issued. As a result, a prior period adjustment of \$1,514 was required in the financial statements for the fiscal year ended June 30, 2025.

Recommendation: Management should enhance its review and approval procedures for coding expenses to ensure that transactions are recorded in the appropriate fund. Management should also

strengthen year-end closing procedures by performing reviews of fund-specific expenditures to identify potential miscoding before the financial statements are finalized.

Deficiency #2: During the audit, the City identified expenses related to the TDA 3 Fund that had not been properly recorded to that fund for the fiscal year ended June 30, 2025. As a result, adjusting journal entries were required to record additional expenses, consisting of \$480 in non-payroll expenses and \$18,524 in payroll expenses. This oversight contributed to a significant delay in the completion of the TDA 3 audit.

Recommendation: Management should strengthen its processes for coding and reviewing expenses charged to the TDA 3 Fund. This may include implementing stronger review controls and providing staff training on fund requirements to ensure expenses are recorded to the correct fund. Enhancing these controls will help reduce the need for audit-driven adjustments and prevent future delays.

Restriction on Use

This information is intended solely for the use of 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,

Handwritten signature in blue ink that reads "ASM LLP".

Rancho Santa Margarita, California
December 10, 2025