AGENDA
**Finance and Administration Committee**

Monday, November 9, 2026, at 2:00 PM [PST]
MPWMD Conference Room | 5 Harris Court, Building G, Monterey, CA 93940

| COMMITTEE MEMBERS | | Mission Statement |
|---|---|---|
| *George Riley – Chair* | *Staff:* | Sustainably manage and augment the water resources of the Monterey Peninsula to meet the needs of its residents and businesses while protecting, restoring, and enhancing its natural and human environments. |
| *Karen Paull* | *Nishil Bali, CFO/Administrative Services Manager* | **Vision Statement** Model ethical, responsible, and responsive governance in pursuit of our mission. |
| *Kate Daniels* | *Sara Reyes, Board Clerk* | **Board's Goals and Objectives** Are available online at https://www.mpwmd.net/who-we-are/mission-vision-goals/ |
| *Alternate:* *Rebecca Lindor* | *Sandra Alonso, Office Specialist* | |

[This is an in-person meeting. Remote participation via Zoom may be offered, but it is optional and not required for the meeting to proceed. **Please note the meeting will proceed as normal even if there are technical difficulties accessing Zoom.** The District will do its best to resolve any technical issues as quickly as possible.]

To join by Zoom, please click the link below:
https://mpwmd-net.zoom.us/j/86177793457?pwd=zEC2sVqJPNYasFitxApBGjfsOPr4LT.1

Webinar ID: **861 7779 3457** | Password: **110926** | To Participate by Phone: **(669) 900-9128**

For detailed instructions on how to connect to the meeting, please click the link below:
https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/

Copies of the agenda packet are available for review on the District website (www.mpwmd.net) and at 5 Harris Court, Bldg. G, Monterey, CA.

*Under the Brown Act, public comment for matters on the agenda must relate to that agenda item and public comments for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. This is a warning that if a member of the public attending this meeting remotely or in-person violates the Brown Act by failing to comply with these requirements, then the Chair may request that speaker be muted. If a member of the public attending this meeting in-person engages in disruptive behavior that disturbs the orderly conduct of the meeting, they may be removed from the meeting after a warning.*

**Call to Order / Roll Call**

**Additions and Corrections to the Agenda**

**Comments from Public** – *The public may comment on any item within the District's jurisdiction. Please limit your comments to three (3) minutes in length.*

**Action Items** – *Public comment will be received. Please limit your comments to three (3) minutes per item.*

1. Consider Adoption of October 12, 2026, Committee Meeting Minutes

2. Consider Approval of Funding for a 0.8 GPF Toilet Giveaway Conservation Program and Increase District Budget
3. Receive and File First Quarter Financial Activity Report for Fiscal Year 2026-2027
4. Consider Adoption of Treasurer's Report for September 2026
5. Consider Approval of First Quarter Fiscal Year 2026-2027 Investment Report
6. Receive Fiscal Year 2025-2026 Annual Comprehensive Financial Report

**Informational Items -** *Public comment will be received. Please limit your comments to three (3) minutes per item.*

7. Report on Activity/Progress on Contracts Over $25,000
8. Status Report on Expenditures – Public's Ownership of Monterey Water System

**Discussion/Other Items** - *Public comment will be received. Please limit your comments to three (3) minutes per item.*

9. Review Draft November 16, 2026 Special and Regular Board Meeting Agenda

**Suggest Items to be Placed on Future Agendas**

**Adjournment**

**Accessibility**

In accordance with Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please send a description of the requested materials and preferred alternative format or auxiliary aid or service at least 48 hours prior to the scheduled meeting date/time. Requests should be forwarded to Sara Reyes by e-mail at sara@mpwmd.net or at (831) 658-5610.

**Options for Providing Public Comment**

**Attend In-Person**
The Finance and Administration Committee meeting will be held in the Main Conference Room at **5 Harris Court, Building G, Monterey, CA 93942** and has limited seating capacity.

**Submission of Written Public Comment**
Send written comments to District Office, 5 Harris Court, Building G, Monterey, CA or online at comments@mpwmd.net**.** Include the following subject line: "PUBLIC COMMENT ITEM #" (insert the agenda item number relevant to your comment). Written comments must be received by 12:00 PM the day of the meeting. All submitted comments will be provided to the Committee, compiled as part of the record, and placed on the District's website as part of the agenda packet for the meeting. Correspondence is not read during public comment portion of the meeting.

**Instructions for Connecting to the Zoom Meeting can be found at https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/**

*Refer to the Meeting Rules to review the complete Rules of Procedure for MPWMD Board and Committee Meetings: https://www.mpwmd.net/who-we-are/board-of-directors/meeting-rules-of-the-mpwmd/*

**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: ACTION ITEM**

**1. CONSIDER ADOPTION OF OCTOBER 12, 2026, COMMITTEE MEETING MINUTES**

**Meeting Date: November 9, 2026**

**From: David J. Stoldt,**
**General Manager**

**Prepared By: Sara Reyes**

**SUMMARY:** Attached as **Exhibit 1-A** are the draft minutes of the Finance and Administration Committee meeting held on October 12, 2026.

**RECOMMENDATION:** Staff recommends that the Finance and Administration Committee review and adopt the minutes by motion.

**EXHIBIT**
**1-A** Draft Minutes of October 12, 2026, Finance and Administration Committee Meeting

**EXHIBIT 1-A**

**DRAFT MINUTES**
**Finance and Administration Committee**
***October 12, 2026, at 2:00 p.m.***

Meeting Location: District Office, Main Conference Room
5 Harris Court, Building G., Monterey, CA 93940
(*Hybrid: Meeting Held In-Person and via Zoom – Teleconferencing means)*

**Call to Order**
Chair Riley called the meeting to order a 2:00 p.m.

**Committee Members Present**
George Riley, Chair
Karen Paull *(Arrived 2:03 p.m.)*
Rebecca Lindor

**Committee Members Absent**
None

**District Staff Members Present**
Mike McCullough, Assistant General Manager
Nishil Bali, Chief Finance/Administration Manager
Mollie Wooden, Water Demand Manager
Sara Reyes, Executive Assistant/Board Clerk
Sandra Alonso, Office Specialist II

**District Counsel Present**
Michael Laredo, De Lay & Laredo

**Additions / Corrections to Agenda**
None

**Comments from the Public**
None

**Action Items**
Chair Riley introduced the item.

1. **Consider Adoption of August 10, 2026, Committee Meeting Minutes**
   On a motion by Riley, seconded by Lindor, the minutes of the August 10, 2026, committee meeting were approved 2-0 with Director Paull absent.

2. **Consider Adoption of Resolution No. 2026-11 – Establish a Time-Limited Multi-Family Residential Sites Common Laundry Room Amnesty and Rebate Program**
   On a motion by Paull, seconded by Lindor, the Finance and Administration Committee recommended that the Board approve the time-limited Multi-Family Residential Sites Common Laundry Room Amnesty and Rebate Program and accompanying Resolution No. 2026-11. The motion passed unanimously 3-0.

3. **Consider Adoption of Treasurer's Report for August 2026**

On a motion by Paull, seconded by Riley, the Finance and Administration Committee recommended that the Board adopt the August 2026 Treasurer's Report and Statement of Revenues and Expenditures and ratify the disbursements made during the month. The motion passed unanimously 2-0, with Director Lindor absent for the vote.

4. **Receive Government Accounting Standards Board (GASB) Statement No. 68 – Financial Reporting for Pensions**
   On a motion by Riley, seconded by Lindor, the Finance and Administration Committee recommended that the Board receive the GASB 68 Accounting Valuation Report. The motion passed unanimously, 3-0.

5. **Receive Government Accounting Standard Board (GASB) Statement No. 75 – Financial Reporting for Post-Employment Benefits Other than Pensions**
   On a motion by Riley, seconded by Paull, the Finance and Administration Committee recommended that the Board receive the GASB 75 OPEB valuation report. The motion passed unanimously, 3-0.

6. **Consider Updates to Surplus Property Disposal Policy and Declaration of Surplus Items**
   On a motion by Lindor, seconded by Paull, the Finance and Administration Committee recommended that the Board, 1) Rescind and replace the District's July 21, 2003, Policy Regarding Disposal of Surplus Property with the updated Surplus Property Disposal Policy; 2) Approve an amendment to Chapter 7 of the District's Purchasing Policy to provide that surplus-property dispositions shall be governed by the updated Surplus Property Disposal Policy; and 3) Declare the items listed as surplus assets to be disposed of via public action in accordance with the new policy. The motion passed unanimously, 3-0.

7. **Consider Approval of Additional Contract Spending for Legal Services with Richards Watson Gershon (RWG Law)**
   On a motion by Paull, seconded by Lindor, the Finance and Administration Committee recommended that the Board approve an additional contract spending of $55,000 on legal services with RWG Law. The motion passed unanimously, 3-0.

**Informational Items**
Chair Riley introduced the item.

8. **Report on Activity/Progress on Contracts Over $25,000**
   This item was presented as information to the committee. No action was required or taken by the committee.

9. **Status Report on Spending Expenditures – Public's Ownership of Monterey Water System**
   This item was presented as information to the committee. No action was required or taken by the committee.

**Discussion Items**
Chair Riley introduced the item.

10. **Review Draft October 19, 2026, Regular Board Meeting Agenda**

Assistant General Manager Mike McCullough reviewed the draft agenda with the Committee. The Committee had no changes.

**Adjournment**
There being no further business, Chair Riley adjourned the meeting at 3:11 p.m.

/s/ Sara Reyes
_____
Sara Reyes, Committee Clerk to the
*MPWMD Finance and Administration Committee*

Reviewed and Approved by the MPWMD Finance and Administration Committee _____.
Received by the MPWMD Board of Directors on _____.
U:\staff\Board_Committees\FAC prev Admin\2026\110926\Action Items\01\Item-1-Exh-1-A.docx

**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: ACTION ITEM**

**2. CONSIDER APPROVAL OF FUNDING FOR A 0.8 GPF TOILET GIVEAWAY CONSERVATION PROGRAM AND INCREASE DISTRICT BUDGET**

| | | | |
|---|---|---|---|
| **Meeting Date:** | **November 9, 2026** | **Budgeted:** | **Yes** |
| **From:** | **David J. Stoldt, General Manager** | **Program/ Line Item No.:** | **Conservation Program 26-05-781387** |
| **Prepared By:** | **Mollie Wooden** | **Cost Estimate:** | **$15,000** |

**General Counsel Approval: N/A**
**Committee Recommendation: The Finance and Administration Committee reviewed this item on November 9, 2026, and recommended _____.**
**CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**SUMMARY**: The District, in partnership with California American Water (CAW), plans to hold an event to promote water conservation in the home by providing free 0.8 GPF toilets to District occupants. Toilets consume roughly 20% of all indoor residential water use. Today's homes commonly have 1.28 – 1.6 GPF toilets. Replacing one toilet in a single-family dwelling with a 0.8 GPF toilet would save approximately 2,014 gallons per year or up to 50% of its annual water use. The proposed program would allow District residents to apply for free toilet(s) that they would pick up from the District office and to self-install in their residence. Preliminary quotes for Niagara Shadow 0.8 GPF toilets are $199 per toilet with seat and wax ring included.

As part of the joint MPWMD/CAW conservation program, staff requests approval of funding not to exceed $30,000 for the program during 2026-2027 with 50% of all costs reimbursed by CAW. The toilet giveaway will provide free toilet(s) to CAW customers within the District, for residential properties. The toilets will be purchased in 2026 and held at a local warehouse until the event in early 2027. An email blast and/or advertising will go out to residents inviting them to apply to receive free toilet(s). MPWMD staff will review all applications to confirm eligibility. Those that qualify will be invited to come to MPWMD office for the event where they can pick up their toilet(s). The toilets are 2-piece and come in two boxes for easy loading and transportation.

The toilet giveaway will be promoted by email (using MPWMD and CAW's email database), print ads in local papers and social media. Customers will be required to confirm eligibility, which will be reviewed by MPWMD staff. The budget for the program is $30,000.

**RECOMMENDATION**: The Finance and Administration Committee should recommend that the Board approve the expenditure of up to $30,000 to partner with CAW for the 0.8 GPF Toilet Giveaway conservation program and increase the budget for Reimbursable Water Conservation Devices for the District's 50% contribution.

**EXHIBIT**
**2-A** A Toilet Pace_Supply_Quote

PACE SUPPLY CORP
349 E MARKET ST
SALINAS CA 93901
833-505-4228

**EXHIBIT 2-A**
9

| | |
|---|---|
| Quote# | 3001693 |
| Quote Date | 10/14/26 |
| Page# | 1 |

# QUOTATION

Monterey Peninsula Water Manag Dist 39271-00

5 Harris Ct, Bld G
MONTEREY CA 93940
Ship To:

| | | | |
|---|---|---|---|
| Expiration Date | 11/13/26 | Requested By | STEPHANIE KISTER |
| FOB | ORIGIN | Prepared By | Nancy Harrison nharrison@pacesupply.com |
| Online Quote | 3001693 | Salesperson | |
| Job Name | WPWMD | | |

WE ARE PLEASED TO QUOTE YOU ON THE FOLLOWING MATERIAL

| Ln# | Part Number | Description | Price | Qty | Unit | Extended Price |
|---|---|---|---|---|---|---|
| | | **>>> SEGMENT: NIAGARA - SHADOW TOILETS** | | | | |
| 1 | NIA33020101WHT | TOILET BOWL EB 12" RGH WHT ADA SHADOW NIAGARA | 85.22 | 200 | EA | 17044.00 |
| 2 | NIA33030001LCHWHT | TOILET TANK 0.8GPF LCH GRAV WHT ADA SHADOW NIAGARA | 73.86 | 200 | EA | 14772.00 |
| 3 | BEM1500TTTWHT | EBCFWC WOOD RES SEAT WHT BEMIS | 15.70 | 200 | EA | 3140.00 |
| 4 | WAX1 | 3 OR 4 WAX RING W/ HORN 2BB 2N 2W | 2.75 | 200 | EA | 550.00 |
| | | | | | | 35506.00 |

| | |
|---|---|
| Subtotal | 35506.00 |
| Estimated Sales Tax | 3284.31 |
| Estimated Freight | |
| Total | 38790.31 |

**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: ACTION ITEM**

**3. RECEIVE AND FILE FIRST QUARTER FINANCIAL ACTIVITY REPORT FOR FISCAL YEAR 2026-2027**

| | | | |
|---|---|---|---|
| **Meeting Date:** | **November 9, 2026** | **Budgeted:** | **N/A** |
| **From:** | **David J. Stoldt, General Manager** | **Program/ Line Item No.:** | **N/A** |
| **Prepared By:** | **Nishil Bali** | **Cost Estimate:** | **N/A** |

**General Counsel Review: N/A**
**Committee Recommendation: The Finance and Administration Committee reviewed this item on November 9, 2026, and recommended _____.**
**CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**SUMMARY:** The first quarter of Fiscal Year (FY) 2026-2027 concluded on September 30, 2026. Table comparing budgeted and actual year-to-date revenues and expenditures for the period July 1, 2026, through September 30, 2026 is included as **Exhibit 3-A. Exhibits 3-B** and **3-C** present the same information in bar graph format. The following comments summarize District staff's observations:

## REVENUES

The revenue table compares amounts received through the first quarter of FY 2026-2027 to the amounts budgeted for that same time period. Total revenues collected were $6,463,766, or 65.6% of the year-to-date (YTD) budgeted amount of $9,859,424. Variances within the individual revenue categories are described below:

- Property tax revenues were $0, or 0% of the budget for the period. The first installment of this revenue is expected to be received in December 2026.
- User fee revenues were $1,268,144, or about 60.4% of the amount budgeted for YTD. This is lower than the budgeted amount, as collections for September are received after the close of the fiscal quarter. After September collections are booked, user fees are expected to be $1,778,751, or 85.1% of the YTD budget.
- Pure Water Monterey (PWM) Water Sales revenue was $4,273,177, or 85.1% of the budget for the period. This is water sales revenue for water purchased from Monterey One Water and sold to California American Water, and is a pass-through to the District. The FY 2026-27 PWM budget includes revenue from the PWM Expansion project that became operational in November 2025.
- Capacity Charge revenues were $123,622, or 82.4% of the budget for the period. Actual collection was lower than the anticipated budget, as the forecasted figures are based on the estimated number of customers pulling permits.
- Permit Fee revenues were $58,267, or 93.2% of the budget for the period.

- Interest revenues were $111,854 or 67.8% of the budget for the period. This excludes the first-quarter interest revenue from the Local Agency Investment Pool, which is received in the second quarter.
- Reimbursements were $614,996, or 259.7% of the budget. These are for reimbursable project funds tied to the Aquifer Storage and Recovery, Watermaster, rebates, and other reimbursements. The increase is related to $583,476 in other reimbursements tied to partial true-up of PWM water purchases.
- Grant revenue from the Integrated Regional Water Management (IRWM) projects was $0, or 0% of the budget, as this revenue is received at the end of the quarter and is based on quarterly submission of expenditures to the Department of Drinking Water.
- The Other revenue category totaled $13,705, or about 68.5% of the YTD budgeted amount. This category includes reimbursement revenues from legal and other miscellaneous services and recording fees.
- No Reserves were booked in the first quarter. This category includes potential use of reserves for the entire year, with adjustments typically made at the end of the fiscal year.

## EXPENDITURES

Expenditure activity, as depicted on the expenditure table, is similar to patterns seen in past fiscal years. Total expenditures of $6,134,232 were about 62.2% of the budgeted amount of $9,859,424 for the period. Variances within the individual expenditure categories are described below:

- Personnel costs of $1,937,655 were about 117.9% of the budget. This was higher than the anticipated budget due to CalPERS' employers' portion of the unfunded liability, paid upfront for the fiscal year.
- Expenditures on supplies and services were $496,150 or about 86% of the budgeted amount. This was lower than the anticipated budget due to lower YTD expenditures for legal services, facilities, and transportation for the first quarter.
- Fixed asset-related purchases of $77,819 represented around 118.7% of the YTD budgeted amount. This is related to the payments for new District vehicles.
- Funds spent on project expenditures were $3,622,608, or approximately 49.3% of the amount budgeted for the period. This is lower than budgeted due to lower water purchases in the first quarter and no expenditure received for the IRWM grants.
- Contingencies/Other expenditures were 0% of the budgeted amount, as no contingency budget was spent during this quarter.
- Reserve expenditures were 0% of the budgeted amount. Adjustments to reserves are made at the end of the fiscal year.

