THE PUN GROUP
ACCOUNTANTS & ADVISORS

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Presentation to the Board of Directors
For the Fiscal Year Ended June 30, 2026

November 16, 2026

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2021 - 2025
BEST of Accounting™
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DIAMOND AWARD
5 YEARS

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AUDIT RESPONSIBILITIES

MANAGEMENT'S RESPONSIBILITIES

- Responsible for the financial statements
- Present the financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP)
- Adopt sound accounting policies
- Establish and maintain internal controls over financial reporting and compliance
- Provide evidence supporting the amounts and disclosures in the financial statements
- Fair presentation of financial statements that are free from material misstatements, whether due to fraud or error
- Prevent and detect fraud

AUDITOR'S RESPONSIBILITIES

- Perform the audit in conformity with Auditing Standards Generally Accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
- Communicate with "Those Charged with Governance"
- Assess audit risk of internal control over financial reporting
- Determine the fairness of the presentation of the financial statements
- Render an opinion on the financial statements
- Issue recommendations to management, if any

KEY FINANCIAL INDICATORS

Monterey Peninsula Water Management District
Key Financial Indicators
(Governmental Activities Only)

	2026	2025	2024	2023
Current Ratio				
Current Assets	$ 35,196,703	$ 37,715,797	$ 36,303,493	$ 25,270,472
Current Liabilities	$ 5,762,030	$ 9,152,359	$ 7,435,379	$ 3,438,747
	6.11	4.12	4.88	7.35
Capital Condition Ratio				
Total Depreciable Capital Assets	$ 19,555,471	$ 19,555,471	$ 20,940,671	$ 20,760,746
Total Accumulated Depreciation	$ 8,130,120	$ 7,428,992	$ 8,247,980	$ 7,547,913
	42%	38%	39%	36%
Pension and OPEB Liability to Net Position Ratio				
Net Pension and OPEB Liability	$ 11,582,166	$ 12,370,255	$ 12,813,985	$ 12,080,468
Net Position	$ 39,164,681	$ 36,497,838	$ 36,981,683	$ 29,621,758
	29.57%	33.89%	34.65%	40.78%
Total Revenue to Total Expense Ratio				
Total Revenues	$ 38,701,223	$ 35,289,303	$ 34,121,988	$ 28,027,763
Total Expenses	$ 36,034,380	$ 35,701,768	$ 26,762,063	$ 21,563,160
	1.07	0.99	1.28	1.30

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REQUIRED COMMUNICATIONS

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- **Accounting Practices**
  - Significant accounting policies are described in Note 1
  - New standards implemented: GASB 103 and GASB 104
  - No transactions lacking authoritative guidance or consensus
- **Conduct of the Audit**
  - No significant difficulties encountered in performing the audit
  - No disagreements with management
  - All misstatements identified were corrected by management; none were material
  - Management representations received in writing
  - No consultations with other independent accountants

SIGNIFICANT ESTIMATES & DISCLOSURES

- **Most Sensitive Estimates**
  - Fair value of investments
  - Depreciation of capital assets
  - Compensated absences (sick leave)
  - Net pension liability
  - Total OPEB liability

- **Most Sensitive Disclosures**
  - Note 1 – Significant Accounting Policies
  - Note 6 – Related Organizations
  - Note 10 – OPEB
  - Note 11 – Pension Plan
  - Note 12 – Commitments
  - Note 14 – Contingent Liabilities
  - Note 15 – Fund Balance Reclassification

AUDIT RESULTS

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- **Unmodified Opinion**
  - Financial statements are fairly presented in all material respects
  - Significant accounting policies have been consistently applied
  - Estimates included are reasonable
  - Disclosures are properly reflected in the financial statements

- **Other Results**
  - No disagreements with management
  - No accounting issues were noted where there was a lack of authoritative guidance
  - No material weaknesses or significant deficiencies in internal controls over financial reporting or compliance were noted

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