

EXHIBIT 13-B

Date

Board of Directors
Monterey Peninsula Water Management District
Monterey, California

We are pleased to present this report related to our audit of the basic financial statements of **Monterey Peninsula Water Management District** (the District) as of and for the year ended June 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the District.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are, significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts have been described to you in our arrangement letter dated August 31, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated August 31, 2022 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. Following is a description of significant accounting policies or their applications that were either initially selected or changed during the year.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement had no significant impact on the District's financial statements.

In January 2020, GASB issued Statement No. 92 *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this statement had no significant impact on the District's financial statements.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The implementation of this statement had no significant impact on the District's financial statements.

In June 2020, GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The implementation of this standard had no impact on the District's financial statements.

Recently Issued Accounting Standards

The GASB has issued the following statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement the standards by the required dates:

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In May 2020, GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In April 2022, GASB issued GASB Statement No. 99, *Omnibus 2022*. The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued GASB Statement No. 101, Compensated Absences. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The significant accounting estimates reflected in the District's June 30, 2022 basic financial statements include the cost of other post employment benefits and the pension cost and net pension liability.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the District are shown on the attached "Adjusting Journal Entries," and "GASB Journal Entries."

Uncorrected misstatements are summarized on the attached "Unrecorded-Proposed Journal Entries."

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Letter Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

When significant deficiencies and material weaknesses are identified during our audit of the financial statements, we are required to communicate them to you in writing. For the year ended June 30, 2022 a letter was not required.

Significant Written Communications between Management and Our Firm

We have requested certain representations from management that are included in the management representation letter dated **Date**.

This report is intended solely for the information and use of the Board of Directors the Administrative Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Monterey Peninsula Water Management District.

Sincerely,

CliftonLarsonAllen LLP

Attachments: Adjusting Journal Entries
GASB Journal Entries
Unrecorded-Proposed Journal Entries

Monterey Peninsula Water Management District 0

AJE

Year End: June 30, 2022

Adjusting Journal Entries

Date: 7/1/2021 To 6/30/2022

Account No: AJE-01 To AJE-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
Net Income (Loss) Before Adjustments						4,379,342.00	
AJE-01	6/30/2022	Unapportioned/Uncollected Taxes Re	26-10-150100 SRF02	2,547.00			
AJE-01	6/30/2022	Deferred Revenue	26-10-370000 SRF02		2,547.00		
AJE-01	6/30/2022	Unapportioned/Uncollected Taxes Re	35-10-150100 GF01	5,079.00			
AJE-01	6/30/2022	Deferred Revenue	35-10-370000 GF01		5,079.00		
To adjust for the difference in property taxes/user fees billed for but not collected.				7,626.00	7,626.00	0.00	4,379,342.00
AJE-02	6/30/2022	Capital Equipment Reserve	24-02-982500 SRF01	269,000.00			
AJE-02	6/30/2022	Pension Reserve	24-02-985000 SRF01	40,000.00			
AJE-02	6/30/2022	OPEB Reserve	24-02-986000 SRF01	40,000.00			
AJE-02	6/30/2022	Capital Equipment Reserve	24-10-406500 SRF01	59,000.00			
AJE-02	6/30/2022	Capital Equipment Reserve	24-10-406500 SRF01		269,000.00		
AJE-02	6/30/2022	Pension Reserve	24-10-409000 SRF01		40,000.00		
AJE-02	6/30/2022	OPEB Reserve	24-10-409500 SRF01		40,000.00		
AJE-02	6/30/2022	Capital Equipment Reserve	24-10-585000 SRF01		59,000.00		
AJE-02	6/30/2022	Capital Equipment Reserve	26-02-982500 SRF02	31,600.00			
AJE-02	6/30/2022	Pension Reserve	26-02-985000 SRF02	26,000.00			
AJE-02	6/30/2022	OPEB Reserve	26-02-986000 SRF02	26,000.00			
AJE-02	6/30/2022	Capital Equipment Reserve	26-10-406500 SRF02	15,600.00			
AJE-02	6/30/2022	Capital Equipment Reserve	26-10-406500 SRF02		31,600.00		
AJE-02	6/30/2022	Pension Reserve	26-10-409000 SRF02		26,000.00		
AJE-02	6/30/2022	OPEB Reserve	26-10-409500 SRF02		26,000.00		
AJE-02	6/30/2022	Capital Equipment Reserve	26-10-585000 SRF02		15,600.00		
AJE-02	6/30/2022	Capital Equipment Reserve	35-02-982500 GF01	38,700.00			
AJE-02	6/30/2022	Debt Service	35-02-984000 GF01	500,000.00			
AJE-02	6/30/2022	Pension Reserve	35-02-985000 GF01	34,000.00			
AJE-02	6/30/2022	OPEB Reserve	35-02-986000 GF01	34,000.00			
AJE-02	6/30/2022	Capital Equipment Reserve	35-10-406500 GF01	20,400.00			
AJE-02	6/30/2022	Capital Equipment Reserve	35-10-406500 GF01		38,700.00		
AJE-02	6/30/2022	Pension Reserve	35-10-409000 GF01		34,000.00		
AJE-02	6/30/2022	OPEB Reserve	35-10-409500 GF01		34,000.00		
AJE-02	6/30/2022	Capital Equipment Reserve	35-10-585000 GF01		20,400.00		
AJE-02	6/30/2022	Debt Reserve	35-10-587000 GF01		500,000.00		
To record journal entries allocating YE reserves.				1,134,300.00	1,134,300.00	0.00	4,379,342.00
AJE-03	6/30/2022	User Fees Recvble-Reclamation Proj	24-10-155200 SRF01	36,862.00			
AJE-03	6/30/2022	User Fees Recvble-Reclamation Proj	24-10-155200 SRF01		39,077.00		
AJE-03	6/30/2022	Due from Other Funds	24-10-160000 SRF01	2,215.00			
AJE-03	6/30/2022	User Fees Recvble-Reclamation Proj	26-10-155200 SRF02	14,362.00			
AJE-03	6/30/2022	User Fees Recvble-Reclamation Proj	26-10-155200 SRF02		15,250.00		
AJE-03	6/30/2022	Due from Other Funds	26-10-160000 SRF02	888.00			
AJE-03	6/30/2022	Project Reimbursements Receivable	35-10-130000 GF01		13,644.00		
AJE-03	6/30/2022	Project Reimbursements Receivable	35-10-130000 GF01		33,897.00		
AJE-03	6/30/2022	Project Reimbursements Receivable	35-10-130000 GF01	7,625.00			
AJE-03	6/30/2022	Project Reimbursements Receivable	35-10-130000 GF01	45,536.00			