**EXHIBITS**

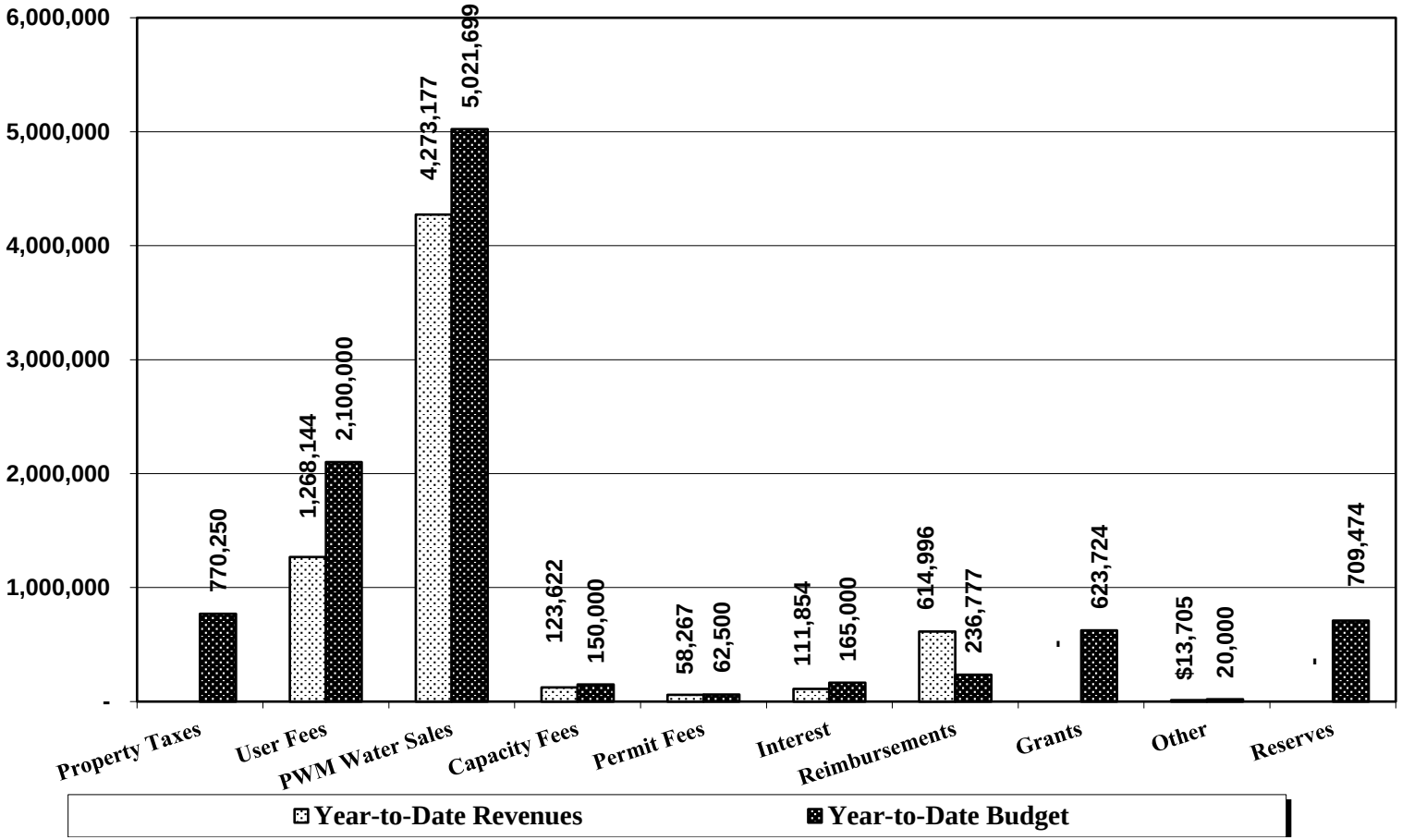
**3-A** Revenue and Expenditure Table
**3-B** Revenue Graph
**3-C** Expenditure Graph

# Monterey Peninsula Water Management District
## Financial Activity as of September 30, 2026
## Fiscal Year 2026-2027

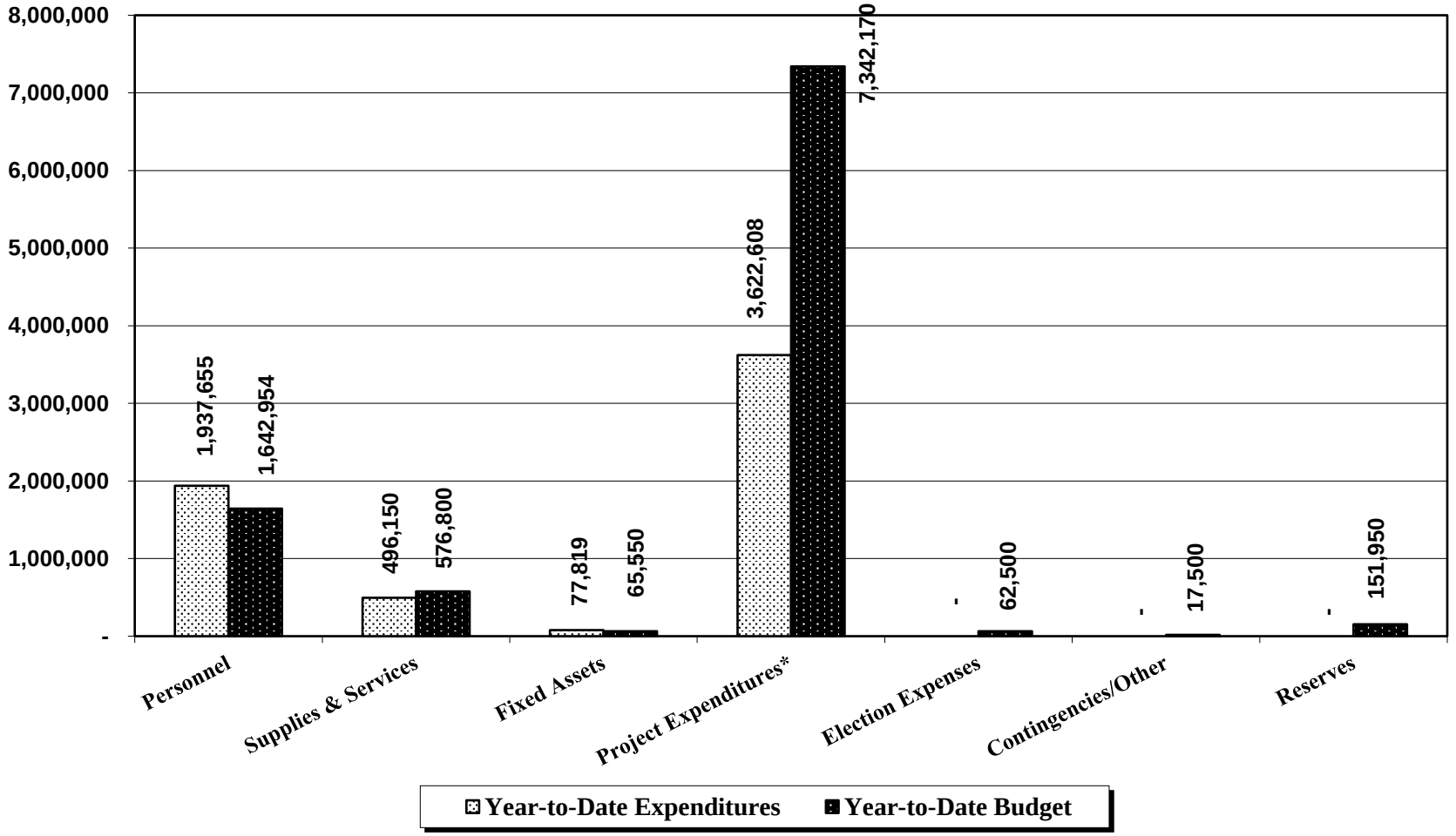
| | Year-to-Date Revenues | Year-to-Date Budget | Variance | Percent of Budget |
|---|---|---|---|---|
| Property Taxes | - | 770,250 | 770,250 | 0.0% |
| User Fees | 1,268,144 | 2,100,000 | 831,856 | 60.4% |
| PWM Water Sales | 4,273,177 | 5,021,699 | 748,522 | 85.1% |
| Capacity Fees | 123,622 | 150,000 | 26,378 | 82.4% |
| Permit Fees | 58,267 | 62,500 | 4,233 | 93.2% |
| Interest | 111,854 | 165,000 | 53,146 | 67.8% |
| Reimbursements | 614,996 | 236,777 | (378,219) | 259.7% |
| Grants | - | 623,724 | 623,724 | 0.0% |
| Other | $13,705 | 20,000 | 6,295 | 68.5% |
| Reserves | - | 709,474 | $709,474 | 0.0% |
| Total Revenues | 6,463,766 | 9,859,424 | 3,395,658 | 65.6% |

| | Year-to-Date Expenditures | Year-to-Date Budget | Variance | Percent of Budget |
|---|---|---|---|---|
| Personnel | 1,937,655 | 1,642,954 | (294,701) | 117.9% |
| Supplies & Services | 496,150 | 576,800 | 80,650 | 86.0% |
| Fixed Assets | 77,819 | 65,550 | (12,269) | 118.7% |
| Project Expenditures* | 3,622,608 | 7,342,170 | 3,719,562 | 49.3% |
| Election Expenses | - | 62,500 | 62,500 | 0.0% |
| Contingencies/Other | - | 17,500 | 17,500 | 0.0% |
| Reserves | - | 151,950 | 151,950 | 0.0% |
| Total Expenditures | $6,134,232 | $9,859,424 | $3,725,192 | 62.2% |

# REVENUES
## Q1 of FYE2027 - September 30, 2026
**Year-to-Date Budgeted Revenues $9.86 M**
**Year-to-Date Actual Revenues $6.46 M**



# EXPENDITURES
## Q1 of FYE2027 - September 30, 2026
**Year-to-Date Budgeted Expenditures $9.86 M**
**Year-to-Date Actual Expenditures $6.14 M**



**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: ACTION ITEM**

**4. CONSIDER ADOPTION OF TREASURER'S REPORT FOR SEPTEMBER 2026**

| | | | |
|---|---|---|---|
| **Meeting Date:** | **November 9, 2026** | **Budgeted:** | **N/A** |
| **From:** | **David J. Stoldt, General Manager** | **Program/ Line Item No.:** | **N/A** |
| **Prepared By:** | **Nishil Bali** | **Cost Estimate:** | **N/A** |

**General Counsel Review: N/A**
**Committee Recommendation: The Finance and Administration Committee reviewed this item on November 9, 2026, and recommended _____.**
**CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**SUMMARY: Exhibit 4-A** comprises the Treasurer's Report for September 2026. **Exhibit 4-B** includes listings of check disbursements for the period September 1-30, 2026. Checks, virtual checks (AP Automation), direct deposits of employee paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of $664,646.37. **Exhibit 4-C** reflects the unaudited version of the Statement of Revenues and Expenditures for the month ending September 30, 2026.

**RECOMMENDATION:** The Finance and Administration Committee should recommend that the Board adopt the September 2026 Treasurer's Report and Statement of Revenues and Expenditures and ratify the disbursements made during the month.

**EXHIBITS**
**4-A** Treasurer's Report
**4-B** Listing of Cash Disbursements
**4-C** Statement of Revenues and Expenditures

# EXHIBIT 4-A

## MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
## TREASURER'S REPORT FOR SEPTEMBER 2026

| | Description | Checking | MPWMD Money Market | California CLASS | L.A.I.F. | Multi-Bank Securities* | MPWMD Total | PB Reclamation Money Market |
|---|---|---|---|---|---|---|---|---|
| | **Beginning Balance (A)** | **$1,495,494.44** | **$2,210,701.09** | **$1,066,649.61** | **$12,405,160.51** | **$11,031,806.88** | **$28,166,630.97** | **$348,582.27** |
| | Fees/Deposits | | 2,345,836.37 | | | | 2,345,836.37 | 791,916.34 |
| | MoCo Tax & WS Chg Installment Pymt | | | | | | 0.00 | |
| | Interest Received | | | 3,347.29 | | 43,181.55 | 46,528.84 | |
| | Transfer - Checking/CLASS | | | | | | 0.00 | |
| | Transfer - Money Market/LAIF | | - | | | | 0.00 | |
| | Transfer - Money Market/Checking | | | | | | 0.00 | (5,142.42) |
| | Transfer - Money Market/Multi-Bank | | | | | | 0.00 | |
| | Transfer to CAWD | | | | | | 0.00 | |
| | *Sub-total - Receipts/Transfers (B)* | *$0.00* | *$2,345,836.37* | *$3,347.29* | - | *$43,181.55* | *$2,392,365.21* | *$786,773.92* |
| [1] | AP Automation Payments | (144,136.01) | | | | | (144,136.01) | |
| [2] | General Checks | (78,129.42) | | | | | (78,129.42) | |
| [3] | Bank Draft Payments | (47,188.29) | | | | | (47,188.29) | |
| [3] | Payroll Tax/Benefit Deposits | (187,337.08) | | | | | (187,337.08) | |
| [4] | Rebate Payments | - | | | | | 0.00 | |
| [5] | WSC APA Payments Re-issues | (53.04) | | | | | (53.04) | |
| * | Payroll Checks/Direct Deposits | (206,426.98) | | | | | (206,426.98) | |
| ** | Bank Charges/Other | (1,086.82) | | | | | (1,086.82) | |
| | Reversals of Outstanding WSC Payments | 626.77 | | | | | 626.77 | |
| | Voided Checks | - | | | | | 0.00 | |
| | Credit Card Fees | (915.50) | | | | | (915.50) | |
| | Returned Deposits | | | | | | 0.00 | |
| | *Sub-total - Disbursements (C)* | *(664,646.37)* | - | - | - | - | *(664,646.37)* | - |
| | **Ending Balance (A+B+C)** | **$830,848.07** | **$4,556,537.46** | **$1,069,996.90** | **$12,405,160.51** | **$11,074,988.43** | **$29,894,349.81** | **$1,135,356.19** |

Refer to Exhibit B for payments totalling [1], [2], [3], [4] and [5]

* Total amount of District Employee and Board payroll

** Merchant account fees from Bank of America

WSC: Water Supply Charge

* Fixed Income investments are reported at face value

# Check Report

Monterey Peninsula Water Management District

By Check Number

Date Range: 09/01/2026 - 09/30/2026

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|---|---|---|---|---|---|---|
| **Bank Code: APBNK** | **-Bank of America Checking** | | | | | |
| **Payment Type: Regular** | | | | | | |
| 16717 | State Water Resources Control Board | 09/04/2026 | Regular | 0.00 | 4,212.00 | 41112 |
| 46567 | Cappo Management XXXIV | 09/29/2026 | Regular | 0.00 | 73,378.22 | 41115 |
| 01020 | Sandra Alonso - Petty Cash Custodian | 09/29/2026 | Regular | 0.00 | 539.20 | 41116 |
| | | | **Total Regular:** | **0.00** | **78,129.42** | |

[2]

**Check Report** **Date Range: 09/01/2026 - 09/30/2026**

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|---|---|---|---|---|---|---|
| **Payment Type: Virtual Payment** | | | | | | |
| 06001 | Cypress Coast Ford | 09/02/2026 | Virtual Payment | 0.00 | 110.48 | APA022108 |
| 01349 | Suresh Prasad | 09/02/2026 | Virtual Payment | 0.00 | 1,125.06 | APA022109 |
| 41145 | Advance Cleaning 365, Inc. | 09/04/2026 | Virtual Payment | 0.00 | 1,850.00 | APA022110 |
| 12601 | Carmel Valley Ace Hardware | 09/04/2026 | Virtual Payment | 0.00 | 235.29 | APA022111 |
| 00094 | John Arriaga | 09/04/2026 | Virtual Payment | 0.00 | 7,000.00 | APA022112 |
| 27302 | Kyocera Document Solutions America, Inc. | 09/04/2026 | Virtual Payment | 0.00 | 535.75 | APA022113 |
| 00222 | M.J. Murphy | 09/04/2026 | Virtual Payment | 0.00 | 175.77 | APA022114 |
| 00242 | MBAS | 09/04/2026 | Virtual Payment | 0.00 | 779.00 | APA022115 |
| 26785 | Monterey Bay Pest Control, Inc. | 09/04/2026 | Virtual Payment | 0.00 | 135.00 | APA022116 |
| 00755 | Peninsula Welding Supply, Inc. | 09/04/2026 | Virtual Payment | 0.00 | 64.50 | APA022117 |
| 00251 | Rick Dickhaut | 09/04/2026 | Virtual Payment | 0.00 | 1,232.00 | APA022118 |
| 08067 | Stephanie Locke | 09/04/2026 | Virtual Payment | 0.00 | 1,544.16 | APA022119 |
| 09425 | The Ferguson Group LLC | 09/04/2026 | Virtual Payment | 0.00 | 6,615.00 | APA022120 |
| 17965 | The Maynard Group | 09/04/2026 | Virtual Payment | 0.00 | 1,848.30 | APA022121 |
| 00763 | ACWA-JPIA | 09/11/2026 | Virtual Payment | 0.00 | 357.96 | APA022122 |
| 18225 | DUDEK | 09/11/2026 | Virtual Payment | 0.00 | 232.50 | APA022123 |
| 00222 | M.J. Murphy | 09/11/2026 | Virtual Payment | 0.00 | 39.48 | APA022124 |
| 00242 | MBAS | 09/11/2026 | Virtual Payment | 0.00 | 313.00 | APA022125 |
| 07280 | National Water Research Institute | 09/11/2026 | Virtual Payment | 0.00 | 10,000.00 | APA022126 |
| 13396 | Navia Benefit Solutions, Inc. | 09/11/2026 | Virtual Payment | 0.00 | 1,750.39 | APA022127 |
| 21876 | Timothy G. Scarpa | 09/11/2026 | Virtual Payment | 0.00 | 500.00 | APA022128 |
| 22792 | Uline | 09/11/2026 | Virtual Payment | 0.00 | 107.98 | APA022129 |
| 06009 | yourservicesolution.com | 09/11/2026 | Virtual Payment | 0.00 | 2,955.00 | APA022130 |
| 00225 | AAA Workspace | 09/21/2026 | Virtual Payment | 0.00 | 288.38 | APA022131 |
| 00010 | Access Monterey Peninsula | 09/21/2026 | Virtual Payment | 0.00 | 875.00 | APA022132 |
| 00767 | AFLAC | 09/21/2026 | Virtual Payment | 0.00 | 358.94 | APA022133 |
| 00760 | Andy Bell | 09/21/2026 | Virtual Payment | 0.00 | 664.00 | APA022134 |
| 12601 | Carmel Valley Ace Hardware | 09/21/2026 | Virtual Payment | 0.00 | 22.11 | APA022135 |
| 00028 | Colantuono, Highsmith, & Whatley, PC | 09/21/2026 | Virtual Payment | 0.00 | 126.00 | APA022136 |
| 04041 | Cynthia Schmidlin | 09/21/2026 | Virtual Payment | 0.00 | 1,221.84 | APA022137 |
| 18734 | DeVeera Inc. | 09/21/2026 | Virtual Payment | 0.00 | 8,365.63 | APA022138 |
| 00192 | Extra Space Storage | 09/21/2026 | Virtual Payment | 0.00 | 523.00 | APA022139 |
| 02660 | Forestry Suppliers Inc. | 09/21/2026 | Virtual Payment | 0.00 | 102.27 | APA022140 |
| 21199 | G3, Green Gardens Group, LLC | 09/21/2026 | Virtual Payment | 0.00 | 1,800.00 | APA022141 |
| 06849 | GSI Environmental Inc. | 09/21/2026 | Virtual Payment | 0.00 | 3,000.00 | APA022142 |
| 00986 | Henrietta Stern | 09/21/2026 | Virtual Payment | 0.00 | 915.80 | APA022143 |
| 03857 | Joe Oliver | 09/21/2026 | Virtual Payment | 0.00 | 1,223.80 | APA022144 |
| 06999 | KBA Document Solutions, LLC | 09/21/2026 | Virtual Payment | 0.00 | 278.55 | APA022145 |
| 07622 | KISTERS North America, Inc. | 09/21/2026 | Virtual Payment | 0.00 | 6,188.21 | APA022146 |
| 05830 | Larry Hampson | 09/21/2026 | Virtual Payment | 0.00 | 1,544.16 | APA022147 |
| 13431 | Lynx Technologies, Inc | 09/21/2026 | Virtual Payment | 0.00 | 3,000.00 | APA022148 |
| 00222 | M.J. Murphy | 09/21/2026 | Virtual Payment | 0.00 | 237.27 | APA022149 |
| 05829 | Mark Bekker | 09/21/2026 | Virtual Payment | 0.00 | 519.20 | APA022150 |
| 00242 | MBAS | 09/21/2026 | Virtual Payment | 0.00 | 3,387.00 | APA022151 |
| 07418 | McMaster-Carr | 09/21/2026 | Virtual Payment | 0.00 | 50.61 | APA022152 |
| 26785 | Monterey Bay Pest Control, Inc. | 09/21/2026 | Virtual Payment | 0.00 | 650.00 | APA022153 |
| 13396 | Navia Benefit Solutions, Inc. | 09/21/2026 | Virtual Payment | 0.00 | 1,550.39 | APA022154 |
| 00036 | Parham Living Trust | 09/21/2026 | Virtual Payment | 0.00 | 850.00 | APA022155 |
| 24869 | Raftelis Financial Consultants, Inc. | 09/21/2026 | Virtual Payment | 0.00 | 737.50 | APA022156 |
| 19700 | Shute, Mihaly & Weinberger LLP | 09/21/2026 | Virtual Payment | 0.00 | 22,483.59 | APA022157 |
| 00203 | ThyssenKrup Elevator | 09/21/2026 | Virtual Payment | 0.00 | 824.70 | APA022158 |
| 21876 | Timothy G. Scarpa | 09/21/2026 | Virtual Payment | 0.00 | 200.00 | APA022159 |
| 27964 | TM Process & Controls | 09/21/2026 | Virtual Payment | 0.00 | 12,898.90 | APA022160 |
| 00271 | UPEC, Local 792 | 09/21/2026 | Virtual Payment | 0.00 | 1,312.50 | APA022161 |
| 23550 | WellmanAD | 09/21/2026 | Virtual Payment | 0.00 | 10,709.26 | APA022162 |
| 08105 | Yolanda Munoz | 09/21/2026 | Virtual Payment | 0.00 | 540.00 | APA022163 |
| 20230 | Zoom Video Communications Inc | 09/21/2026 | Virtual Payment | 0.00 | 552.25 | APA022164 |
| 00263 | Arlene Tavani | 09/25/2026 | Virtual Payment | 0.00 | 1,223.80 | APA022166 |
| 00281 | CoreLogic Information Solutions, Inc. | 09/25/2026 | Virtual Payment | 0.00 | 1,273.95 | APA022167 |
| 18734 | DeVeera Inc. | 09/25/2026 | Virtual Payment | 0.00 | 3,024.14 | APA022168 |

