

Board of Directors
Monterey Peninsula Water Management District
Monterey, California

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Monterey Peninsula Water Management District as of and for the year ended June 30, 2023, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated August 22, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Monterey Peninsula Water Management District are described in Note 1 to the financial statements.

As described in Note 1, the District changed accounting policies related to subscription-based information technology arrangements by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, during fiscal year 2023. The implementation of this statement had no impact on the accompanying financial statements.

We noted no transactions entered into by the District 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

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. The most sensitive estimates affecting the financial statements were:

- The actuarially required contribution, pension expense, net pension liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's public defined benefit plan with CalPERS are based on an actuarial valuation provided by CalPERS and prepared by an outside consultant.
- The actuarially determined contribution, OPEB expense, net OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's OPEB plan are based on certain actuarial assumptions and methods prepared by an outside consultant.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

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 did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

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

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 District's financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement

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

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

This communication is intended solely for the information and use of the board of directors and management of Monterey Peninsula Water Management District and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Monterey, California
REPORT DATE

Client: **A569866 - Monterey Peninsula Water Management District**
 Engagement: **AUD 2023 - Monterey Peninsula Water Management District**
 Period Ending: **6/30/2023**
 Trial Balance: **0900.00 - Government Fund Trial Balance**
 Workpaper: **0925.00 - Combined Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
		0950.01		
To record PY audit adjustments not booked by the client. Entries were to eliminate internal balances and reclassify debt for financial statement purposes.				
26-01-850000	Miscellaneous		270.00	
35-02-820010	Interest Expense - Rabobank		49,538.00	
35-10-410000	Fund Balance		502,542.00	
26-02-981000	General Operating Reserve			270.00
35-10-160000	Due from Other Funds			502,542.00
35-10-410000	Fund Balance			49,538.00
Total			552,350.00	552,350.00
Adjusting Journal Entries JE # 5				
		1200.04		
To reverse accrual of investment interest to agree to year end MBS statement.				
24-10-692500	Investment Interest		5,312.00	
26-10-692500	Investment Interest		8,962.00	
35-10-141000	Interest Receivable		596.00	
24-10-141000	Interest Receivable			5,312.00
26-10-141000	Interest Receivable			8,962.00
35-10-692500	Investment Interest			596.00
Total			14,870.00	14,870.00
Adjusting Journal Entries JE # 6				
		2500.03		
To write off variance on loan to report zero balance as loan was fully paid off in fiscal year ending 2023.				
35-02-820010	Interest Expense - Rabobank		1,941.00	
35-10-392000	Rabobank ASR Loan			1,941.00
Total			1,941.00	1,941.00
Adjusting Journal Entries JE # 7				
		2410.02/2410.10		
To record adjustment to deferred outflow/inflow of resources and net pension liability.				
51-10-171000	Deferred Outflows - PERS Contributions		738,908.00	
51-10-171500	Deferred Outflows - Actuarial		1,712,637.00	
51-10-371500	Deferred Inflows - Actuarial		2,745,513.00	
51-10-383000	Net Pension Liability		656,243.00	
24-02-719200.GASB34	Pension expense - GASB 68			334,751.00
26-02-719200.GASB34	Pension expense - GASB 68			295,369.00
35-02-719200.GASB34	Pension expense - GASB 68			354,443.00
51-10-171000	Deferred Outflows - PERS Contributions			656,243.00
51-10-383000	Net Pension Liability			4,212,495.00
Total			5,853,301.00	5,853,301.00
Adjusting Journal Entries JE # 8				
		2300.02		
To record changes in Net OPEB liability and actuarial deferred outflows(inflows)				
24-10-716000.GASB34	Current Year OPEB Cost		68,445.00	
26-10-716000.GASB34	Current Year OPEB Cost		60,393.00	
35-10-716000.GASB34	Current Year OPEB Cost		72,472.00	
51-10-382000	Net OPEB Obligation		64,378.00	
51-10-172000	Deferred Outflows - OPEB			187,516.00
51-10-172500	Deferred Inflows - OPEB			78,172.00
Total			265,688.00	265,688.00
Total Adjusting Journal Entries				
			6,688,150.00	6,688,150.00
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 2				
		1300.02		
To reclassify internal balances due from Reclamation Project.				
24-10-155200	User Fees Recvble-Reclamation Proj		39,077.00	
24-10-160000	Due from Other Funds		6,291.00	
26-10-155200	User Fees Recvble-Reclamation Proj		15,250.00	
26-10-160000	Due from Other Funds		2,455.00	
35-10-130000	Project Reimbursements Receivable		13,644.00	
35-10-130000	Project Reimbursements Receivable		33,897.00	
35-10-155200	User Fees Recvble-Reclamation Proj		9,213.00	
35-10-160000	Due from Other Funds		1,409.00	
35-10-160000	Due from Other Funds		1,045.00	
24-10-155200	User Fees Recvble-Reclamation Proj			45,368.00
26-10-155200	User Fees Recvble-Reclamation Proj			17,705.00
35-10-130000	Project Reimbursements Receivable			36,896.00
35-10-130000	Project Reimbursements Receivable			11,689.00
35-10-155200	User Fees Recvble-Reclamation Proj			10,623.00
Total			122,281.00	122,281.00
Reclassifying Journal Entries JE # 3				
		4000.02		

To reclass county processing fee on property tax collections.

24-10-611000	Property Tax Revenue		4,935.00	
26-10-611000	Property Tax Revenue		1,601.00	
35-02-750000	Tax Administration Fee		5,317.00	
24-02-750000	Tax Administration Fee			4,935.00
26-02-750000	Tax Administration Fee			1,601.00
35-10-611000	Property Tax Revenue			5,317.00
Total			<u><u>11,853.00</u></u>	<u><u>11,853.00</u></u>

Reclassifying Journal Entries JE # 4

4000.02

To adjust for the difference in property taxes/user fees billed for but not collected.

24-10-150100	Unapportioned/Uncollected Taxes Receivable		8,928.00	
26-10-150100	Unapportioned/Uncollected Taxes Receivable		12,031.00	
35-10-370000	Deferred Revenue		16,101.00	
24-10-370000	Deferred Revenue			8,928.00
26-10-370000	Deferred Revenue			12,031.00
35-10-150100	Unapportioned/Uncollected Taxes Receivable			16,101.00
Total			<u><u>37,060.00</u></u>	<u><u>37,060.00</u></u>

Reclassifying Journal Entries JE # 9

1300.02

To clear opening balances of internal balances from Reclamation.

24-10-160000	Due from Other Funds		2,215.00	
26-10-160000	Due from Other Funds		888.00	
35-10-130000	Project Reimbursements Receivable		5,621.00	
35-10-160000	Due from Other Funds		596.00	
24-10-155200	User Fees Recvble-Reclamation Proj			2,215.00
26-10-155200	User Fees Recvble-Reclamation Proj			888.00
35-10-155200	User Fees Recvble-Reclamation Proj			596.00
35-10-160000	Due from Other Funds			5,621.00
Total			<u><u>9,320.00</u></u>	<u><u>9,320.00</u></u>

Total Reclassifying Journal Entries

180,514.00

180,514.00

Total All Journal Entries

6,868,664.00

6,868,664.00

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