

EXHIBIT 13-B

HAYASHI WAYLAND - PRELIMINARY DRAFT FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE - 12/10/2021

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, 2021. 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 September 15, 2021. 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 September 15, 2021 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.

Board of Directors
Monterey Peninsula Water Management District

DATE

Page 2 of 4

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 January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This statement had no effect on the District's financial statements.

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement had no effect on the District's financial statements.

In October 2021, GASB issued Statement No. 98 *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The District early implemented this Statement. The District has adjusted the presentation of the financial statements accordingly.

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 June 2017, GASB issued Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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 January 2020, GASB issued Statement No. 92 *Omnibus 2020*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 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.

Board of Directors
Monterey Peninsula Water Management District

DATE

Page 3 of 4

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 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 requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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, 2021 basic financial statements include useful lives of depreciable assets, 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," "Reclassification Journal Entries," and "GASB Journal Entries." We have also attached "Prepared by Client Journal Entries."

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

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.

Board of Directors
Monterey Peninsula Water Management District

DATE

Page 4 of 4

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, 2021 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,

Hayashi Wayland

Attachments: Adjusting Journal Entries
Reclassification Journal Entries
GASB Journal Entries
Prepared by Client Journal Entries

Monterey Peninsula Water Management District 0

AJE

Year End: June 30, 2021

Adjusting Journal Entries

Date: 7/1/2020 To 6/30/2021

Account No: AJE-01 To AJE-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg	Net Income (Loss)
Net Income (Loss) Before Adjustments						3,714,289.00	
AJE-01	6/30/2021	Unapportioned/Uncollected Taxes Re	24-10-150100 SRF01				
AJE-01	6/30/2021	Deferred Revenue	24-10-370000 SRF01				
AJE-01	6/30/2021	Unapportioned/Uncollected Taxes Re	26-10-150100 SRF02		985.00		
AJE-01	6/30/2021	Deferred Revenue	26-10-370000 SRF02	985.00			
AJE-01	6/30/2021	Unapportioned/Uncollected Taxes Re	35-10-150100 GF01		10,800.00		
AJE-01	6/30/2021	Deferred Revenue	35-10-370000 GF01	10,800.00			
To adjust uncollected taxes and water supply charge per confirm.				11,785.00	11,785.00	0.00	3,714,289.00
AJE-02	6/30/2021	Accounts payable - trade	20010.000 ENT01	113,003.00			
AJE-02	6/30/2021	Due to MPWMD	22040.000 ENT01		113,003.00		
AJE-02	6/30/2021	User Fees Recvble-Reclamation Proj	24-10-155200 SRF01		36,862.00		
AJE-02	6/30/2021	User Fees Recvble-Reclamation Proj	24-10-155200 SRF01	40,142.00			
AJE-02	6/30/2021	Due from Other Funds	24-10-160000 SRF01		3,280.00		
AJE-02	6/30/2021	User Fees Recvble-Reclamation Proj	26-10-155200 SRF02		14,362.00		
AJE-02	6/30/2021	User Fees Recvble-Reclamation Proj	26-10-155200 SRF02	15,640.00			
AJE-02	6/30/2021	Due from Other Funds	26-10-160000 SRF02		1,278.00		
AJE-02	6/30/2021	Project Reimbursements Receivable	35-10-130000 GF01		7,625.00		
AJE-02	6/30/2021	Project Reimbursements Receivable	35-10-130000 GF01		12,935.00		
AJE-02	6/30/2021	Project Reimbursements Receivable	35-10-130000 GF01		32,602.00		
AJE-02	6/30/2021	Project Reimbursements Receivable	35-10-130000 GF01	42,891.00			
AJE-02	6/30/2021	User Fees Recvble-Reclamation Proj	35-10-155200 GF01		8,617.00		
AJE-02	6/30/2021	User Fees Recvble-Reclamation Proj	35-10-155200 GF01	9,384.00			
AJE-02	6/30/2021	Due from Other Funds	35-10-160000 GF01	9,504.00			
AJE-02	6/30/2021	Due from Other Funds	35-10-160000 GF01		500,000.00		
AJE-02	6/30/2021	Due from Other Funds	35-10-160000 GF01		2,540.00		
AJE-02	6/30/2021	Reclamation Project	35-10-580002 GF01	500,000.00			
AJE-02	6/30/2021	Investment Interest	35-10-692500 GF01	2,540.00			
To reclassify internal balances due from Reclamation Project.				733,104.00	733,104.00	(502,540.00)	3,211,749.00
				744,889.00	744,889.00	(502,540.00)	3,211,749.00