**Check Report** **Date Range: 09/01/2026 - 09/30/2026**

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|---|---|---|---|---|---|---|
| 00285 | Gabby Bravo | 09/25/2026 | Virtual Payment | 0.00 | 1,499.00 | APA022169 |
| 05371 | June Silva | 09/25/2026 | Virtual Payment | 0.00 | 1,155.80 | APA022170 |
| 00222 | M.J. Murphy | 09/25/2026 | Virtual Payment | 0.00 | 21.70 | APA022171 |
| 01012 | Mark Dudley | 09/25/2026 | Virtual Payment | 0.00 | 540.00 | APA022172 |
| 18325 | Minuteman Press Monterey | 09/25/2026 | Virtual Payment | 0.00 | 128.14 | APA022173 |
| 16182 | Monterey County Weekly | 09/25/2026 | Virtual Payment | 0.00 | 970.00 | APA022174 |
| 00154 | Peninsula Messenger Service | 09/25/2026 | Virtual Payment | 0.00 | 842.00 | APA022175 |
| 09425 | The Ferguson Group LLC | 09/25/2026 | Virtual Payment | 0.00 | 5,950.00 | APA022176 |
| | | | **Total Virtual Payment:** | **0.00** | **144,136.01** | [1] |

**Check Report** **Date Range: 09/01/2026 - 09/30/2026**

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|---|---|---|---|---|---|---|
| **Payment Type: Bank Draft** | | | | | | |
| 00266 | I.R.S. | 09/04/2026 | Bank Draft | 0.00 | 20,063.68 | DFT0004362 |
| 00266 | I.R.S. | 09/04/2026 | Bank Draft | 0.00 | 4,636.82 | DFT0004363 |
| 00267 | Employment Development Dept. | 09/04/2026 | Bank Draft | 0.00 | 7,965.27 | DFT0004364 |
| 00266 | I.R.S. | 09/04/2026 | Bank Draft | 0.00 | 891.26 | DFT0004365 |
| 00252 | Cal-Am Water | 09/04/2026 | Bank Draft | 0.00 | 402.67 | DFT0004366 |
| 00993 | Harris Court Business Park | 09/04/2026 | Bank Draft | 0.00 | 794.39 | DFT0004367 |
| 00282 | PG&E | 09/04/2026 | Bank Draft | 0.00 | 2,587.23 | DFT0004368 |
| 22667 | Pitney Bowes Inc | 09/04/2026 | Bank Draft | 0.00 | 1,122.81 | DFT0004369 |
| 22667 | Pitney Bowes Inc | 09/04/2026 | Bank Draft | 0.00 | -1,122.81 | DFT0004369 |
| 00221 | Verizon Wireless | 09/04/2026 | Bank Draft | 0.00 | 932.77 | DFT0004370 |
| 00266 | I.R.S. | 09/11/2026 | Bank Draft | 0.00 | 62.66 | DFT0004373 |
| 00266 | I.R.S. | 09/11/2026 | Bank Draft | 0.00 | 267.84 | DFT0004374 |
| 00758 | FedEx | 09/11/2026 | Bank Draft | 0.00 | 188.07 | DFT0004375 |
| 00769 | Laborers Trust Fund of Northern CA | 09/11/2026 | Bank Draft | 0.00 | 48,222.00 | DFT0004376 |
| 00259 | Marina Coast Water District | 09/11/2026 | Bank Draft | 0.00 | 2,316.55 | DFT0004377 |
| 00768 | MissionSquare Retirement- 302617 | 09/11/2026 | Bank Draft | 0.00 | 9,754.54 | DFT0004378 |
| 00256 | PERS Retirement | 09/11/2026 | Bank Draft | 0.00 | 26,243.54 | DFT0004379 |
| 00266 | I.R.S. | 09/18/2026 | Bank Draft | 0.00 | 19,975.15 | DFT0004381 |
| 00266 | I.R.S. | 09/18/2026 | Bank Draft | 0.00 | 4,597.06 | DFT0004382 |
| 00267 | Employment Development Dept. | 09/18/2026 | Bank Draft | 0.00 | 7,937.94 | DFT0004383 |
| 00266 | I.R.S. | 09/18/2026 | Bank Draft | 0.00 | 721.24 | DFT0004384 |
| 07281 | Amazon Capital Services | 09/21/2026 | Bank Draft | 0.00 | 934.54 | DFT0004385 |
| 29035 | BlueTriton Brands Inc | 09/21/2026 | Bank Draft | 0.00 | 244.92 | DFT0004386 |
| 00277 | Home Depot Credit Services | 09/21/2026 | Bank Draft | 0.00 | 1,960.69 | DFT0004387 |
| 00768 | MissionSquare Retirement- 302617 | 09/21/2026 | Bank Draft | 0.00 | 9,754.54 | DFT0004388 |
| 00256 | PERS Retirement | 09/21/2026 | Bank Draft | 0.00 | 26,243.54 | DFT0004389 |
| 00282 | PG&E | 09/21/2026 | Bank Draft | 0.00 | 2,445.78 | DFT0004390 |
| 07627 | Purchase Power | 09/21/2026 | Bank Draft | 0.00 | 300.00 | DFT0004391 |
| 18163 | Wex Bank | 09/21/2026 | Bank Draft | 0.00 | 2,231.36 | DFT0004392 |
| 00269 | U.S. Bank | 09/21/2026 | Bank Draft | 0.00 | 14,577.74 | DFT0004393 |
| 07281 | Amazon Capital Services | 09/25/2026 | Bank Draft | 0.00 | 79.03 | DFT0004394 |
| 00252 | Cal-Am Water | 09/25/2026 | Bank Draft | 0.00 | 396.46 | DFT0004395 |
| 00282 | PG&E | 09/25/2026 | Bank Draft | 0.00 | 15,366.40 | DFT0004396 |
| 04736 | Pitney Bowes Global Financial Svc, LLC | 09/25/2026 | Bank Draft | 0.00 | 437.59 | DFT0004397 |
| 06746 | POSTMASTER | 09/25/2026 | Bank Draft | 0.00 | 400.00 | DFT0004398 |
| 06746 | POSTMASTER | 09/25/2026 | Bank Draft | 0.00 | -400.00 | DFT0004398 |
| 00221 | Verizon Wireless | 09/25/2026 | Bank Draft | 0.00 | 970.28 | DFT0004399 |
| 00277 | Home Depot Credit Services | 09/25/2026 | Bank Draft | 0.00 | 21.82 | DFT0004400 |
| | | | **Total Bank Draft:** | **0.00** | **234,525.37** | |

[3]

From Treasurer's Report:

| | |
|---|---|
| Bank Draft Payments | 47,188.29 |
| Payroll Tax/Benefit Deposits | 187,337.08 |
| Sub-total | 234,525.37 |

**Check Report** **Date Range: 09/01/2026 - 09/30/2026**

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|---|---|---|---|---|---|---|
| **Bank Code: WSC -Water Supply Charge** | | | | | | |
| **Payment Type: Virtual Payment** | | | | | | |
| 07284 | MELGUNOVA ZHANNA | 09/22/2026 | Virtual Payment | 0.00 | 53.04 | APA022165 |
| | | | **Total Virtual Payment:** | **0.00** | **53.04** | [5] |

# EXHIBIT 4-C

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH SEPTEMBER 30, 2026

| | Mitigation | Conservation | Water Supply | Current Period Activity | Current FY Year-to-Date Actual | Current FY Annual Budget | Prior FY Year-to-Date Actual |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Property taxes | $ - | $ - | $ - | $ - | $ - | $ 3,081,000 | $ - |
| Water supply charge | | | - | - | - | - | - |
| User fees | 121,775 | 109,432 | 319,918 | 551,125 | 1,268,144 | 8,400,000 | 1,360,301 |
| Mitigation revenue | - | | | - | - | - | - |
| PWM Water Sales | | | 1,024,099 | 1,024,099 | 4,273,177 | 20,086,800 | 3,952,373 |
| Capacity fees | | | 47,425 | 47,425 | 123,622 | 600,000 | 442,709 |
| Permit fees | - | 19,393 | | 19,393 | 58,267 | 250,000 | 70,514 |
| Investment income | 15,502 | 15,498 | 15,977 | 46,977 | 111,854 | 660,000 | 94,752 |
| Miscellaneous | 133 | 129 | 141 | 403 | 403 | 15,000 | 680 |
| **Sub-total district revenues** | **137,411** | **144,452** | **1,407,560** | **1,689,422** | **5,835,468** | **33,092,800** | **5,921,329** |
| Project reimbursements | - | - | - | - | 613,946 | 932,108 | 81,252 |
| Legal fee reimbursements | | 300 | | 300 | 1,050 | 15,000 | 1,950 |
| Grants | - | - | - | - | - | 2,494,896 | 3,861,346 |
| Recording fees | | 5,125 | | 5,125 | 18,000 | 65,000 | 13,705 |
| **Sub-total reimbursements** | **-** | **5,425** | **-** | **5,425** | **632,996** | **3,507,004** | **3,958,253** |
| From Reserves | - | - | - | - | - | 2,837,896 | - |
| **Total revenues** | **137,411** | **149,877** | **1,407,560** | **1,694,847** | **6,468,463** | **39,437,700** | **9,879,582** |
| **EXPENDITURES** | | | | | | | |
| Personnel: | | | | | | | |
| Salaries | 96,750 | 81,743 | 126,327 | 304,820 | 873,610 | 4,096,000 | 785,072 |
| Retirement | 9,566 | 7,100 | 12,534 | 29,200 | 848,171 | 1,383,884 | 774,442 |
| Unemployment Compensation | - | - | - | - | - | 10,100 | - |
| Auto Allowance | 148 | 148 | 443 | 738 | 1,979 | 11,000 | 1,994 |
| Deferred Compensation | 187 | 187 | 561 | 935 | 2,506 | 22,605 | 2,524 |
| Temporary Personnel | - | - | - | - | - | 10,000 | - |
| Workers Comp. Ins. | 3,684 | 458 | 3,329 | 7,471 | 19,991 | 114,341 | 19,792 |
| Employee Insurance | 19,752 | 18,094 | 22,378 | 60,224 | 170,255 | 789,311 | 158,640 |
| Medicare & FICA Taxes | 2,175 | 1,410 | 1,859 | 5,443 | 15,798 | 87,178 | 13,405 |
| Personnel Recruitment | 152 | 147 | 161 | 460 | 580 | 11,500 | - |
| Other benefits | 66 | 64 | 70 | 200 | 601 | 2,000 | 600 |
| Staff Development | - | 713 | - | 713 | 4,165 | 33,900 | 5,426 |
| **Sub-total personnel costs** | **132,480** | **110,063** | **167,661** | **410,204** | **1,937,655** | **6,571,820** | **1,761,895** |
| Services & Supplies: | | | | | | | |
| Board Member Comp | 579 | 579 | 597 | 1,755 | 5,670 | 37,000 | 6,750 |
| Board Expenses | 46 | 45 | 49 | 140 | 500 | 7,500 | 6,132 |
| Rent | 173 | 167 | 183 | 523 | 2,393 | 30,000 | 4,590 |
| Utilities | 1,320 | 1,280 | 1,400 | 3,999 | 12,999 | 51,200 | 12,481 |
| Telephone | 381 | 306 | 163 | 850 | 6,926 | 40,900 | 8,516 |
| Facility Maintenance | 1,877 | 1,820 | 1,991 | 5,689 | 14,872 | 95,100 | 19,737 |
| Bank Charges | 661 | 641 | 701 | 2,002 | 7,233 | 25,100 | 2,769 |
| Office Supplies | 578 | 619 | 380 | 1,577 | 4,149 | 26,300 | 6,532 |
| Courier Expense | 552 | 536 | 586 | 1,674 | 2,079 | 7,600 | 1,995 |
| Postage & Shipping | 99 | 96 | 105 | 300 | 774 | 8,900 | 25,170 |
| Equipment Lease | - | - | - | - | - | 13,200 | - |
| Equip. Repairs & Maintenance | - | - | - | - | 1,691 | 5,100 | 40 |
| Printing/Duplicating/Binding | - | 50 | - | 50 | 50 | 3,100 | - |
| IT Supplies/Services | 16,014 | 15,557 | 16,958 | 48,529 | 97,317 | 331,000 | 97,333 |
| Operating Supplies | 334 | - | 113 | 447 | 5,228 | 27,500 | 7,486 |
| Legal Services | - | - | - | - | 81,024 | 420,000 | 103,000 |

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH SEPTEMBER 30, 2026

| | Mitigation | Conservation | Water Supply | Current Period Activity | Current FY Year-to-Date Actual | Current FY Annual Budget | Prior FY Year-to-Date Actual |
|---|---|---|---|---|---|---|---|
| Professional Fees | 5,442 | 5,277 | 5,772 | 16,490 | 93,515 | 358,100 | 109,922 |
| Transportation | 3,024 | 559 | 900 | 4,482 | 9,220 | 60,200 | 14,716 |
| Travel | 111 | 24 | 26 | 161 | 1,585 | 40,100 | 3,554 |
| Meeting Expenses | 467 | 452 | 495 | 1,414 | 6,504 | 28,700 | 7,056 |
| Insurance | 9,544 | 9,255 | 10,123 | 28,922 | 86,767 | 360,000 | 78,726 |
| Legal Notices | - | - | - | - | - | 3,700 | - |
| Membership Dues | (392) | 196 | 61 | (135) | 2,075 | 51,900 | 2,840 |
| Public Outreach | 6,880 | 6,671 | 7,297 | 20,847 | 53,580 | 247,500 | 1,921 |
| Assessors Administration Fee | - | - | - | - | - | 24,000 | - |
| Miscellaneous | - | - | - | - | - | 3,500 | - |
| **Sub-total services & supplies costs** | **47,690** | **44,129** | **47,898** | **139,717** | **496,150** | **2,307,200** | **521,266** |
| Project expenditures | 24,428 | 14,912 | 94,629 | 133,970 | 3,622,608 | 29,368,680 | 8,298,342 |
| Fixed assets | 25,390 | 24,640 | 26,928 | 76,958 | 77,819 | 262,200 | 2,447 |
| Contingencies | - | - | - | - | - | 70,000 | - |
| Election costs | - | - | - | - | - | 250,000 | - |
| Flood drought reserve | - | - | - | - | - | - | - |
| Capital equipment reserve | - | - | - | - | - | 407,800 | - |
| General fund balance | - | - | - | - | - | - | - |
| Debt Reserve | - | - | - | - | - | - | - |
| Pension reserve | - | - | - | - | - | 100,000 | - |
| OPEB reserve | - | - | - | - | - | 100,000 | - |
| **Sub-total other** | **49,818** | **39,552** | **121,557** | **210,927** | **3,700,427** | **30,558,680** | **8,301,079** |
| **Total expenditures** | **229,988** | **193,744** | **337,117** | **760,849** | **6,134,232** | **39,437,700** | **10,584,241** |
| **Excess (Deficiency) of revenues over expenditures** | **$ (92,577)** | **$ (43,867)** | **$ 1,070,443** | **$ 933,999** | **$ 334,231** | **$ (0)** | **$ (704,658)** |

**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: ACTION ITEM**

**5. CONSIDER APPROVAL OF FIRST QUARTER FISCAL YEAR 2026-2027 INVESTMENT REPORT**

| | | | |
|---|---|---|---|
| **Meeting Date:** | **November 9, 2026** | **Budgeted:** | **N/A** |
| **From:** | **David J. Stoldt, General Manager** | **Program/ Line Item No.:** | **N/A** |
| **Prepared By:** | **Nishil Bali** | **Cost Estimate:** | **N/A** |

**General Counsel Review: N/A**
**Committee Recommendation: The Finance and Administration Committee reviewed this item on November 9, 2026, and recommended _____.**
**CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**SUMMARY:** The District's investment policy requires that each quarter the Board of Directors receive and approve a report on investments held by the District. **Exhibit 5-A** is the report for the quarter ending September 30, 2026. District staff has determined that these investments do include sufficient liquid funds to meet anticipated expenditures for the next six months, and this portfolio is in compliance with the current District investment policy. This portfolio is also in compliance with the California Government Code and the permitted investments of Monterey County.

**RECOMMENDATION:** The Finance and Administration Committee should recommend that the Board approve the First Quarter Fiscal Year 2026-2027 Investment Report.

**EXHIBIT**
**5-A** Investment Report as of September 30, 2026

# EXHIBIT 5-A

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**
**INVESTMENT REPORT AS OF SEPTEMBER 30, 2026**