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AJE-1

Year End: June 30, 2022

Adjusting Journal Entries

Date: 7/1/2021 To 6/30/2022

Account No: AJE-01 To AJE-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
AJE-03	6/30/2022	User Fees Recvble-Reclamation Proj	35-10-155200 GF01	8,617.00			
AJE-03	6/30/2022	User Fees Recvble-Reclamation Proj	35-10-155200 GF01		9,213.00		
AJE-03	6/30/2022	Due from Other Funds	35-10-160000 GF01	596.00			
AJE-03	6/30/2022	Due from Other Funds	35-10-160000 GF01		5,620.00		
AJE-03	6/30/2022	Due from Other Funds	35-10-160000 GF01		500,000.00		
AJE-03	6/30/2022	Due from Other Funds	35-10-160000 GF01		2,542.00		
AJE-03	6/30/2022	Reclamation Project`	35-10-580002 GF01	500,000.00			
AJE-03	6/30/2022	Investment Interest	35-10-692500 GF01	2,542.00			
		To reclassify internal balances due from Reclamation Project.		619,243.00	619,243.00	(502,542.00)	3,876,800.00
AJE-04	6/30/2022	Interest Expense - Rabobank	35-02-820010 GF01		49,538.00		
AJE-04	6/30/2022	AP Pending (Due To Pool)	35-10-310099 GF01	109,568.00			
AJE-04	6/30/2022	Rabobank ASR Loan	35-10-392000 GF01		60,030.00		
		To properly reclassify debt for financial statement presentation purposes.		109,568.00	109,568.00	49,538.00	3,926,338.00
				1,870,737.00	1,870,737.00	(453,004.00)	3,926,338.00

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GASB

Year End: June 30, 2022

GASB Journal Entries

Date: 7/1/2021 To 6/30/2022

Account No: GASB-00 To GASB-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)	
Net Income (Loss) Before Adjustments						4,718,290.00	
GASB-01	6/30/2022	Pension expense - GASB 68	24-02-719200 G34G	257,588.00			
GASB-01	6/30/2022	Pension expense - GASB 68	26-02-719200 G34G	167,432.00			
GASB-01	6/30/2022	Pension expense - GASB 68	35-02-719200 G34G	218,950.00			
GASB-01	6/30/2022	Deferred Outflows - PERS Contributic	51-10-171000 G34GB	72,487.00			
GASB-01	6/30/2022	Deferred Outflows - Actuarial	51-10-171500 G34GB		156,391.00		
GASB-01	6/30/2022	Deferred Inflows - Actuarial	51-10-371500 G34GB		3,042,772.00		
GASB-01	6/30/2022	Net Pension Liability	51-10-383000 G34GB	2,482,706.00			
To record adjustment to deferred outflow/inflow of resources and net pension liability.				3,199,163.00	3,199,163.00	(643,970.00)	4,074,320.00
GASB-02	6/30/2022	Current Year OPEB Cost	24-10-716000 G34G	59,193.00			
GASB-02	6/30/2022	Current Year OPEB Cost	26-10-716000 G34G	38,475.00			
GASB-02	6/30/2022	Current Year OPEB Cost	35-10-716000 G34G	50,314.00			
GASB-02	6/30/2022	Deferred Outflows - OPEB	51-10-172000 G34GB	378,483.00			
GASB-02	6/30/2022	Deferred Inflows - OPEB	51-10-172500 G34GB		4,179.00		
GASB-02	6/30/2022	Net OPEB Obligation	51-10-382000 G34GB		522,286.00		
To record changes in Net OPEB liability and actuarial deferred outflows(inflows)				526,465.00	526,465.00	(147,982.00)	3,926,338.00
				3,725,628.00	3,725,628.00	(791,952.00)	3,926,338.00

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Monterey Peninsula Water Management District 06-30-2

UJE

Year End: June 30, 2022

Unrecorded-Proposed Journal Entries

Date: 7/1/2021 To 6/30/2022

Number	Date	Name	Account No	Debit	Credit	Proposed Amount	Proposed Chg Net Income (Loss)
		Net Income (Loss)				0.00	
UJE-01	6/30/2022	Leases, Right-of-Use Assets	1.2.800 G34GA	27,274.00			
UJE-01	6/30/2022	Lease Liabilities, Noncurrent	2.2.800 G34GB		27,274.00		
UJE-01	6/30/2022	Net Investment in Capital Assets	3.1.104.100 G34GA		27,274.00		
UJE-01	6/30/2022	Debt Service	3.1.204.400.006 G34GB	27,274.00			
		To record passed adjustment related to GASB 87.		54,548.00	54,548.00	0.00	0.00
				54,548.00	54,548.00	0.00	0.00

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