Monterey Peninsula Water Management District 06

RJE

Year End: June 30, 2021

Reclassification Journal Entries

Date: 7/1/2020 To 6/30/2021

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)	
Net Income (Loss) Before Adjustments						3,211,749.00	
RJE-01	6/30/2021	Tax Administration Fee	26-02-750000 SRF02	564.00			
RJE-01	6/30/2021	Property Tax Revenue	26-10-611000 SRF02		564.00		
RJE-01	6/30/2021	Tax Administration Fee	35-02-750000 GF01	5,240.00			
RJE-01	6/30/2021	Property Tax Revenue	35-10-611000 GF01		5,240.00		
To reclass County processing fee on property tax collections.				5,804.00	5,804.00	0.00	3,211,749.00
				5,804.00	5,804.00	0.00	3,211,749.00

Monterey Peninsula Water Management District 06-30-2

GASB

Year End: June 30, 2021

GASB Journal Entries

Date: 7/1/2020 To 6/30/2021

Account No: GASB-00 To GASB-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)	
Net Income (Loss) Before Adjustments						3,639,756.00	
GASB-01	6/30/2021	Pension expense - GASB 68	24-02-719200 G34G	141,905.00			
GASB-01	6/30/2021	Pension expense - GASB 68	26-02-719200 G34G	89,988.00			
GASB-01	6/30/2021	Pension expense - GASB 68	35-02-719200 G34G	114,216.00			
GASB-01	6/30/2021	Deferred Outflows - PERS Contributi	51-10-171000 G34GB	67,525.00			
GASB-01	6/30/2021	Deferred Outflows - Actuarial	51-10-171500 G34GB		97,941.00		
GASB-01	6/30/2021	Deferred Inflows - Actuarial	51-10-371500 G34GB	138,819.00			
GASB-01	6/30/2021	Net Pension Liability	51-10-383000 G34GB		454,512.00		
To record adjustment to deferred outflow/inflow of resources and net pension liability.				552,453.00	552,453.00	(346,109.00)	3,293,647.00
GASB-02	6/30/2021	Current Year OPEB Cost	24-10-716000 G34G	33,578.00			
GASB-02	6/30/2021	Current Year OPEB Cost	26-10-716000 G34G	21,294.00			
GASB-02	6/30/2021	Current Year OPEB Cost	35-10-716000 G34G	27,026.00			
GASB-02	6/30/2021	Deferred Outflows - OPEB	51-10-172000 G34GB	244,547.00			
GASB-02	6/30/2021	Deferred Inflows - OPEB	51-10-172500 G34GB	90,795.00			
GASB-02	6/30/2021	Net OPEB Obligation	51-10-382000 G34GB		417,240.00		
To record changes in Net OPEB liability and actuarial deferred outflows(inflows)				417,240.00	417,240.00	(81,898.00)	3,211,749.00
				969,693.00	969,693.00	(428,007.00)	3,211,749.00

Monterey Peninsula Water Management District 06-30-2

PBC

Year End: June 30, 2021

Prepared by Client Journal Entries

Date: 7/1/2020 To 6/30/2021

Account No: PBC-01 To PBC-99

Number	Date	Name	Account No	Debit	Credit	Amount Chg Net Income (Loss)	
Net Income (Loss) Before Adjustments						3,211,749.00	
PBC-01	6/30/2021	Vacation/sick leave liability	51-10-281000 G34GB	883,037.00			
PBC-01	6/30/2021	Vacation/sick leave liability	51-10-281000 G34GB		765,440.00		
PBC-01	6/30/2021	Compensated absences: L/T	51-10-381000 G34GB		883,037.00		
PBC-01	6/30/2021	Compensated absences: L/T	51-10-381000 G34GB	765,440.00			
To record accrued compensated absence 6/30/2021.							
				1,648,477.00	1,648,477.00	0.00	3,211,749.00
				1,648,477.00	1,648,477.00	0.00	3,211,749.00