## MPWMD

| Issuing Institution / Security Description | Purchase Date | Maturity Date | Cost Basis | Par Value | Market Value | Rate of Return | Portfolio Distribution |
|---|---|---|---|---|---|---|---|
| Local Agency Investment Fund[1] | | | $12,405,161 | $12,405,161 | $12,405,161 | 3.91% * | 41.50% |
| Bank of America: | | | | | | | |
| Public Funds Interest (Money Market) | | | 4,556,537 | 4,556,537 | 4,556,537 | 0.20% | |
| Checking | | | 830,848 | 830,848 | 830,848 | 0.00% | |
| | | | $5,387,386 | $5,387,386 | $5,387,386 | 0.00% | 18.02% |
| California CLASS Fund | | | $1,069,997 | $1,069,997 | $1,069,997 | 3.82% * | 3.58% |
| Multi-Bank Securities Cash Account | | | 123,807 | 123,807 | 123,807 | 0.00% | 0.41% |
| Multi-Securities Bank Securities: | | | | | | | |
| Interest Bearing Certificate of Deposit | 10/27/2021 | 10/27/2026 | $ 250,000 | $250,000 | $249,765.00 | 1.05% | |
| Interest Bearing Certificate of Deposit | 10/27/2023 | 10/27/2026 | $ 250,000 | $250,000 | $250,105.00 | 5.50% | |
| Interest Bearing Certificate of Deposit | 1/11/2022 | 1/7/2027 | $ 250,000 | $250,000 | $248,452.50 | 1.50% | |
| Interest Bearing Certificate of Deposit | 3/10/2022 | 3/10/2027 | $ 250,000 | $250,000 | $248,137.50 | 2.50% | |
| Interest Bearing Certificate of Deposit | 3/21/2025 | 3/22/2027 | $ 249,000 | $250,000 | $248,858.07 | 4.10% | |
| Interest Bearing Certificate of Deposit | 3/27/2025 | 3/25/2027 | $ 249,000 | $250,000 | $248,751.00 | 4.00% | |
| Interest Bearing Certificate of Deposit | 3/28/2024 | 3/29/2027 | $ 249,000 | $245,000 | $249,572.70 | 4.75% | |
| Interest Bearing Certificate of Deposit | 3/31/2025 | 3/29/2027 | $ 249,000 | $250,000 | $248,688.75 | 4.00% | |
| Interest Bearing Certificate of Deposit | 5/11/2022 | 5/11/2027 | $ 250,000 | $250,000 | $248,140.00 | 3.05% | |
| Interest Bearing Certificate of Deposit | 5/12/2022 | 5/12/2027 | $ 250,000 | $250,000 | $248,335.00 | 3.20% | |
| Interest Bearing Certificate of Deposit | 7/12/2022 | 7/12/2027 | $ 245,000 | $250,000 | $242,915.05 | 3.35% | |
| Interest Bearing Certificate of Deposit | 9/15/2022 | 9/15/2027 | $ 250,000 | $250,000 | $247,917.50 | 3.60% | |
| Interest Bearing Certificate of Deposit | 9/30/2022 | 9/30/2027 | $ 250,000 | $250,000 | $248,747.50 | 4.00% | |
| Interest Bearing Certificate of Deposit | 11/28/2025 | 11/29/2027 | $ 245,000 | $250,000 | $242,628.40 | 3.70% | |
| Interest Bearing Certificate of Deposit | 11/28/2025 | 11/29/2027 | $ 249,000 | $250,000 | $246,554.82 | 3.70% | |
| Interest Bearing Certificate of Deposit | 12/8/2023 | 12/8/2027 | $ 250,000 | $250,000 | $251,077.50 | 5.00% | |
| Interest Bearing Certificate of Deposit | 2/10/2023 | 2/10/2028 | $ 250,000 | $249,000 | $248,702.50 | 4.25% | |
| Interest Bearing Certificate of Deposit | 3/23/2023 | 3/23/2028 | $ 250,000 | $249,000 | $250,667.50 | 4.90% | |
| Interest Bearing Certificate of Deposit | 9/30/2024 | 3/27/2028 | $ 248,000 | $249,000 | $245,410.88 | 3.95% | |
| Interest Bearing Certificate of Deposit | 4/12/2024 | 4/12/2028 | $ 249,000 | $244,000 | $247,852.11 | 4.40% | |
| Interest Bearing Certificate of Deposit | 7/26/2023 | 7/26/2028 | $ 250,000 | $223,000 | $250,820.00 | 5.00% | |
| Interest Bearing Certificate of Deposit | 7/26/2023 | 7/26/2028 | $ 250,000 | $248,000 | $250,820.00 | 5.00% | |
| Interest Bearing Certificate of Deposit | 8/22/2023 | 8/22/2028 | $ 250,000 | $245,000 | $250,302.50 | 4.90% | |
| Interest Bearing Certificate of Deposit | 9/12/2025 | 9/12/2028 | $ 249,000 | $249,000 | $244,669.89 | 3.90% | |
| Interest Bearing Certificate of Deposit | 11/21/2025 | 11/21/2028 | $ 245,000 | $245,000 | $239,127.35 | 3.70% | |
| Interest Bearing Certificate of Deposit | 11/28/2025 | 11/28/2028 | $ 245,000 | $249,000 | $239,066.10 | 3.70% | |
| Interest Bearing Certificate of Deposit | 12/4/2025 | 12/4/2028 | $ 249,000 | $249,000 | $242,441.34 | 3.60% | |
| Interest Bearing Certificate of Deposit | 1/29/2024 | 1/29/2029 | $ 249,000 | $249,000 | $244,620.09 | 4.10% | |
| Interest Bearing Certificate of Deposit | 4/29/2024 | 4/30/2029 | $ 244,000 | $249,000 | $241,398.96 | 4.50% | |
| Interest Bearing Certificate of Deposit | 8/15/2024 | 8/15/2029 | $ 223,000 | $249,000 | $218,691.64 | 4.25% | |
| Interest Bearing Certificate of Deposit | 9/30/2024 | 9/25/2029 | $ 245,000 | $249,000 | $235,729.20 | 3.60% | |
| Interest Bearing Certificate of Deposit | 12/11/2024 | 12/11/2029 | $ 249,000 | $245,000 | $241,604.70 | 4.00% | |
| Interest Bearing Certificate of Deposit | 12/17/2024 | 12/17/2029 | $ 245,000 | $245,000 | $238,032.20 | 4.05% | |
| Interest Bearing Certificate of Deposit | 4/16/2025 | 4/16/2030 | $ 249,000 | $249,000 | $241,027.02 | 4.05% | |
| Interest Bearing Certificate of Deposit | 5/21/2025 | 5/21/2030 | $ 249,000 | $245,000 | $239,520.57 | 3.90% | |
| Interest Bearing Certificate of Deposit | 9/22/2025 | 9/10/2030 | $ 245,000 | $245,000 | $232,188.95 | 3.60% | |
| | | | $ 8,918,000 | $ 8,919,000 | $ 8,811,340 | 3.90% | 29.83% |
| Multi-Securities Bank Securities: | | | | | | | |
| Government Agency | 2/26/2026 | 2/26/2031 | $600,000 | $600,000 | $574,230 | 4.05% | |
| Treasury | 5/29/2026 | 5/31/2031 | $500,000 | $500,000 | $494,180 | 4.63% | |
| Government Agency | 6/23/2026 | 6/23/2031 | $390,000 | $390,000 | $377,836 | 4.45% | |
| Treasury | 7/22/2026 | 6/30/2031 | $500,000 | $500,000 | $486,230 | 4.25% | |
| | | | $1,990,000 | $1,990,000 | $1,932,476 | 4.32% | 6.66% |
| **TOTAL MPWMD** | | | **$29,894,350** | **$29,895,350** | **$29,730,166** | **3.24%** | 100.00% |

## CAWD/PBCSD WASTEWATER RECLAMATION PROJECT

| Issuing Institution / Security Description | Purchase Date | Maturity Date | Cost Basis | Par Value | Market Value | Annual Rate of Return | Portfolio Distribution |
|---|---|---|---|---|---|---|---|
| Bank of America: | | | | | | | |
| Money Market Fund | | | 1,135,356 | 1,135,356 | $1,135,356 | 0.000% | 100.00% |
| **TOTAL WASTEWATER RECLAMATION PROJECT** | | | **$1,135,356** | **$1,135,356** | **$1,135,356** | **0.000%** | |

These investments do include sufficient liquid funds to meet anticipated expenditures for the next six months as reflected in the FY 2026-2027 annual budget adopted on June 15, 2026.
[1] Includes Pooled Money Investment Account Average Monthly Effective Yield
* Includes thirty day average yields

**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: ACTION ITEM**

**6. RECEIVE FISCAL YEAR 2025-2026 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

| | | | |
|---|---|---|---|
| **Meeting Date:** | **November 9, 2026** | **Budgeted:** | **N/A** |
| **From:** | **David J. Stoldt, General Manager** | **Program/ Line Item No.:** | **N/A** |
| **Prepared By:** | **Nishil Bali** | **Cost Estimate:** | **N/A** |

**General Counsel Review: N/A**
**Committee Recommendation: The Finance and Administration Committee reviewed this item on November 9, 2026, and recommended _____.**
**CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**SUMMARY:** A draft copy of the District's Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) 2025-26 is provided for review. Draft copies of the Independent Auditors' Report and Board Communication Letter (required communication letter from the Auditors to the Board) for the fiscal year ending June 30, 2026, have been received from the District's auditors, The Pun Group LLP. The final audit will be posted on the District's website after it has been accepted by the Board and submitted to the Government Finance Officers Association.

This is the twelfth year that the District has prepared an ACFR. An ACFR is a set of government financial statements comprising the financial report of a governmental agency that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). GASB provides standards for the content of an ACFR in its annually updated publication. The District's ACFR is audited by an external certified accounting firm utilizing GASB requirements. An ACFR is composed of three sections:

**Introductory section** – Includes the transmittal letter.
**Financial section** – Includes the independent auditor's report and contains management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, combining financial statements, and schedules.
**Statistical section** – Includes additional financial, economic, and demographic information.

The auditors have issued an "unmodified opinion" on the District's ACFR for Fiscal Year 2025-26. An unmodified opinion is the opinion in which the auditor expresses that the financial statements are fairly presented, in all material respects, in accordance with the generally accepted accounting principles in the United States. The audit did not identify any deficiencies in the internal control that the auditors consider to be material weaknesses. Representatives from The Pun Group LLP will be available at the Board meeting to review the Board Disclosure Letter (AU-260 Communication at Conclusion).

A Management Letter may be issued in conjunction with the Report to offer suggestions for improvements on matters that came to the auditors' attention in connection with the audit; however, such a letter was not deemed necessary by The Pun Group LLP, in connection with the audit for this fiscal year.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its ACFR for the fiscal year ended June 30, 2025. This was the eleventh year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another certificate.

**RECOMMENDATION:** The Finance and Administration Committee should recommend that the Board review and receive the Annual Comprehensive Financial Report for the year ending June 30, 2026.

**EXHIBITS**

**6-A** Draft Annual Comprehensive Financial Report for FY 2025-2026
**6-B** Draft Communication at Conclusion Letter for FY 2025-2026

# Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026




MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

5 Harris Court, Bldg. G, Monterey, CA 93940

(831) 658-5611 | www.mpwmd.net

DRAFT 11.02.2026

# Monterey Peninsula Water Management District

Monterey, California

DRAFT 11.02.2026

## Annual Comprehensive Financial Report

*For the Fiscal Year Ended June 30, 2026*

THE PUN GROUP
ACCOUNTANTS & ADVISORS

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Annual Comprehensive Financial Report
## For the Year Ended June 30, 2026

## Table of Contents


**Page**

**Introductory Section (Unaudited):**

Letter of Transmittal ..... i
Mission Statement and Board of Directors ..... viii
Organization Chart ..... ix
Certificate of Achievement for Excellence in Financial Reporting ..... x

**Financial Section:**

**Independent Auditor's Report on Financial Statements** ..... 1

**Management's Discussion and Analysis (Required Supplementary Information) (Unaudited)** ..... 5

**Basic Financial Statements:**

Statement of Net Position ..... 19
Statement of Activities ..... 20
Balance Sheet – Governmental Funds ..... 25
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position ..... 26
Statement of Revenues, Expenditures, and Changes in Fund Balances ..... 27
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities ..... 28

Proprietary Funds:
Statement of Net Position ..... 31
Statement of Revenues, Expenses, and Changes in Net Position ..... 32
Statement of Cash Flows ..... 33

Notes to the Basic Financial Statements ..... 39

**Required Supplementary Information (Unaudited):**

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:
Water Supply General Fund ..... 69
Conservation Special Revenue Fund ..... 70
Mitigation Special Revenue Fund ..... 71
Notes to the Budgetary Comparison Schedules ..... 73
Schedule of Changes in the Total OPEB Liability and Related Ratios ..... 76
Schedule of Proportionate Share of the Net Pension Liability ..... 78
Schedules of Contributions – Pension ..... 79


DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Annual Comprehensive Financial Report
## For the Year Ended June 30, 2026

### Table of Contents (Continued)

**Page**

**Financial Section (Continued):**

**Statistical Section (Unaudited):**


Net Position by Component – Last Ten Fiscal Years ..... 85
Changes in Net Position – Last Ten Fiscal Years ..... 86
Fund Balances of Governmental Funds – Last Ten Fiscal Years ..... 88
Changes in Funds Balances of Governmental Funds – Last Ten Fiscal Years ..... 90
Major Revenue Sources – Last Ten Fiscal Years ..... 91
Ratio Of Outstanding Debt By Type – Last Ten Fiscal Years ..... 92
Debt Service Coverage – Last Ten Fiscal Years ..... 93
Assessed Value and Actual Value of Taxable Property - Monterey County ..... 94
Principal Property Taxpayers - Monterey County ..... 95
Demographic and Economic Statistics - Monterey County ..... 96
Principal Employment by Industry - Monterey County ..... 97
Full-Time Equivalent Employees by Department ..... 98
Water Consumption by Type (in Acre-Feet) ..... 99
Connections by Type ..... 100


DRAFT 11.02.2026

November 16, 2026

To the Honorable Chair and Board of Directors of Monterey Peninsula Water Management District,

We are pleased to present the Monterey Peninsula Water Management District's (MPWMD or District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2026. The ACFR gives an assessment of the District's financial condition, informs readers about District services and projects, discusses current issues, and provides financial and demographic trend information.

The California Government Code requires an annual independent audit of MPWMD's financial statements by a Certified Public Accountant. The District's financial statements have been audited by The Pun Group LLP (auditor). The auditor's opinion is included in the financial section of this ACFR.

This report was prepared by the Financial and Administrative Services Division in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, the data as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in the financial position of the District as measured by the financial activity, including disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs. While the independent auditors have expressed an unmodified ("clean") opinion that MPWMD's financial statements are presented in conformity with generally accepted accounting principles (GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District.

DRAFT 11.02.2026

***Profile of the District***

The District is a special district created in 1977 by the California Legislature and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage the development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of storm and wastewater. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources.

The District serves approximately 106,000 people within the cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Seaside, Sand City, Monterey Peninsula Airport District, and portions of unincorporated Monterey County, including Pebble Beach, Carmel Highlands, and Carmel Valley.

The District has an authorized staff of 26 full-time employees providing services within its jurisdiction. The District is made up of the following sections: General Manager's Office, Financial and Administrative Services, Water Resources, Environmental Resources, and Water Demand.

***Governance***

MPWMD is a public agency (special district) governed by a seven-member Board of Directors (Board), five elected from the District's voter divisions, one member of the Monterey County Board of Supervisors, and one elected official or chief executive officer appointed by a committee comprised of mayors from jurisdictions within the District boundaries. The elected board members serve staggered four-year terms. Annually, a Chair and Vice Chair are chosen among the Board members. MPWMD operates under a Board-Manager form of government. The Board of Directors appoints the General Manager, who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the Board's policies.



5 Harris Court, Building G, Monterey, CA 93940 • P.O. Box 85, Monterey, CA 93942-0085
831-658-5600 • Fax 831-644-9560 • www.mpwmd.net

The Board meets in a regular session on the third Monday of each month. Regular meetings are held at 6:00 p.m. at the Monterey Peninsula Water Management District, Conference Room, 5 Harris Court, Building G, Monterey, California. Board meetings are open to the public.

***Budget Process***

Annually, the District prepares and adopts an operating budget and updates its three-year Capital Improvement Program (CIP). Both serve as the District's financial planning and fiscal control. Budgets are adopted on a basis consistent with Governmental GAAP. Budgetary controls are set at the Division level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes the projects, services, and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented, and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a quarterly basis. The General Manager or the Chief Financial Officer has the discretion to transfer appropriations between activities. Board approval is required for any overall increase in appropriations above the level of budgetary control or changes to the Capital Improvement Program. Additionally, a mid-year budget adjustment is prepared and presented to the District's Board for adoption.

***Economic Condition and Outlook***

The District anticipates generating sufficient revenue to cover the cost of providing ongoing services through its primary revenue sources, including property taxes, user fees, water sales, permit charges, capacity fees, and reimbursable grant funds. Although the District is no longer collecting water supply charges through the County due to an Appellate Court settlement in September 2024, the projected loss in revenue is expected to be offset by gradual increases in user fees that are collected as a percentage of water charges. These increases will generally be driven by higher annual water rates adopted by the water utility provider, California American Water. Water demand is a key component of rate-related revenues. Customer demand for 2025 resulted in a production total of 3B gallons (gal) of drinking water, the lowest demand since 1957. Water supply sources included 1.2B gal from PWM, 1.1B gal from the Carmel River, 549M gal from Seaside Groundwater sources, and 53M gal from the Sand City Desalination Facility. At the end of the year, the District had 937M gal stored in the PWM Operating Reserve, 65M gal in the PWM Drought Reserve and 1.7B gal in the Aquifer Storage and Recovery. A total of 2.7B gal of stored water is now banked in the Seaside Basin.

DRAFT 1/16/2026

For the first time in over 30 years, the Monterey Peninsula Water Management District (District) is releasing water to the seven peninsula cities, the Airport District, and the Department of Defense to support new construction, remodels, and commercial changes. This was made possible by the construction of an expansion to the Pure Water Monterey (PWM) project. To utilize an allocation, projects must have an existing water meter, and their jurisdiction must approve the release of water. Projects requiring a new meter remain subject to the Cease & Desist Order (CDO) meter moratorium until the State acts on the District's current application to modify the CDO. PWM was funded and built by Monterey One Water, Monterey Peninsula Water Management District, and Marina Coast Water. Completed in October of 2025, it now provides 60% of the Peninsula's drinking water for housing, jobs, growth, and drought.

***Major Initiatives***

During the current fiscal year, the District continued, completed, and initiated a number of significant projects, which include the following:

Pure Water Monterey Project (PWM) – The District provided funding and planning assistance to the Project, working in partnership with Monterey One Water, which owns and operates the system. Since the inception of the PWM project in 2020 through the end of FY 2025-26, a total of 24,052 acre-feet (AF) of advanced purified water was injected into the Seaside Groundwater Basin. Of the injected water, Cal-Am recovered 20,976 AF for customer service, and 2,876 AF was allocated to the Operational Reserve and 200 AF to the Drought Reserve.

In FY 2025-26 alone, 5,225AF of PWM water was injected, with Cal-Am recovering 4,434 AF for customer service, 523 AF allocated to the Operational Reserve, and 200 AF allocated to Drought Reserve.

Aquifer Storage and Recovery (ASR) – Since inception of the ASR program in 1998 through the end of WY 2025, a total of 15,584 AF of Carmel River water was diverted for storage in the Seaside Groundwater Basin. Water has been recovered as allowed by State Water Board Orders and the Quarterly Water Budget process. In WY 2025 alone, 916 AF of Carmel River water was diverted to storage with Cal-Am recovering none for customer service. At the end of FY 2025, a total of 5,309 AF of stored ASR water remains available for customer service. Cal-Am continued to use District facilities to treat produced waters recovered from the ASR and Pure Water Monterey projects.

Permits and Rebates – The District approved 577 rebates totaling $174,900, saving 1.5M gal of water annually, and issued 941 Water Permits plus 68 Water Use Permits. Twenty-six landscape permits were issued, covering 104,856 sq. ft. of new and 111,150 sq. ft. of rehabilitated landscapes. These conservation measures create a permanent reduction in demand, easing the need for new supplies. Three Water Distribution System amendments were approved, and nine exemptions were granted for eligible well users. Efforts to promote water efficiency and compliance continue.

Inspections and Amnesty Program: Staff completed nearly 900 inspections to ensure compliance with indoor and landscape water efficiency standards. The Resolution 2024-13 "Amnesty Program" concluded in 2025. Staff contacted property owners associated with 1,470 open (unfinalized) Water Permits and successfully closed 1,242 permits, achieving an 84% resolution rate. A total of 1.7M gal of District Reserve Allocation was utilized. The program was generally well-received and significantly reduced a backlog of permits dating back to 1993. Most property owners responded positively once they understood the opportunity to finalize permits with temporary water availability, fee waivers, and staff assistance. Local jurisdictions were cooperative and assisted as necessary. Remaining open permits are largely attributable to inspection scheduling delays, property owner inaction, jurisdictional permitting delays, or removal of unpermitted fixtures instead of seeking proper authorization. Staff will continue follow-up efforts. Remaining properties will not have access to District Reserve water and may require jurisdictional allocations or be subject to Regulation XI enforcement. Property owners remain responsible for arranging final inspections when they have a Water Permit.

DRAFT 11.02.2026

Conservation – Staff continued to engage the community on water conservation through various outreach channels. In partnership with Cal-Am, the District hosted 14 virtual classes covering rainwater capture, greywater use, irrigation efficiency, soil improvement through composting, landscape design, and lawn removal. Water-saving devices were distributed at community events, including the Carmel Valley Fiesta, Monterey County Fair, and West End Celebration, and the "Mulch Madness" giveaway was held twice during the year.

Summer Splash – Now in its sixth year, the District, in partnership with Cal-Am, once again hosted the Summer Splash Water Challenge Giveaway, a fun, family-oriented conservation game. Participants completed an educational gameboard by visiting the event website and watching water efficiency videos to find the answers. The challenge was designed for families and timed for summer when children were out of school. Completed gameboards were submitted for a sweepstakes drawing. Prizes included high-efficiency clothes washers, iPads, and gift cards. Gameboards were printed in the newspaper and promoted on Facebook. The June challenge received 485 entries, 48 more than the previous year.

Community Outreach – To help the public better understand the role of the District in water supply, conservation, and environmental protection on the Monterey Peninsula, the District ran monthly ads in the local newspapers, posted on social media, and produced a regular email newsletter. The District also actively engaged with local media on water supply projects, the public's acquisition of the Cal-Am water system (Measure J), and other relevant topics.

Grants for Water Supply Programs – The District continues to manage grants for new projects on the Monterey Peninsula. Duties include: (a) Application coordination and submission; (b) Agreement execution and coordination with the California Department of Water Resources; (c) Invoicing, with documentation, on behalf of the Local Project Sponsors; and (d) Reporting. In 2025-26, construction for two grant-funded projects supporting PWM was completed. The first was an Urban Community Drought Relief Grant from the Department of Water Resources for $11,935,200. The other is a Directed Assistance Grant coordinated by the State Water Resources Control Board for $4,800,000. Overall, the PWM Expansion project garnered over $40 million in grants, with only $15 million to be repaid by local ratepayers over 30 years.

Also in 2025-26, the District continued administering an Integrated Regional Water Management (IRWM) Implementation Round 2 Grant totaling $1,488,961 for the Monterey Peninsula region. The two funded projects are: 1. Carmel River Floodplain Restoration and Environmental Enhancement (Carmel River FREE), sponsored by Monterey County 2. Olivier Street Stormwater Diversion Project, sponsored by the City of Monterey. The Carmel River FREE project has experienced federal funding-related delays. However, the City of Monterey's Olivier Street Stormwater Diversion Project remains on schedule and is progressing as planned. Additionally, an IRWM Implementation Round 1 Grant awarded in 2021 will fund construction of the West End Stormwater Improvement Project in 2026. This project, located in a disadvantaged community, is sponsored by Sand City. Two other projects funded under this grant have been completed for the City of Seaside and the Marina Coast Water District.

Legally-Mandated Carmel River Mitigation and Stewardship – In 2025, the District successfully implemented programs to preserve the ecological integrity of the Carmel River by mitigating impacts from water extraction for the community's water supply. They included the Mitigation Program required by the 1990 Water Allocation Environmental Impact Report, the 2006 Aquifer Storage and Recovery (ASR) Phase 1 Environmental Impact Report, and subsequent water rights for ASR diversions. The program comprises river restoration activities, monitoring, and rescuing threatened steelhead from drying sections of the Carmel River and its tributaries. This comprehensive program tracks changes in the riparian corridor, steelhead population, groundwater depth, river flow, and the lagoon environment. The District continued to monitor dry-back conditions due to impacts from groundwater withdrawal and successfully rescued 7,468 juvenile steelhead from the Carmel River Basin in 2025. Fish were released this season in a variety of locations to track which produces the best adult return rates from the ocean. These release areas included the lagoon, the Carmel River waters that flow year-round, and the Sleepy Hollow Steelhead Rearing Facility. There were 2,379 fish implanted with passive integrated transponder (PIT) tags to track their migration and survival rates. These data are used as performance indicators of the Mitigation Program. As part of the steelhead monitoring program, staff installed a resistance board weir (adult steelhead counting station) in the lower river in late February. The weir operated 62% of the time while the fish were migrating. Staff counted 79 adult steelhead during this timeframe. Staff also conducted surveys of redds (steelhead nests). During the 2025 season, 145 steelhead redds, 7 spawning pairs, 14 single adults, and 3 carcasses were observed between the Highway 1 Bridge and Los Padres Dam in the Carmel River. An additional 16 redds were observed upstream of Los Padres Reservoir, and one redd was observed in Garzas Creek.

DRAFT 11-12-2026

Staff continued to work with the National Marine Fisheries Service (NMFS) on field studies to develop a steelhead population life history model for the watershed. This effort includes tagging fish from the fall population surveys, weir operations, and rescues. These tags are then read by tag detection stations (arrays) at various locations along the Carmel River. Fall population densities trended below average this season, and 777 fish were implanted with PIT tags to support these studies and help elucidate long-term trends on steelhead survival.

In addition, staff continued long-term efforts to monitor water quality conditions and fish passage in the Carmel River Basin to assess impacts to habitat from municipal and private pumping along the Carmel River. In late fall, District crews carried out the Vegetation Management Program in the active channel of the Carmel River to prevent debris dams and erosion.

This work is carried out with a Regional General Permit from the Army Corps of Engineers and a Routine Maintenance Agreement with the California Department of Fish and Wildlife. Vegetation Management includes trimming encroaching vegetation and reducing the hazard posed by downed trees by cutting them into smaller sections in preparation for winter flows. Trash and plastic were also removed from the river's active channel before winter rains washed them into the ocean.

Measure J – In November 2018, voters passed an initiative requiring the District to acquire the local water supply and distribution facilities of California American Water, if feasible. In 2021, the District prepared an application to the Monterey County Local Agency Formation Commission (LAFCO) to annex 58 parcels (Yankee Point and Hidden Hills), update its Municipal Services Review (MSR), and to "activate" the District's authority to provide water service directly to end-use customers. LAFCO approved the annexation and MSR but denied the activation of powers. The District challenged that denial in a petition for writ of review filed in April 2022. The District prevailed, and LAFCO was directed by the Court to vacate the denial. While the LAFCO lawsuit was pending, MPWMD's appraisers completed their appraisal of the California-American Monterey Water System (the Subject Property Interests) sought to be acquired in this action and, on or about April 3, 2023, MPWMD made an offer to Cal-Am to acquire the Subject Property Interests in an amount equal to the full amount of its appraisal. Cal-Am rejected the offer in April 2023, indicating it was not interested in selling the system. On October 10, 2023 The District a Resolution of Necessity to initiate taking the Monterey Water System via eminent domain and filed a lawsuit do so on December 15, 2023. The District continues to pursue the acquisition.

The CAWD/PBCSD Reclamation Project – The District is a participant in the Carmel Area Wastewater District (CAWD)/Pebble Beach Community Services District (PBCSD) Reclamation Project (the Project), which is a cooperative effort that involves the CAWD, the PBCSD, and the Pebble Beach Company. The project did not create a new or separate legal entity; therefore, the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation which financed the project. The Project's 2023 financial statements were audited by The Pun Group, LLP. More financial information is available under Management Discussion and Analysis included in the Financial Section.

DRAFT 11.03.2026

***Internal Control***

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

***Investment Policy***

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, District ordinances and resolutions, prudent money management, and the "prudent investor" standards. The objectives of the Investment Policy are safety, liquidity, and yield. District funds are normally invested in the State Treasurer's Local Agency Investment Fund (LAIF), California Cooperative Liquid Assets Securities System (CLASS), Certificates of Deposit, and Money Market accounts.

***District Revenues***

District's major funding sources are: Property Taxes, User Fees, PWM Water Sales, Permit Processing Fees, Project Reimbursements, and Grants. Property tax allocations are collected and remitted by the County of Monterey. The Water Supply Charge, a fee collected on property tax bills to fund water supply projects, was levied by the District on property tax bills and was discontinued in FY 24-25 following an Appellate court ruling.

The District user fee is paid by the ratepayers of the California American Water Company. Project reimbursements are mostly collected from the California American Water Company ratepayers. Grant revenues are received from the State Water Resources Control Board and the Department of Water Resources to reimburse the expansion of the Pure Water Monterey project and the Integrated Regional Water Management grants by the California Department of Water Resources.

***District Expenses***

District's expenditures are classified into the following major categories: Salaries, Employee Benefits and Other Personnel, Project Expenditures, Operating Expenditures, Professional Fees, Capital Outlay, and Debt Service.

***Independent Audit***

State Law requires the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of The Pun Group, LLP has conducted the audit of the District's financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

***Other References***

More information is contained in the District's Management Discussion and Analysis and the notes to the basic financial statements found in the financial section of this report.

***Awards***

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Monterey Peninsula Water Management District for its annual comprehensive financial report for the fiscal year ended June 30, 2025. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

DRAFT 1.1 02.2026

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

***Acknowledgements***

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the District. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Monterey Peninsula Water Management District's fiscal policies.

Respectfully submitted,

David J. Stoldt
General Manager

Nishil Bali
Chief Financial Officer / Administrative Services Manager

# MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

## BOARD OF DIRECTORS

| | |
|---|---|
| Alvin Edwards | District 1 |
| George Riley, Chair | District 2 |
| Rebecca Lindor | District 3 |
| Karen Paull | District 4 |
| Marianne Gawain | District 5 |
| Ian Oglesby, Vice-Chair | Mayoral Representative |
| Kate Daniels | Monterey County Board of Supervisors Representative |

DRAFT 11.02.2026

## MANAGEMENT

David Stoldt, General Manager

Mike McCullough, Assistant General Manager

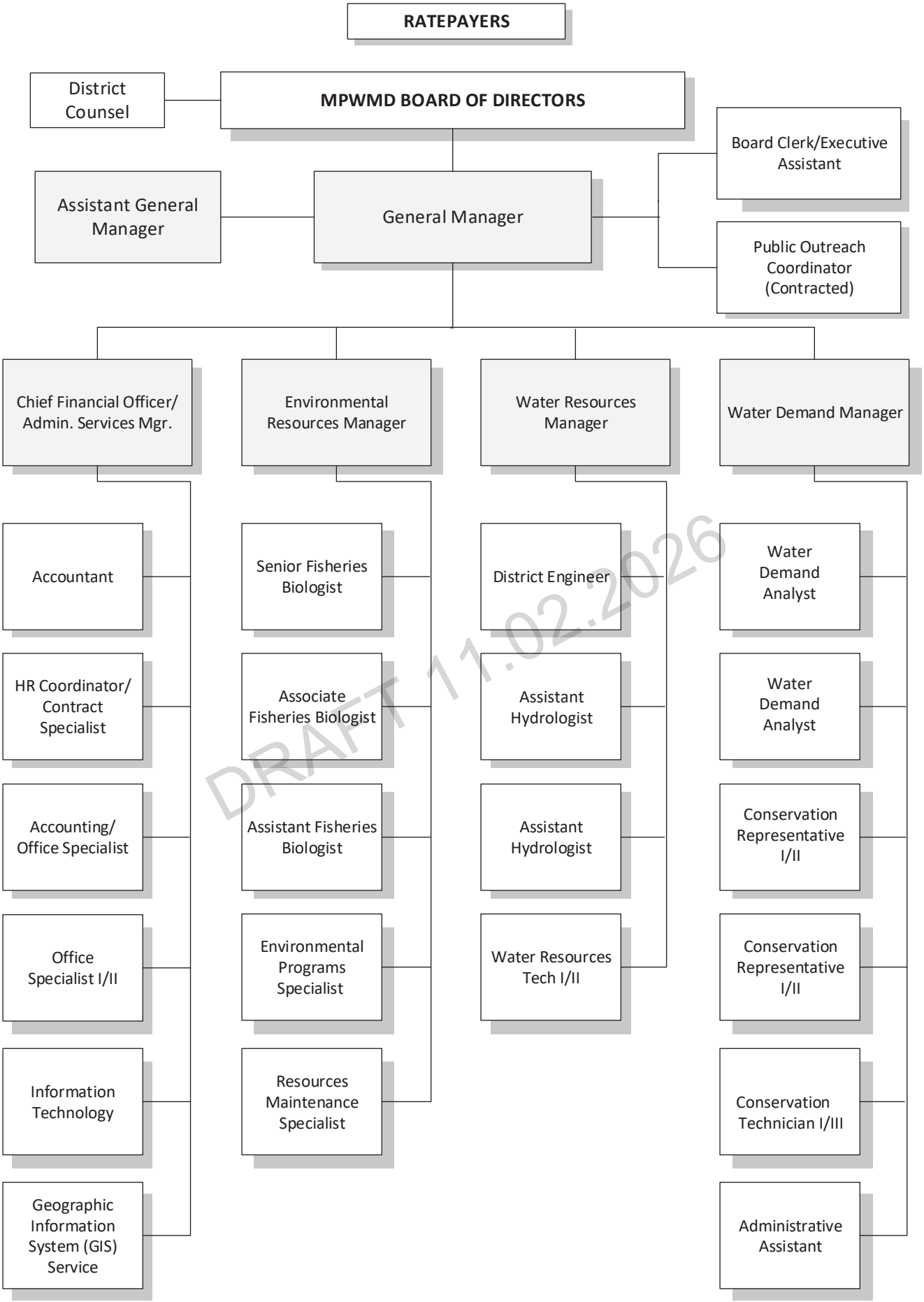
Nishil Bali, CFO/Administrative Services

Jonathan Lear, Water Resources

Mollie Wooden, Water Demand

Thomas Christensen, Environmental Resources

## District Organization Chart




DRAFT 11.02.2026

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

DRAFT 11.02.2026

Presented to

## Monterey Peninsula Water Management District
## California

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2025




*and issued to the public 140 days after the fiscal year end*

Christopher P. Morrill

Executive Director/CEO

DRAFT 11.02.2026

***This page intentionally left blank.***

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Monterey Peninsula Water Management District
Monterey, California

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Monterey Peninsula Water Management District (the "District") as of and for the year ended June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DRAFT 1.1 02 2026

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Other Matter

### *Report on Summarized Comparative Information*

We have previously audited the District's 2025 financial statements, and we expressed unmodified opinions on the financial statements, in our report dated November 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2025, from which such summarized information was derived.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

DRAFT 11.02.2025

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of the Proportionate Share of the Net Pension Liability,* and the *Schedule of Contributions - Pension* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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.

DRAFT 11.02.2026

San Diego, California
[NEED DATE], 2026

DRAFT 11.02.2026

***This page intentionally left blank.***

**MONTEREY PENINSULA WATER**
**MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**
**JUNE 30, 2026**

This section of the Monterey Peninsula Water Management District's (the District) annual comprehensive financial report presents a discussion and analysis of the District's performance during the fiscal year ended June 30, 2026. Please read it in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i – vi of this report and the District's financial statements, which follow this section.

The District was created by the California Legislature in 1977 and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage the development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of stormwater and wastewater. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources, including the protection of instream fish and wildlife resources.

The District is also a participant in the Carmel Area Wastewater District/Pebble Beach Community Services District Reclamation Project (the Project), which is a cooperative effort that also involves the Carmel Area Wastewater District, the Pebble Beach Community Services District, and the Pebble Beach Company. The cooperative effort did not create a new or separate legal entity. Therefore, the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation, which financed the project.

DRAFT 11.02.2026

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the governmental activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2026 by $39.16 million (net position). Of this amount, $21.64 million is classified as investment in capital assets; while the remaining $17.53 million is unrestricted.
- The assets and deferred outflows of resources of the business-type activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2026 by $37.48 million (net position). Of this amount, $33.35 million is classified as investment in capital assets; while the remaining $4.13 million is unrestricted.
- The District's total net position increased by $1.98 million, with governmental activities net position increasing by $2.67 million for the year ended June 30, 2026. The increases in net position for governmental activities can mostly be attributed to decrease in long-term liabilities and an increase in Capital assets for water reserves. Depreciation expense for the year were $0.70 million.
- The District's total business-type activities net position decreased by approximately $0.68 million for the year ended June 30, 2026. Revenues were lower than expenses for the current year due to a decrease in revenues from fixed cost charges. Amortization expense for the year was $1.82 million.
- Capital outlay and capitalized project expenditures of $3.15 million for governmental activities consisted the purchase of Pure Water Monterey reserve water.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the basic financial statements, and required supplementary information.

The financial statements provide both long-term and short-term information about the District's financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Activities. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

DRAFT 11.02.2026

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year (FY). All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements include all the governmental activities of the District. The governmental activities of the District include conservation, mitigation, and water supply. The business-type activity includes the water reclamation project.

The government-wide financial statements can be found on pages 19 and 20 of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the District as a whole. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are segregated into two categories: governmental funds and proprietary funds. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

**Governmental Funds** – The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's projects. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements.

DRAFT 11.03.2026

The District maintains three individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Water Supply Fund, Conservation Fund, and the Mitigation Fund, all of which are considered to be major funds.

**Proprietary Fund** – The District maintains one type of proprietary fund, the enterprise fund. Proprietary funds are reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for the CAWD/PBCSD Reclamation Project.

The fund financial statements can be found on pages 25 through 28 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 65 of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. This section also includes budgetary comparison schedules, which compare the budgeted amounts for the fiscal year with the activity for the District's major governmental funds – the Water Supply Fund, Conservation Fund, and Mitigation Fund. Required supplementary information can be found on pages 67 to 75 of this report.

## GOVERNMENT–WIDE FINANCIAL ANALYSIS

### Net Position

This Statement of Net Position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position. Net position is reported in three categories: Net Investment in capital assets, Restricted, and Unrestricted. Unrestricted assets are funds available for future operational and capital expenditures.

**Summary of Net Position**

DRAFT 11.02.2026

| Summary of Net Position | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| **ASSETS** | | | | | | |
| Current and Other Assets | $ 35,196,703 | $ 37,715,797 | $ 4,591,748 | $ 4,117,694 | $ 39,788,451 | $ 41,833,491 |
| Capital Assets, Net | 21,635,154 | 19,186,894 | 33,351,056 | 34,615,341 | 54,986,210 | 53,802,235 |
| Total Assets | 56,831,857 | 56,902,691 | 37,942,804 | 38,733,035 | 94,774,661 | 95,635,726 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 2,209,086 | 2,593,724 | - | - | 2,209,086 | 2,593,724 |
| **LIABILITIES** | | | | | | |
| Current Liabilities | 5,762,030 | 9,152,359 | 465,232 | 573,705 | 6,227,262 | 9,726,064 |
| Long-Term Liabilities | 12,273,746 | 12,879,320 | - | - | 12,273,746 | 12,879,320 |
| Total Liabilities | 18,035,776 | 22,031,679 | 465,232 | 573,705 | 18,501,008 | 22,605,384 |
| **DEFERRED INFLOWS OF RESOURCES** | 1,840,486 | 966,898 | - | - | 1,840,486 | 966,898 |
| **NET POSITION** | | | | | | |
| Investment in Capital Assets | 21,635,154 | 19,186,894 | 33,351,056 | 34,615,341 | 54,986,210 | 53,802,235 |
| Unrestricted | 17,529,527 | 17,310,944 | 4,126,516 | 3,543,989 | 21,656,043 | 20,854,933 |
| Total Net Position | $ 39,164,681 | $ 36,497,838 | $ 37,477,572 | $ 38,159,330 | $ 76,642,253 | $ 74,657,168 |

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately $76.64 million at the end of the current year, which is an increase of approximately 2.66% since June 30, 2025.

Capital assets increased by $2.45 million due to net capital additions of $3.15 million in governmental activities and a decrease of $1.26 million in business-type activities. Both short-term and long-term liabilities decreased by a larger amount than the reduction in total assets, increasing net position. Deferred outflows of resources increased due to a change in the deferred pension and OPEB adjustments.

## GOVERNMENT–WIDE FINANCIAL ANALYSIS (CONTINUED)

### Net Position (Continued)

Total net position increased due to the changes in net position described in the next section.

**Change in Net Position**

**Summary of Change in Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| **REVENUES** | | | | | | |
| Program Revenue: | | | | | | |
| Charges for Services | $ 28,688,077 | $ 23,900,177 | $ 4,783,831 | $ 5,039,241 | $ 33,471,908 | $ 28,939,418 |
| Operating Grants | 5,881,700 | 7,297,810 | - | - | 5,881,700 | 7,297,810 |
| General Revenues: | | | | | - | - |
| Property Taxes | 3,044,149 | 2,910,734 | - | - | 3,044,149 | 2,910,734 |
| Investment Income | 1,080,171 | 1,172,124 | 60,413 | 60,736 | 1,140,584 | 1,232,860 |
| Miscellaneous | 7,126 | 8,458 | 1,853 | 5,435 | 8,979 | 13,893 |
| Total Revenues | 38,701,223 | 35,289,303 | 4,846,097 | 5,105,412 | 43,547,320 | 40,394,715 |
| **EXPENSES** | | | | | | |
| Conservation | 3,183,095 | 3,055,714 | - | - | 3,183,095 | 3,055,714 |
| Mitigation | 2,869,286 | 2,718,508 | - | - | 2,869,286 | 2,718,508 |
| Water Supply | 29,981,999 | 29,927,546 | - | - | 29,981,999 | 29,927,546 |
| Reclamation Project | - | - | 5,527,855 | 5,323,063 | 5,527,855 | 5,323,063 |
| Total Expenses | 36,034,380 | 35,701,768 | 5,527,855 | 5,323,063 | 41,562,235 | 41,024,831 |
| **CHANGE IN NET POSITION** | 2,666,843 | (412,465) | (681,758) | (217,651) | 1,985,085 | (630,116) |
| Net Position - Beginning of Year | 36,497,838 | 36,910,303 | 38,159,330 | 38,376,981 | 74,657,168 | 75,287,284 |
| **NET POSITION - END OF YEAR** | $ 39,164,681 | $ 36,497,838 | $ 37,477,572 | $ 38,159,330 | $ 76,642,253 | $ 74,657,168 |

DRAFT 11.03.2026

Governmental activities increased the District's net position by approximately $2.66 million (7.31% of beginning net position). Key elements resulting in the net increase are as follows:

- Reduction in $3.30 million in Settlement liability related to reimbursement of Water Supply Charge (WSC) in accordance with the terms of the Court settlement, as well as a reduction of $0.6 million in long-term liabilities.
- Addition of $3.15 million in non-depreciable capital assets, which included $2.28 million in Operating Water reserve and $0.87 million in drought reserve, offset by a reduction of $0.70 million in depreciable assets and a reduction of $2.52 million in current assets.
- Increase in revenue related to connection charges and property taxes, offset by an increase in personnel costs related to salaries and benefits due to cost-of-living increases and an addition of a full-time employee for the fiscal year.

Business-type activities, related to the CAWD/PBCSD Reclamation Project (the Project), decreased the net position by approximately $0.68 million, mostly due to lower operating revenues and amortization of water rights.

## GOVERNMENT–WIDE FINANCIAL ANALYSIS (CONTINUED)

### Net Position (Continued)

TBD

DRAFT 11.02.2026

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The Water Supply Fund is the chief operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund accounts for financial resources to be used for the acquisition of or construction of major capital facilities (other than those financed by Proprietary Funds and Special Assessments).

The Special Revenue Funds are used to account for specific revenue sources for which expenditures are restricted by law or regulation to finance particular activities of the District. The Conservation Fund accounts for financial resources used to fund water conservation activities mandated by District legislation, including permit issuance and enforcement, jurisdictional water allocations, and public water conservation education. This includes the Toilet Replacement Refund Program and other rebates for high-efficiency fixtures, which decrease water demand on the Carmel River. The Mitigation Fund accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts identified in the District's Allocation Program Environmental Impact Report.

DRAFT 11.02.2026

At the end of the current fiscal year, the District's governmental funds reported a total fund balance of $29.6 million. The Water Supply Fund has a fund balance of $9.56 million, the Conservation Fund has a fund balance of $9 million, and the Mitigation Fund has a fund balance of $11.04 million.

During the current fiscal year, the fund balance of the District's Water Supply Fund increased by $146 thousand, the Conservation Fund increased by $484 thousand, and the Mitigation Fund decreased by $26 thousand. The increase in the fund balance for the Water Supply and Conservation Funds is due to an increase in user fees and increased allocation of property taxes. The decrease in the fund balance for the Mitigation Fund is due to reduced allocation of user fees, combined with an increase in professional fees.

The District uses an enterprise fund to account for the CAWD/PBCSD Wastewater Reclamation Project. At the end of the current fiscal year, the District's enterprise fund reported a net position of $37.48 million.

During the current fiscal year, the net position of the District's enterprise fund decreased by $0.68 million.

## BUDGET HIGHLIGHTS/VARIANCES

This section provides information on budgetary adjustments and results for the District's main operating fund – the water supply fund.

**Original Budget Compared to Final Budget** – During the year, the District made modifications to its original budget for the water supply, conservation, and mitigation fund, leading to a final budget of $33.59 million (excluding reserves budget), a decrease of $2.84 million compared to the original budget. After a review of six months of revenues and appropriations, modifications were made to the revenue line items based on more realistic projections for the remainder of the year. These included decreases to estimated revenues for water sales and Pure Water Monterey grants, along with an increase in projected investment and connection charges (Capacity fees). Final budgeted expenditures for the Water Supply Fund were decreased by $2.84 million as a result of reduced water purchases and PWM grant disbursements. The reduction in water purchases was offset by an increase in capital outlay of $3.15 million to purchase additional water for the PWM operating and drought reserves.

**Final Budget Compared to Actual Results** – Actual revenues for the Water Supply Fund were $32.73 million and final expenditures were $32.58 million, with the actual expenditures being approximately $1.01 million lower than the final budget. The difference in budgeted expenditures was mostly attributable to reduced reimbursable project expenditures related to the PWM Grants, as well as the Aquifer Storage & Recovery operations, and Measure J-related expenditures for the acquisition of the water system. Additional information is available in the Required Supplementary Information of this report.

For the District's enterprise fund, an annual budget is adopted by the Reclamation Management Committee (RMC) for management purposes. Budget information is reported to the RMC and adjustments to the budget may only be made by resolution of the committee.

DRAFT 11.02.2026

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's capital assets, net of accumulated depreciation/amortization, at June 30, 2026 totaled $54.98 million. This amount represents a net increase, including additions and disposals, net of depreciation/amortization, of approximately $1.18million or 2.20% from June 30, 2025.

Significant capital asset events during the fiscal year included the following:

- Pure Water Monterey water operating reserve $ 2,278,188
- Pure Water Monterey water drought reserve $ 871,200

## CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

### Capital Assets (Continued)

Additional information on the District's capital assets is provided in Note 5 on pages 52-53 of this report.

**Capital Assets**
**(Net of Depreciation/Amortization)**

| | 2026 | 2025 |
|---|---|---|
| **Governmental Activities** | | |
| Office Equipment | $ 10,312 | $ 48,139 |
| Computer Equipment | 340,251 | 448,223 |
| Operating Equipment | - | 6,766 |
| Transportation Equipment | 37,671 | 61,892 |
| Project Equipment | 99,374 | 116,202 |
| Building and Improvements | 634,449 | 680,604 |
| ASR Facilities | 7,604,189 | 7,969,113 |
| Fish Rearing Facility | 2,699,105 | 2,795,540 |
| Water Reserves | 9,338,603 | 7,060,415 |
| Drought reserve | 871,200 | - |
| Subtotal | 21,635,154 | 19,186,894 |
| **Business-Type Acitivities:** | | |
| Water Resale Rights | 32,689,407 | 33,993,944 |
| Construction in Progress | 661,649 | 621,397 |
| Subtotal | 33,351,056 | 34,615,341 |
| Total | $ 54,986,210 | $ 53,802,235 |

DRAFT 11.02.2026

### Debt Administration

The District does not currently carry debt from external entities, but reports liabilities for compensated absences, other postemployment benefits, and pension expenses.

Additional information on the District's long-term liabilities is provided in Note 7, Note 10 and Note 11 on pages 55, 56, 59 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In developing the fiscal year (FY) 2026–2027 budget, the staff and management considered several factors that would impact the District's finances, including expected increases in water sale revenues, user fees, and property tax, which could be offset by the reduction in reimbursable grant revenues. FY 2026-27 budget includes reductions in PWM grant disbursements as the PWM expansion project has come to a close in FY 2025- 26, as well as reductions in purchases of water from the Pure Water Monterey Expansion Project as the District's PWM operating reserve requirements were met in FY 2025-26. The FY 2026-27 original budget has been developed and balanced using expected revenue to cover continuing operating expenditure levels, using fees to fully recover service costs, as well as a one-time use of fund balance to cover one-time capital projects such as redrilling of Seaside Basin monitoring wells and purchase of additional drought reserve. The original budget assumes continued user fees collected from Cal-Am ratepayers and property tax revenue derived from individual property owners. The budget includes a full year of PWM water sales (5,286 acre-feet) and assumes that the PWM Expansion will continue operations supplying an additional 2,250 acre-feet of recycled water annually.

On November 6, 2018, the public voted on Measure J to instruct the District to undertake a feasibility study on the public takeover of California American Water's Monterey Water System. The measure passed with the electorate voting 55.81% to 44.19% in favor of the measure. The District has spent about $4.05 million for the initial phases of the acquisition, which included the feasibility study (Phase 1), the Local Agency Formation Commission office's approval (Phase 2), appraisal through resolution of necessity (Phase 3), and eminent domain proceedings through bench trial (Phase 4). The District has budgeted an additional $1.8 million in FY 2026-27 for continuation of phase four of the eminent domain proceedings.

DRAFT 11.02.2026

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Chief Financial Officer, Monterey Peninsula Water Management District, 5 Harris Ct., Bldg G, Monterey, California 93940.

DRAFT 11.02.2026

**BASIC FINANCIAL STATEMENTS**

***This page intentionally left blank.***

DRAFT 11.02.2026

DRAFT 11.02.2026

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

***This page intentionally left blank.***

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Statement of Net Position
## June 30, 2026
## (With Comparative Totals for June 30, 2025)

| | Governmental Activities | Business-Type Activities | 2026 Total | 2025 Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 4,957,731 | $ 1,994,462 | $ 6,952,193 | $ 7,237,820 |
| Investments | 26,683,442 | 1,545,503 | 28,228,945 | 28,332,605 |
| Receivables | 3,433,249 | 1,174,064 | 4,607,313 | 6,261,866 |
| Prepaid expenses and deposits | - | - | - | 1,200 |
| Internal balances | 122,281 | (122,281) | - | - |
| Total current assets | 35,196,703 | 4,591,748 | 39,788,451 | 41,833,491 |
| Non-current assets: | | | | |
| Capital assets, net: | | | | |
| Water rights | - | 32,689,407 | 32,689,407 | 33,993,944 |
| Non-depreciable | 10,209,803 | 661,649 | 10,871,452 | 7,681,812 |
| Depreciable | 11,425,351 | - | 11,425,351 | 12,126,479 |
| Total capital assets | 21,635,154 | 33,351,056 | 54,986,210 | 53,802,235 |
| Total non-current assets | 21,635,154 | 33,351,056 | 54,986,210 | 53,802,235 |
| **Total assets** | 56,831,857 | 37,942,804 | 94,774,661 | 95,635,726 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | | |
| Pension-related | 1,840,561 | - | 1,840,561 | 2,187,047 |
| OPEB-related | 368,525 | - | 368,525 | 406,677 |
| **Total deferred outflows of resources** | 2,209,086 | - | 2,209,086 | 2,593,724 |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 5,433,800 | 465,232 | 5,899,032 | 5,812,556 |
| Accrued liabilities | 64,157 | - | 64,157 | 74,875 |
| Settlement liability | 49,858 | - | 49,858 | 3,353,245 |
| Compensated absences - due within one year | 214,215 | - | 214,215 | 255,222 |
| Total current liabilities | 5,762,030 | 465,232 | 6,227,262 | 9,495,898 |
| Non-current liabilities: | | | | |
| Compensated absences - due in more than one year | 691,580 | - | 691,580 | 739,231 |
| Net pension liability | 6,696,604 | - | 6,696,604 | 7,536,683 |
| Total OPEB liability | 4,885,562 | - | 4,885,562 | 4,833,572 |
| Total non-current liabilities | 12,273,746 | - | 12,273,746 | 13,109,486 |
| **Total liabilities** | 18,035,776 | 465,232 | 18,501,008 | 22,605,384 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | |
| Pension-related | 1,091,908 | - | 1,091,908 | 258,987 |
| OPEB-related | 748,578 | - | 748,578 | 707,911 |
| **Total deferred inflows of resources** | 1,840,486 | - | 1,840,486 | 966,898 |
| **NET POSITION:** | | | | |
| Investment in capital assets | 21,635,154 | 33,351,056 | 54,986,210 | 53,802,235 |
| Unrestricted | 17,529,527 | 4,126,516 | 21,656,043 | 20,854,933 |
| **Total net position** | $ 39,164,681 | $ 37,477,572 | $ 76,642,253 | $ 74,657,168 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

# Monterey Peninsula Water Management District
## Statement of Activities
## For the Year Ended June 30, 2026
## (With Comparative Totals for June 30, 2025)

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-Type Activities | 2026 Total | 2025 Total |
|---|---|---|---|---|---|---|---|
| **Governmental activities:** | | | | | | | |
| Water Supply | $ 29,981,999 | $ 25,162,815 | $ 5,795,080 | $ 975,896 | $ - | $ 975,896 | $ (2,604,424) |
| Conservation | 2,869,286 | 1,987,645 | - | (881,641) | - | (881,641) | (807,661) |
| Mitigation | 3,183,095 | 1,537,617 | 86,620 | (1,558,858) | - | (1,558,858) | (1,091,696) |
| **Total governmental activities** | 36,034,380 | 28,688,077 | 5,881,700 | (1,464,603) | - | (1,464,603) | (4,503,781) |
| **Business-type activities:** | | | | | | | |
| Reclamation Project | 5,527,855 | 4,783,831 | - | - | (744,024) | (744,024) | (283,822) |
| **Total business-type activities** | 5,527,855 | 4,783,831 | - | - | (744,024) | (744,024) | (283,822) |
| **Total** | $ 41,562,235 | $ 33,471,908 | $ 5,881,700 | (1,464,603) | (744,024) | (2,208,627) | (4,787,603) |
| **General revenues:** | | | | | | | |
| Taxes | | | | 3,044,149 | - | 3,044,149 | 2,910,734 |
| Investment earnings | | | | 1,080,171 | 60,413 | 1,140,584 | 1,232,860 |
| Miscellaneous | | | | 7,126 | 1,853 | 8,979 | 13,893 |
| **Total general revenues** | | | | 4,131,446 | 62,266 | 4,193,712 | 4,157,487 |
| **Changes in net position** | | | | 2,666,843 | (681,758) | 1,985,085 | (630,116) |
| **Net position - beginning of year** | | | | 36,497,838 | 38,159,330 | 74,657,168 | 75,287,284 |
| **Net position - end of year** | | | | $ 39,164,681 | $ 37,477,572 | $ 76,642,253 | $ 74,657,168 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

DRAFT 11.02.2026

**FUND FINANCIAL STATEMENTS**

DRAFT 11.02.2026

***This page intentionally left blank.***

DRAFT 11.02.2026

# GOVERNMENTAL FUND FINANCIAL STATEMENTS

***This page intentionally left blank.***

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Balance Sheet
## Governmental Funds
## June 30, 2026
## (With Comparative Totals for June 30, 2025)

| | Water Supply | Conservation | Mitigation | 2026 Total | 2025 Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 510,383 | $ 2,267,027 | $ 2,180,321 | $ 4,957,731 | $ 5,975,410 |
| Investments | 12,141,248 | 6,191,481 | 8,350,713 | 26,683,442 | 26,393,955 |
| Receivables | 3,079,826 | 181,966 | 171,457 | 3,433,249 | 5,224,151 |
| Due from Reclamation Project | 59,208 | 17,705 | 45,368 | 122,281 | 122,281 |
| Due from other funds | - | 500,000 | 500,000 | 1,000,000 | - |
| **Total assets** | $ 15,790,665 | $ 9,158,179 | $ 11,247,859 | $ 36,196,703 | $ 37,715,797 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable | 5,089,670 | 149,464 | 194,666 | 5,433,800 | 5,238,851 |
| Accrued liabilities | 40,379 | 10,070 | 13,708 | 64,157 | 74,875 |
| Settlement liability | 49,858 | - | - | 49,858 | 3,353,245 |
| Due to other funds | 1,000,000 | - | - | 1,000,000 | - |
| **Total liabilities** | 6,179,907 | 159,534 | 208,374 | 6,547,815 | 8,666,971 |
| **Deferred inflows of resources:** | | | | | |
| Unavailable revenue | 47,403 | - | - | 47,403 | 52,510 |
| **Total deferred inflows of resources** | 47,403 | - | - | 47,403 | 52,510 |
| **Fund balances:** | | | | | |
| Assigned: | | | | | |
| Insurance/litigation | 171,354 | 11,906 | 66,740 | 250,000 | 250,000 |
| Asset Replacement | 766,016 | 382,633 | 1,115,451 | 2,264,100 | 1,938,100 |
| Flood/drought emergencies | - | - | 500,000 | 500,000 | 500,000 |
| Pension/OPEB | 552,000 | 452,000 | 596,000 | 1,600,000 | 1,400,000 |
| Compensated absences | 79,257 | 72,464 | 74,728 | 226,449 | - |
| Capital reserve | 433,129 | 396,004 | 408,379 | 1,237,512 | - |
| Water Supply Reserve | - | - | - | - | 3,363,928 |
| Project expenditures | 7,561,599 | 7,683,638 | 8,278,187 | 23,523,424 | 21,544,288 |
| Total assigned | 9,563,355 | 8,998,645 | 11,039,485 | 29,601,485 | 28,996,316 |
| **Total fund balances** | 9,563,355 | 8,998,645 | 11,039,485 | 29,601,485 | 28,996,316 |
| **Total liabilities, deferred inflows of resources, and fund balances** | $ 15,790,665 | $ 9,158,179 | $ 11,247,859 | $ 36,196,703 | $ 37,715,797 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

# Monterey Peninsula Water Management District
## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
## June 30, 2026
## (With Comparative Totals for June 30, 2025)

| | 2026 | 2025 |
|---|---|---|
| **Total fund balances of governmental funds:** | $ 29,601,485 | $ 28,996,316 |
| **Amounts reported in the statement of net position are different because:** | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 21,635,154 | 19,186,894 |
| Unavailable revenue is not available to pay for current-period expenditures and therefore is deferred in the funds. | 47,403 | 52,510 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Total OPEB liability | (4,885,562) | (4,833,572) |
| Net pension liability | (6,696,604) | (7,536,683) |
| Compensated absences | (905,795) | (994,453) |
| | (12,487,961) | (13,364,708) |
| Deferred outflows and inflows of resources related to the net pension liability and total OPEB liability are applicable to future periods, and therefore, are not reported in the funds: | | |
| Pension-related deferred outflows | 1,840,561 | 2,187,047 |
| Pension-related deferred inflows | (1,091,908) | (258,987) |
| OPEB-related deferred outflows | 368,525 | 406,677 |
| OPEB-related deferred inflows | (748,578) | (707,911) |
| | 368,600 | 1,626,826 |
| **Net position of governmental activities** | $ 39,164,681 | $ 36,497,838 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

# Monterey Peninsula Water Management District
## Statement of Revenues, Expenditures, and Changes in Fund Balances
## Governmental Funds
## For the Year Ended June 30, 2026
## (With Comparative Totals for June 30, 2025)

| | Water Supply | Conservation | Mitigation | 2026 Total | 2025 Total |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Property taxes | $ 1,390,633 | $ 826,758 | $ 826,758 | $ 3,044,149 | $ 2,910,734 |
| Water sales | 19,610,102 | - | - | 19,610,102 | 14,619,500 |
| User fees | 4,457,249 | 1,472,997 | 1,537,617 | 7,467,863 | 7,661,639 |
| Connection charges, net of refunds | 810,760 | 100 | - | 810,860 | 491,694 |
| Permit fees | - | 274,981 | - | 274,981 | 203,865 |
| Project reimbursements | 289,812 | 163,424 | - | 453,236 | 1,088,503 |
| Investment income | 367,308 | 356,456 | 356,406 | 1,080,170 | 1,172,124 |
| Legal fee reimbursements | - | 7,424 | - | 7,424 | 16,498 |
| Recording fees | - | 68,718 | - | 68,718 | 57,210 |
| Grants | 5,795,080 | - | 86,620 | 5,881,700 | 9,774,109 |
| Miscellaneous | 2,511 | 2,256 | 2,360 | 7,127 | 8,458 |
| **Total revenues** | 32,723,455 | 3,173,114 | 2,809,761 | 38,706,330 | 38,004,334 |
| **Expenditures:** | | | | | |
| Personnel: | | | | | |
| Salaries | 1,621,147 | 1,095,481 | 1,191,589 | 3,908,217 | 3,425,553 |
| Employee benefits and other personnel | 796,672 | 557,271 | 653,888 | 2,007,831 | 1,787,838 |
| Services and supplies: | | | | | |
| Project expenditures | 6,704,619 | 449,318 | 360,116 | 7,514,053 | 9,186,672 |
| Water purchases | 19,610,102 | - | - | 19,610,102 | 14,619,500 |
| Operating expenditures | 372,475 | 343,813 | 358,054 | 1,074,342 | 1,068,635 |
| Professional fees | 303,888 | 235,090 | 264,655 | 803,633 | 844,247 |
| Settlement expense | - | - | - | - | 3,353,245 |
| Capital outlay | 3,167,694 | 7,502 | 7,787 | 3,182,983 | 822,901 |
| **Total expenditures** | 32,576,597 | 2,688,475 | 2,836,089 | 38,101,161 | 35,108,591 |
| **NET CHANGE IN FUND BALANCES** | 146,858 | 484,639 | (26,328) | 605,169 | 2,895,743 |
| **FUND BALANCES:** | | | | | |
| Beginning of year | 9,416,497 | 8,514,006 | 11,065,813 | 28,996,316 | 26,100,573 |
| End of year | $ 9,563,355 | $ 8,998,645 | $ 11,039,485 | $ 29,601,485 | $ 28,996,316 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

# Monterey Peninsula Water Management District
## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
## For the Year Ended June 30, 2026
## (With Comparative Totals for June 30, 2025)

| | 2026 | 2025 |
|---|---|---|
| **Net change in fund balances** | $ 605,169 | 2,895,743 |
| Amounts reported in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are: | | |
| Capital outlay not capitalized | (33,595) | (10,108) |
| Capital outlay | 3,182,983 | 822,901 |
| Depreciation expense | (701,128) | (694,980) |
| | 2,448,260 | 117,813 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | (5,107) | (2,715,031) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | | |
| Compensated absences | 88,658 | (210,645) |
| OPEB costs | (130,809) | (74,928) |
| Current year pension cost difference | (339,328) | (425,417) |
| | (381,479) | (710,990) |
| **Change in net position** | $ 2,666,843 | $ (412,465) |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

**PROPRIETARY FUND FINANCIAL STATEMENTS**

DRAFT 11.02.2026

***This page intentionally left blank.***

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Statement of Net Position - Proprietary Fund
## CAWD/PBCSD Wastewater Reclamation Project
## June 30, 2026
## (With Comparative Totals for June 30, 2025)

| ASSETS | 2026 | 2025 |
|---|---|---|
| **Current assets:** | | |
| Cash and cash equivalents | $ 1,994,462 | $ 1,931,397 |
| Investments | 1,545,503 | 1,269,663 |
| Accounts receivable - water sales | 1,145,127 | 1,016,061 |
| Accounts receivable - other | 28,937 | 21,654 |
| **Total current assets** | 4,714,029 | 4,238,775 |
| **Noncurrent assets:** | | |
| Deposits | - | 1,200 |
| Capital assets, net: | | |
| Water resale rights | 32,689,407 | 33,993,944 |
| Construction-in-progress | 661,649 | 621,397 |
| Total capital assets | 33,351,056 | 34,615,341 |
| **Total noncurrent assets** | 33,351,056 | 34,616,541 |
| **Total assets** | 38,065,085 | 38,855,316 |
| **LIABILITIES** | | |
| **Current liabilities:** | | |
| Accounts payable - trade | 246,701 | 180,390 |
| Accounts payable - affiliates | 218,531 | 393,315 |
| Due to other funds | 122,281 | 122,281 |
| **Total current liabilities** | 587,513 | 695,986 |
| **Total liabilities** | 587,513 | 695,986 |
| **NET POSITION:** | | |
| Investment in capital assets | 33,351,056 | 34,615,341 |
| Unrestricted | 4,126,516 | 3,543,989 |
| **Total net position** | $ 37,477,572 | $ 38,159,330 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

# Monterey Peninsula Water Management District
## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
## CAWD/PBCSD Wastewater Reclamation Project
## For the Year Ended June 30, 2026
## (With Comparative Totals for June 30, 2025)

| | 2026 | 2025 |
|---|---|---|
| **OPERATING REVENUES:** | | |
| Water sales | $ 3,823,685 | $ 3,297,991 |
| Fixed cost charge | 960,146 | 1,741,250 |
| **Total operating revenues** | 4,783,831 | 5,039,241 |
| **OPERATING EXPENSES:** | | |
| Plant operating costs | 2,703,373 | 2,636,935 |
| Distribution costs | 567,572 | 502,271 |
| General and administration | 353,122 | 304,697 |
| Potable water purchases | 6,158 | 5,238 |
| MPWMD fee | 82,156 | 71,221 |
| Amortization | 1,815,474 | 1,802,701 |
| **Total operating expenses** | 5,527,855 | 5,323,063 |
| **OPERATING (LOSS)** | (744,024) | (283,822) |
| **NONOPERATING INCOME (EXPENSES):** | | |
| Investment earnings | 60,413 | 60,736 |
| Other nonoperating revenues | 1,853 | 5,435 |
| **Total nonoperating income** | 62,266 | 66,171 |
| **Change in net position** | (681,758) | (217,651) |
| **NET POSITION:** | | |
| Beginning of year | 38,159,330 | 38,376,981 |
| End of year | $ 37,477,572 | $ 38,159,330 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

# Monterey Peninsula Water Management District
## Statement of Cash Flows
## Proprietary Funds
## For the Year Ended June 30, 2026
## (With Comparative Totals for June 30, 2025)

| | 2026 | 2025 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash received from customers | $ 4,647,482 | $ 5,061,984 |
| Cash payments for operating expenses | (3,819,654) | (3,314,767) |
| **Net cash provided by operating activities** | 827,828 | 1,747,217 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | | |
| Other non-operating income | 1,853 | 5,435 |
| **Net cash provided by noncapital financing activities** | 1,853 | 5,435 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | |
| Construction in progress - capital additions | (551,189) | (1,065,512) |
| **Net cash (used in) capital and related financing activities** | (551,189) | (1,065,512) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Investment earnings | 60,413 | 60,736 |
| Purchase of investments | (275,840) | (38,927) |
| **Net cash provided by (used in) investing activities** | (215,427) | 21,809 |
| **Net change in cash and cash equivalents** | 63,065 | 708,949 |
| **CASH AND CASH EQUIVALENTS:** | | |
| Beginning of year | 1,931,397 | 1,222,448 |
| End of year | $ 1,994,462 | $ 1,931,397 |
| **Reconciliation of operating income (loss) to net cash provided by operating activities:** | | |
| Operating income (loss) | (744,024) | (283,822) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Amortization | 1,815,474 | 1,802,701 |
| (Increase)/decrease in: | | |
| Receivables | (136,349) | 22,743 |
| Deposits | 1,200 | (3) |
| Increase (decrease) in: | | |
| Accounts payable | (108,473) | 195,713 |
| Due to other funds | - | 9,885 |
| **Net cash provided by operating activities** | $ 827,828 | $ 1,747,217 |
| **Supplemental disclosure of noncash investing and financing activities** | | |
| Unrealized gains (losses) on investments | $ (1,379) | $ 8,068 |

DRAFT 11.02.2026

See accompanying Notes to the Basic Financial Statements.

***This page intentionally left blank.***

DRAFT 11.02.2026

DRAFT 11.02.2026

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

DRAFT 11.02.2026

***This page intentionally left blank.***

# Monterey Peninsula Water Management District
## Index to the Notes to the Basic Financial Statements
## For the Year Ended June 30, 2026

**Page**

**Note 1 – Summary of Significant Accounting Policies** ..... 39

A. Abbreviations Used ..... 39
B. Description of the Reporting Entity ..... 39
C. Government-Wide and Fund Financial Statements ..... 39
D. Measurement Focus and Basis of Accounting ..... 40
E. Basis of Presentation and Accounting ..... 41

**Note 2 – The CAWD/PBCSD Reclamation Project** ..... 49

**Note 3 – Cash and Investments** ..... 50

**Note 4 – Receivables** ..... 52

**Note 5 – Capital Assets** ..... 53

**Note 6 – Transactions with Related Organizations** ..... 54

**Note 7 – Compensated Absences** ..... 55

**Note 8 – Risk Management** ..... 55

**Note 9 – Deferred Compensation Plan** ..... 55

**Note 10 – Postemployment Benefits Other than Pensions (OPEB)** ..... 56

**Note 11 – Pension Plan** ..... 59

**Note 12 – Commitments and Other Contingencies** ..... 64

**Note 13 – Interfund Transactions** ..... 64

**Note 14 – Contingent Liabilities** ..... 65

**Note 15 – Reclassification** ..... 65

DRAFT 11.02.2026

DRAFT 11.02.2026

***This page intentionally left blank.***

# Monterey Peninsula Water Management District
## Notes to the Basic Financial Statements
## For the Year Ended June 30, 2026

**Note 1 – Summary of Significant Accounting Policies**

### *A. Abbreviations Used*

| | |
|---|---|
| ASR | Aquifer Storage & Recovery |
| CAW | California–American Water Company |
| CAWD | Carmel Area Wastewater District |
| COP | Certificates of participation |
| O&M | Operations and maintenance |
| PBCo. | Pebble Beach Company |
| PBCSD | Pebble Beach Community Services District |
| Project | CAWD/PBCSD Reclamation Project |
| PWM | Pure Water Monterey |

### *B. Description of the Reporting Entity*

The Monterey Peninsula Water Management District (the "District") was created by Chapter 527, Statutes of 1977 (Assembly Bill No. 1329) of the California Legislature, on September 2, 1977. The District was created to provide integrated management of ground and surface water supplies, and to exercise regulatory control over the collection, storage, distribution, and delivery of water and wastewater within its jurisdiction including, but not limited to, such functions as management and regulation of the use, reuse, reclamation and conservation of water, and bond financing of public works projects. Water service is principally supplied by other entities, but the District has the power to acquire public or private water systems. The District also has the power to levy and collect real estate taxes. Operations were commenced during the fiscal year beginning July 1, 1978.

The District has a seven-member board of directors. Five directors are elected every four years on a staggered basis. Of the other two directors, one must be a member of the Monterey County Board of Supervisors and the other must be a chief executive officer, mayor, or member of the governing body of a city member unit. The Board of Directors has continuing oversight responsibility for the District.

The geographic jurisdiction of the District approximates the Monterey Peninsula and the Carmel River watershed including all of the cities (except Marina) and the unincorporated communities therein.

The District has no component units, blended or discretely presented, for which it is financially accountable or whose exclusion would cause the financial statements to be misleading.

The accompanying financial statements conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to governments. The following is a summary of the more significant accounting policies used by the District:

### *C. Government-Wide and Fund Financial Statements*

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

DRAFT 11.02.2026

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***C. Government-Wide and Fund Financial Statements (Continued)***

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Conservation, Mitigation or Water Supply) or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The District allocates indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or identifiable activity; and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds. The District has one proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

DRAFT 11.02.2026

***D. Measurement Focus and Basis of Accounting***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within ninety days of the end of the current fiscal year.

Property taxes that have been levied and are due on or before year-end are recognized as revenue if they have been collected within ninety days after year-end. Water supply charges, connection charges and permit fees are considered to be measurable when they have been collected and are recognized as revenue at that time. Investment earnings are recorded as earned since they are measurable and available.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Proprietary fund level financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***D. Measurement Focus and Basis of Accounting (Continued)***

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Nonoperating revenues and expenses include subsidies received and provided, revenues and expenses related to financing, resources from the disposal of capital assets, and investment income. All other revenues and expenses are reported as operating. The Project's operating revenues consist of reclaimed water sales and fixed cost charges billed to the Project's users under the Project's rate structure. Operating expenses include plant operating costs, distribution costs, general and administrative expenses, and amortization of water resale rights. The Project did not have any noncapital subsidies for the year ended June 30, 2026.

The following major funds are used by the District:

Governmental Funds

The following is a description of the Governmental Funds of the District:

**Water Supply Fund** – acts as the District's general fund. It accounts for all financial resources of the District except those required to be accounted for in another fund, including water supply activities, related staff support, and acquisition or construction of water supply capital facilities.

**Conservation Fund** – a special revenue fund. It accounts for resources used for water conservation activities mandated by District legislation. Through its Water Demand Division, the District provides information and programs to achieve efficient water use and maximize available supplies, including community education and outreach, incentive and training programs, and permitting and enforcement of conservation regulations.

**Mitigation Fund** – a special revenue fund. It accounts for resources used to finance work along the Carmel River under the Mitigation Program, which was designed to address impacts identified in the District's Allocation Program Environmental Impact Report.

DRAFT 11.02.2026

The District has no non-major funds.

Proprietary Fund

The following is a description of the Proprietary Fund of the District:

**Enterprise Fund** – accounts for the activity of the CAWD/PBCSD Reclamation Project.

***E. Basis of Presentation and Accounting***

**1. Cash Equivalents**

The District considers all highly liquid assets which have an original term of less than ninety days to maturity when purchased as cash equivalents.

**2. Pooled Cash**

Cash accounts including those for (Reclamation) which essentially operate as demand deposit accounts are maintained by the District and Monterey County Treasurer's Office. Available cash balances are controlled and invested in pooled investment funds in order to provide safety, liquidity, and high investment returns for all funds. Interest earnings from these funds are generally credited to the District's account on a quarterly basis.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Basis of Presentation and Accounting (Continued)***

**2. Pooled Cash (Continued)**

The District and Monterey County Treasurer's Investment policy is in compliance with Section 53635 of the Government Code of the State of California which permits investments in certain securities and participation in certain investment trading techniques or strategies.

**3. Investments**

Resolution 83-17 adopted September 12, 1983, authorized investment of the District's monies with the State Treasurer for deposit in the Local Agency Investment Fund (LAIF). Money in the fund is invested by the State Treasurer to realize the maximum return consistent with prudent treasury management. All earnings of the fund, less a reimbursement of management costs incurred not to exceed one quarter of one percent of earnings, are distributed to the contributing agencies in their relative shares each quarter. The balances of funds in LAIF are stated at fair value.

The types of investments the District may purchase are not limited by legal or contractual provisions, but the Board has established policies on investments and consistent with State guidelines.

The Reclamation Project does not have a specific investment policy but generally follows the guidelines of the County of Monterey's Investment Policy. All funds invested are managed to meet the guidelines stated in both California Code Section 53600, et. seq. and the County's investment policy.

DRAFT 11.02.2026

**4. Receivables and Deferred Inflows of Resources**

Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within ninety days subsequent to year end are offset by deferred inflows of resources, and accordingly have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund. Deferred inflows are detailed on the balance sheet.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2026, no allowance for doubtful accounts is provided because management believes all receivables are collectible.

**5. Prepaid Items**

Prepaid items are capitalized and amortized ratably over the period of benefit.

**6. Capital Assets**

Property, facilities, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at acquisition value at the time received. Capital assets are defined by the District as assets with an estimated useful life in excess of one year and an initial, individual cost of more than $5,000 for equipment, land, facilities, and improvements.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Basis of Presentation and Accounting (Continued)***

**6. Capital Assets (Continued)**

Property, facilities, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Equipment | 3 to 20 Years |
| Building and improvements | 5 to 39 Years |
| Monitoring stations | 5 to 10 Years |
| ASR facilities | 30 to 40 Years |
| Fish rearing facility | 5 to 40 Years |
| Leasehold improvements | 10 to 40 Years |

**7. Water Reserves**

The water reserves account has two sub-accounts: the operating reserve and the drought reserve. The District allocates all excess water into either the operating reserve or the drought reserve as it shall determine in its sole discretion. The District owns any water in the reserve account, until such time as operating reserve water or drought reserve water is used to satisfy the water availability guarantee at which point it shall become Company water and be owned by California American Water. The water reserves are capitalized as an intangible asset with an indefinite life and therefore are not subject to amortization.

DRAFT 11.02.2026

**8. Water Resale Rights**

Proceeds from the issuance of the Certificates of Participation were used to construct facilities for wastewater reclamation and distribution. The District does not own these facilities, but instead owns the rights to the reclaimed water for resale. The Project capitalizes the costs incurred in order to obtain these water rights in accordance with generally accepted accounting principles for intangible assets. As a result, capital outlays have been capitalized into this account. These rights are presented net of accumulated amortization.

**9. Amortization**

The water resale rights are amortized using the straight-line method over the expected useful life of the reclamation plant, which is forty years, in accordance with GASB Statement No. 51, *Accounting and Reporting for Intangible Assets*, which specifies that an intangible asset shall be amortized over its useful life, unless that life is determined to be indefinite.

**10. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Basis of Presentation and Accounting (Continued)***

**11. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is recognized for leave benefits (such as vacation and sick leave) when the benefits are attributable to services already rendered, accumulate for use in future periods, and are more likely than not to be used or paid. The liability is measured using the employee's pay rate in effect at the financial statement date and includes salary-related payments.

**12. Interfund Activity**

During the course of operations, transactions occur between individual funds that result in amounts owed between funds, which are classified as "due to/from other funds." Eliminations have been made on the government-wide statements for amounts due to/from within the governmental funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for services to business-type activities of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

DRAFT 11.02.2026

**13. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For this report, the following timeframes are used:

| | |
|---|---|
| Valuation Date | June 30, 2024 |
| Measurement Date | June 30, 2025 |
| Measurement Period | July 1, 2024 to June 30, 2025 |

**14. Other Postemployment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when currently due and payable in accordance with the benefit terms.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Basis of Presentation and Accounting (Continued)***

**14. Other Postemployment Benefits (OPEB) (Continued)**

U.S. GAAP require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|---|---|
| Valuation Date | June 30, 2025 |
| Measurement Date | June 30, 2026 |
| Measurement Period | July 1, 2025 to June 30, 2026 |

**15. Net Position**

The statement of net position presents the Districts assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

- *Investment in capital assets* consists of capital assets, net of accumulated depreciation and amortization.
- *Restricted* results when constraints placed on net positions use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

DRAFT 11.02.2026

**16. Fund Balances**

Fund balance classifications are based primarily on the extent to which the District is bound to honor constraints on the use of resources reported in each governmental fund.

The District reports the following classifications:

- *Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid expenses and long-term receivables or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
- *Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking some type of action (passage of a resolution). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Basis of Presentation and Accounting (Continued)***

**16. Fund Balances (Continued)**

- Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purpose but are neither restricted nor committed. Intent is expressed by (a) the General Manager or (b) the Board. The Board has the authority to remove or change the assignment of the funds with a simple majority vote.

- Unassigned – This fund balance is the residual fund balance of the Water Supply Fund (the District's general fund) and includes all spendable amounts not contained in the other classifications. In other governmental funds, unassigned is used only to report a negative fund balance resulting from expenditures for specific purposes that exceed the amounts restricted, committed, or assigned to those purposes.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

**17. Property Taxes**

The County of Monterey is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions, including the District. Secured property taxes for each year ended June 30 are payable in equal installments, November 1, and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the County in the governmental funds. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

DRAFT 11.02.2026

The term "Unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes are recorded when received by the District and recognized as revenue if received with ninety days of the end of the fiscal year. Current year revenues are those collected within the current period or soon enough thereafter to pay current liabilities, generally within ninety days of year-end. No allowance is provided for delinquent taxes as the lien is considered an enforceable legal obligation.

**18. Permit Fees**

Permit fee revenue is recorded as permits are issued. The District is required to refund permit fees if the permit is not used or to grant an extension of time upon a reasonable request. If a refund is issued, the refunded party also relinquishes any water rights associated with the permit. It is the District's policy to record such refunds as they become payable.

**19. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Basis of Presentation and Accounting (Continued)***

**20. Implementation of New GASB Pronouncements for the Year Ended June 30, 2026**

GASB Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Implementation did not affect beginning net position or fund balance, but it did change the presentation of the financial statements and required supplementary information, as follows:

- The budgetary comparison schedules for the Water Supply Fund and the major special revenue funds now present variances between the original and final budgets, in addition to variances between the final budget and actual results. Explanations of significant variations are included in the notes to the required supplementary information.
- Management's discussion and analysis has been revised to follow the content requirements of the Statement.
- Proprietary fund revenues and expenses are classified as operating or nonoperating using the Statement's revised definitions.

DRAFT 11.02.2026

GASB Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement 96, *Subscription-Based Information Technology Arrangements,* also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The District implemented this Statement for the fiscal year ended June 30, 2026. The District has no lease, public-private or public-public partnership, or subscription assets, and its other intangible assets (water reserves and water resale rights) were already disclosed separately by major class in Note 5. Accordingly, implementation had no effect on the District's financial statements or note disclosures.

**21. Upcoming Government Accounting Standards Implementations**

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 105

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. Application of this statement is effective for the District's fiscal year ending June 30, 2027.

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Basis of Presentation and Accounting (Continued)***

**22. Summarized Financial Information**

The basic financial statements include certain prior year summarized comparative information in total but not by activities or fund. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2025, from which the summarized information was derived.

**Note 2 – The CAWD/PBCSD Reclamation Project**

The CAWD/PBCSD Reclamation Project (the Project) is a cooperative effort involving the District, the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), and the Pebble Beach Company (PBCo.). This cooperative effort did not create a new or separate legal entity. Therefore, the Project is a proprietary (enterprise) fund of the District, the issuer of the Certificates of Participation which financed the Project's first construction project.

DRAFT 11.06.2026

The Project provides treated wastewater to irrigate golf courses and open space areas in the Pebble Beach community, which freed up potable water previously used for irrigation. The original Project involved the construction of a new tertiary treatment plant and laboratory facilities located on the site of the existing CAWD secondary wastewater treatment plant, the construction of a new reclaimed distribution system, including a 2.5 million gallon storage tank and irrigation system improvements. Construction of the original Project began in January 1993 and was completed in October 1994. The tertiary treatment plant produces water which meets Title 22 standards specified by the California Department of Health Services, which is a quality acceptable for human contact.

The Project's assets are owned principally by CAWD and PBCSD, and consist primarily of the following:

- Assets owned by CAWD: (1) a tertiary treatment plant, (2) secondary process improvements, (3) laboratory facilities, (4) a reclaimed water pump station, (5) related computer equipment and, (6) a small portion of the reclaimed water pipeline.

- Assets owned by PBCSD: (1) approximately seven miles of reclaimed water distribution system pipeline, (2) the Forest Lake Reservoir, (3) a 2.5 million gallon storage tank, and (4) a potable water pump station.

The original Project was financed by Certificates of Participation (COP) which were executed and delivered at the direction of the District in December 1992 in the amount of $33,900,000. The District provided the funds necessary to construct and operate the Project and then obtained ownership of the reclaimed water for the purpose of resale. PBCo. guaranteed payment of construction costs of the Project as well as any operating deficiencies.

The activities of the Project are overseen by a six-member management committee containing two representatives from the CAWD board, two from the PBCSD board, one from the PBCo. and one from the Independent Reclaimed Water Users Group (IRWUG). Since the Project does not own the wastewater reclamation capital assets, the value earned for the capital expenditures incurred is reflected on the books of the Project as water resale rights, an intangible amortizable capital asset.

**Note 2 – The CAWD/PBCSD Reclamation Project (Continued)**

Subsequent to the completion of the original facilities, the Project has been expanded to increase the quantity and quality of reclaimed water. The expanded project utilizes the Forest Lake Reservoir located in Pebble Beach which provides up to 115 million gallons of storage capacity. The Reservoir is filled with reclaimed water during winter months when there is excess production at the treatment plant. The stored water is used during summer months when the daily irrigation demand exceeds treatment plant production capacity. In 1998, PBCSD purchased the Reservoir from California-American Water Company. The rehabilitation and reservoir expansion was completed in 2009 in accordance with State Water Resources Division of Safety of Dams requirements. The construction costs of approximately $13 million were financed by the sale of Pebble Beach Company water entitlements.

The Microfiltration/Reverse Osmosis (MF/RO) phase of the project (phase II), located at the CAWD treatment plant site, began design in 2006 and construction was completed in 2009. The intent of the MF/RO phase is to reduce the sodium content of the tertiary reclaimed water from 150 mg/l to less than 55 mg/l to reduce the stress on the golf greens and eliminate the need for flushing the courses with potable water. The design capacity for the MF/RO is 1.5 million gallons with an expected blend of 80% RO water and 20% MF water. The cost of the MF/RO construction project was approximately $21 million were financed through the sale of water entitlements owned by the PBCo. to residential property owners within the Pebble Beach community.

DRAFT 11.02.2026

**Note 3 – Cash and Investments**

**Cash and Cash Equivalents**

Balances in cash and cash equivalents consist of bank accounts insured by the Federal Depository Insurance Corporation (FDIC) or Securities Investment Protection Corporation (SIPC) or collateralized by the pledging institution under the California Government Code.

The District had the following cash and investments at June 30, 2026:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Cash and cash equivalents | $ 4,957,731 | $ 1,994,462 | $ 6,952,193 |
| Investments | 26,683,442 | 1,545,503 | 28,228,945 |
| | $ 31,641,173 | $ 3,539,965 | $ 35,181,138 |

The District's cash and investment at June 30, 2026, in more detail:

| | |
|---|---|
| Cash on hand | $ 600 |
| Deposits with financial institution | 6,453,083 |
| Monterey County Investment Pool | 1,511 |
| Mutual Funds | 497,000 |
| **Total cash** | 6,952,194 |
| Investments | 28,228,945 |
| **Total investments** | 28,228,945 |
| **Total cash and investments** | $ 35,181,139 |

**Note 3 – Cash and Investments (Continued)**

**Investments**

The District's investments consist of obligations of the United States government and its agencies and instrumentalities, municipal obligations, corporate obligations, certificates of deposit, money market accounts, and the State Treasurer's Local Agency Investment Fund. All investments are recorded at fair value. The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest-bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as FannieMae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a "satisfactory" CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The District's fair value of the position in the pool is the same as the value of the pool shares.

Investments at June 30, 2026 consisted of the following:

| | | |
|---|---|---|
| Governmental Activities: | | |
| Local Agency Investment Fund | $ | 14,756,414 |
| Money Market Funds | | 1,059,910 |
| Certificates of Deposit | | 9,134,112 |
| US Treasury Securities | | 509,375 |
| U.S. Government Bonds | | 1,223,631 |
| Subtotal Governmental Activities | | 26,683,442 |
| Business-Type Activities: | | |
| Certificates of Deposit | | 1,545,503 |
| Subtotal Business-Type Activities | | 1,545,503 |
| Total Investments | $ | 28,228,945 |

DRAFT 11.02.2026

**Note 3 – Cash and Investments (Continued)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity as of June 30, 2026.

| | Remaining Maturity (in Months) | | | |
|---|---|---|---|---|
| Investments Type | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | Total |
| Local Agency Investment Fund | $ 14,756,414 | $ - | $ - | $ 14,756,414 |
| Money Market Funds | 1,059,910 | - | - | 1,059,910 |
| Certificates of Deposit (Governmental Activities) | 2,737,957 | 2,484,174 | 3,911,981 | 9,134,112 |
| US Treasury Securities | - | - | 509,375 | 509,375 |
| U.S. Government Bonds | 247,323 | - | 976,308 | 1,223,631 |
| Certificates of Deposit (Business-Type Activities) | 1,182,263 | 363,240 | - | 1,545,503 |
| **Total investments** | $ 19,983,867 | $ 2,847,414 | $ 5,397,664 | $ 28,228,945 |

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Pool does not have a rating provided by a nationally recognized statistical rating organization. The certificates of deposit are not rated.

DRAFT 11.02.2026

**Custodial Credit Risk-Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that complies with the California Government Code commencing at Section 53630 (Public Deposits). As of June 30, 2026, $6,036,985 of the District's bank balances of $6,536,985 were exposed to custodial credit risk as uninsured but are collateralized by the pledging bank's trust department not in the District's name.

The difference between bank balances and the carrying amounts (book value) represents outstanding checks and deposits in transit.

**Custodial Credit Risk – Investments**

Custodial credit risk is the risk that in the event of the failure of the counterparty (e.g. broker- dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

**Note 3 – Cash and Investments (Continued)**

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

| | Measurement Input | | | |
|---|---|---|---|---|
| Investments type | Quoted Prices in Active Market for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Uncategorized | Total |
| Certificates of Deposit (Governmental Activities) | $ - | $ 9,134,112 | $ - | $ 9,134,112 |
| US Treasury Securities | 509,375 | - | - | 509,375 |
| U.S. Government Bonds | - | 1,223,631 | - | 1,223,631 |
| Certificates of Deposit (Business-Type Activities) | - | 1,545,503 | - | 1,545,503 |
| **Total Leveled Investments** | 509,375 | 11,903,246 | - | 12,412,621 |
| Local Agency Investment Fund | - | - | 14,756,414 | 14,756,414 |
| Money Market Funds | - | - | 1,059,910 | 1,059,910 |
| **Total Investments** | $ 509,375 | $ 11,903,246 | $ 15,816,324 | $ 28,228,945 |

DRAFT 11.02.2026

**Note 4 – Receivables**

Receivables consist of the following at June 30, 2026:

| | Water Supply | Conservation | Mitigation | Total |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| User fees | $ 453,622 | $ 111,013 | $ 89,337 | $ 653,972 |
| Reimbursements | 2,523,046 | 21,867 | - | 2,544,913 |
| Property taxes | 48,663 | - | - | 48,663 |
| Interest | 50,574 | 49,086 | 49,086 | 148,746 |
| Other | 3,921 | - | 33,034 | 36,955 |
| Total Governmental Activities | $ 3,079,826 | $ 181,966 | $ 171,457 | 3,433,249 |
| Business-Type Activities: | | | | |
| Water sales | | | | 1,145,127 |
| Other | | | | 28,937 |
| Total Business-Type Activities | | | | 1,174,064 |
| Total | | | | $ 4,607,313 |

## Note 5 – Capital Assets

Summary of changes in governmental activities capital assets for the year ended June 30, 2026, are as follows:

| Asset Description | Balance July 01, 2025 | Additions | Transfers | Balance June 30, 2026 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Non-depreciable assets: | | | | |
| Water reserve | $ 7,060,415 | $ 2,278,188 | $ - | $ 9,338,603 |
| Drought reserve | - | 871,200 | | 871,200 |
| Total non-depreciable assets | 7,060,415 | 3,149,388 | - | 10,209,803 |
| Depreciable assets: | | | | |
| Equipment: | | | | |
| Office | 48,139 | - | (35,951) | 12,188 |
| Computer | 1,434,153 | - | 36,827 | 1,470,980 |
| Operating | 6,766 | - | (6,766) | - |
| Transportation | 497,089 | - | - | 497,089 |
| Project | 137,940 | - | - | 137,940 |
| Phone | 34,240 | - | - | 34,240 |
| Total equipment | 2,158,327 | - | (5,890) | 2,152,437 |
| Building and improvements | 1,984,996 | - | 5,890 | 1,990,886 |
| Aquifer Storage & Recovery "ASR" facilities | 11,428,101 | - | - | 11,428,101 |
| Fish rearing facility | 3,969,186 | - | - | 3,969,186 |
| Leasehold improvements | 14,861 | - | - | 14,861 |
| Total depreciable assets | 19,555,471 | - | - | 19,555,471 |
| Less accumulated depreciation for: | | | | |
| Equipment: | | | | |
| Office | - | (1,876) | - | (1,876) |
| Computer | (985,930) | (144,799) | - | (1,130,729) |
| Transportation | (435,197) | (24,221) | - | (459,418) |
| Project | (21,738) | (16,828) | - | (38,566) |
| Phone | (34,240) | - | - | (34,240) |
| Total equipment | (1,477,105) | (187,724) | - | (1,664,829) |
| Building and improvements | (1,304,392) | (52,045) | - | (1,356,437) |
| Aquifer Storage & Recovery "ASR" facilities | (3,458,988) | (364,924) | - | (3,823,912) |
| Fish rearing facility | (1,173,646) | (96,435) | - | (1,270,081) |
| Leasehold improvements | (14,861) | - | - | (14,861) |
| Total accumulated depreciation | (7,428,992) | (701,128) | - | (8,130,120) |
| Total depreciable assets, net | 12,126,479 | (701,128) | - | 11,425,351 |
| **Total governmental activities capital assets, net** | $ 19,186,894 | $ 2,448,260 | $ - | $ 21,635,154 |

DRAFT 11.02.2026

**Note 5 – Capital Assets (Continued)**

The District has reevaluated the estimated useful lives of capital asset classes that have been fully depreciated and since the assets are still in use, the assets remain on the books of the District.

Depreciation expense was charged to functions/programs of the District as follows:

| | |
|---|---|
| Water Supply | $ 439,578 |
| Conservation | 66,240 |
| Mitigation | 195,310 |
| **Total depreciation expense** | $ 701,128 |

Summary of changes in business-type activities capital assets for the year ended June 30, 2026, are as follows:

| Asset Description | Balance July 01, 2025 | Additions | Deletions/ Transfers | Balance June 30, 2026 |
|---|---|---|---|---|
| **Business-type activities:** | | | | |
| Non-depreciable/amortizable assets: | | | | |
| Construction in progress | $ 621,397 | $ 319,096 | $ (278,844) | $ 661,649 |
| Total non-depreciable/amortizable assets | 621,397 | 319,096 | (278,844) | 661,649 |
| Non-depreciable/amortizable assets: | | | | |
| Water resale rights | 72,107,869 | 232,093 | 278,844 | 72,618,806 |
| Less accumulated amortization for: | | | | |
| Water resale rights | (38,113,925) | (1,815,474) | - | (39,929,399) |
| Total water resale rights, net | 33,993,944 | (1,583,381) | 278,844 | 32,689,407 |
| **Total business-type activities capital assets, net** | $ 34,615,341 | $ (1,264,285) | $ - | $ 33,351,056 |

DRAFT 11.02.2026

Amortization expense was charged to function of the business-type activity for the year-ended June 30, 2026 as follows:

| | |
|---|---|
| Reclamation projects | $ 1,815,474 |
| **Total amortization expense** | $ 1,815,474 |

**Note 6 – Transactions with Related Organizations**

Through its participation in the CAWD/PBCSD Reclamation Project, the District is related with the other organizations involved in the Project.

At June 30, 2026, accounts receivable from these organizations were as follows:

| | |
|---|---|
| Receivable from PBCo. and Affiliated Golf Courses: | |
| Water sales | $ 1,145,127 |
| Total | $ 1,145,127 |

At June 30, 2026, accounts payable to these organizations were as follows:

| | |
|---|---|
| Payable to PBCSD for operations and maintenance | $ 128,265 |
| Payable to CAWD for operations and maintenance | 90,266 |
| Total | $ 218,531 |

## Note 7 – Compensated Absences

Compensated absences activity for the year ended June 30, 2026 is as follows:

| | Balance July 01, 2025 | Increase / Decrease | Balance June 30, 2026 | Due Within One Year | Due in More Than One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Compensated Absences * | $ 994,453 | $ (88,658) | $ 905,795 | $ 214,215 | $ 691,580 |
| **Total Governmental Activities** | $ 994,453 | $ (88,658) | $ 905,795 | $ 214,215 | $ 691,580 |

* Presented as net change during the year ended June 30,2026.

## Note 8 – Risk Management

The District is insured against various risks of loss related to torts, thefts of, damage to or destruction of assets; errors and omissions; work-related injuries to employees and natural disasters through participation in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The insurance carried by the District includes policies for workers' compensation, general liability, errors and omissions, and vehicular liability.

There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage in any of the past three years.

SDRMA was formed under a joint-powers agreement pursuant to California Government Code Section 6500 et seq. effective August 1, 1986 to provide general liability, comprehensive/collision liability and property damage, and errors and omissions risk financing for the member districts. SDRMA is administered by a Board of Directors, consisting of one member appointed by the California Special Districts Association and five members elected by the districts participating. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

The SDRMA did not have long-term debt outstanding at June 30, 2026, other than claims liabilities and lease obligations. The District's share of year-end assets, liabilities and risk margin has not been calculated by the SDRMA.

## Note 9 – Deferred Compensation Plan

The District has a deferred compensation plan for its eligible employees wherein amounts earned by the employees are paid at a future date. This plan meets the requirements of Internal Revenue Code Section 457. All full-time, regular employees are permitted to participate in the plan beginning on the day of hire.

The employee may elect to make tax deferred contributions up to the limits established by the Internal Revenue Service for this type of plan. The employee is 100% vested in their contributions from the first date of participation. The plan does not provide for District contributions. The participant has a choice of investment options.

DRAFT 11.02.2026

**Note 9 – Deferred Compensation Plan (Continued)**

The plan is administered by ICMA Retirement Corporation (International City Management Association). The assets of the plan are held in trust. The plan assets held in the ICMA Retirement Trust are held for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. The plan does not permit loans.

The District has no administrative involvement in the plan and does not control the plan's assets. In accordance with GASB Statement No. 84, *Fiduciary Activities,* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* the plan is not reported in the District's financial statements.

**Note 10 – Postemployment Benefits Other than Pensions (OPEB)**

**Plan Descriptions**

The District administers a single-employer defined-benefit postemployment healthcare plans (the Retiree Health Plans). Dependents are eligible to enroll, and benefits continue to surviving spouses for one year following the member's death. The Retiree Health Plans provide healthcare insurance for eligible retirees and dependents or survivors. Coverage to members of the General Staff Bargaining Unit is provided through the Association of California Water Agencies Health Benefit Authority Anthem Classic Plan, and coverage for the Management Staff Bargaining Unit members and the Confidential Staff Bargaining Unit members are provided through the Laborer's Trust Funds for Northern California Special Plan III. The Plans provide for continuation of medical insurance benefits for certain retirees and their dependents or survivors who meet the eligibility criteria established by the District and/or medical care providers. The Plans can be amended by action of the Board of Directors during negotiation of periodic Memorandums of Understanding with the different bargaining units. The Plans do not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plans.

DRAFT 11.03.2026

**Benefits Provided**

Retirees are eligible for medical benefits if they retire at Age 50+. A retiree who was hired before July 1, 2013 and retires with 15+ years of service is eligible to receive a payment of $1,544.04 per month for fiscal-year end June 30, 2026. The amount of this payment increases 3% annually. All other retirees are eligible to receive $540 per month with no service requirements. There are no disability benefits.

**Employees Covered by Benefit Terms**

At June 30, 2025 (the valuation date), the benefit terms covered the following employees:

| | |
|---|---|
| Active Employees | 26 |
| Inactive Employees, Spouses, or Beneficiaries | |
| Currently Receiving Benefit Payments | 18 |
| Inactive Employees Entitled to But Not Yet Receiving Benefit Payments | - |
| | 44 |

**Note 10 – Postemployment Benefits other than Pensions (OPEB) (Continued)**

**Contributions**

The contribution requirements of the District are based on a pay-as-you-go basis. For the fiscal year ended June 30, 2026, the District paid a total contributions of $185,587 for retiree health benefits. The District currently contributes enough money to the plans to satisfy current obligations on a pay-as- you-go basis. There are no assets accumulated in a qualifying trust.

**Total OPEB Liability**

The District's total OPEB liability was measured as of June 30, 2026, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.30% |
| Salary Increases | 2.80% The salary increase is used to determine the growth in the aggregate payroll. Individual Salary Increases: 2021 CalPERS Merit Salary Increases. |
| Healthcare Trend Rate | 8.63% in the first year, trending down to 4.00% over 51 years. |

*Mortality rates were based on CalPERS tables.*

DRAFT 11.02.2026

Discount Rate

The discount rate used to measure the total OPEB liability is 4.63%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

**Changes in the Total OPEB Liability**

The changes in the total OPEB liability for the OPEB Plan are as follows:

| | Total OPEB Liability |
|---|---|
| **Balance at July 1, 2025** | $ 4,833,572 |
| **Changes Recognized for Measurement Period:** | |
| Service Cost | 89,653 |
| Interest Cost | 227,564 |
| Difference Between Expected and Actual Experience | (240,262) |
| Changes of Assumptions | 160,622 |
| Benefit Payment | (185,587) |
| **Net changes** | 51,990 |
| **Balance at June 30, 2026** | $ 4,885,562 |

**Note 10 – Postemployment Benefits other than Pensions (OPEB) (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate, for measurement period ended June 30, 2026:

| | 1% Decrease (3.63%) | Current Discount Rate (4.63%) | 1% Increase (5.63%) |
|---|---|---|---|
| Total OPEB Liability | $ 5,515,205 | $ 4,885,562 | $ 4,360,941 |

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2026:

DRAFT 11.02.2026

| | 1% Decrease (7.63%) | Current Healthcare Cost Trend Rate (8.63%) | 1% Increase (9.63%) |
|---|---|---|---|
| Total OPEB Liability | $ 4,373,898 | $ 4,885,562 | $ 5,507,776 |

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2026, the District recognized OPEB expense of $316,396. As of fiscal year ended June 30, 2026, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 119,796 | $ (312,126) |
| Changes of assumptions | 248,729 | (436,452) |
| Total | $ 368,525 | $ (748,578) |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ending June 30, | Deferred Outflows/Inflows of Resources |
|---|---|
| 2027 | $ (9,077) |
| 2028 | (99,119) |
| 2029 | (99,119) |
| 2030 | (66,675) |
| 2031 | (78,672) |
| Thereafter | (27,391) |
| Total | $ (380,053) |

**Note 10 – Postemployment Benefits other than Pensions (OPEB) (Continued)**

**Change of Assumptions**

The discount rate was changed from 4.71%.to 4.63%.

**Note 11 – Pension Plan**

**General Information about the Pension Plan**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

DRAFT 11.02.2026

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full- time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at the measurement date, June 30, 2025, are summarized as follows:

| | Miscellaneous | |
|---|---|---|
| Hire Date | Prior to January 1, 2013 | Current Year On or After January 1, 2013 |
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 Years Service | 5 Years Service |
| Benefit payments | Monthly for Life | Monthly for Life |
| Retirement age | 50 – 63 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 1.4% to 2.4% | 1.0% to 2.5% |
| Required employee contribution rates | 7.00% | 7.75% |
| Required employer contribution rates | 12.58% | 7.96% |
| Payment of unfunded liability | $690,122 | $6,244 |

**Note 11 – Pension Plan (Continued)**

**General Information about the Pension Plan (Continued)**

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2026, the contributions recognized as part of pension expense for the Plan were as follows:

| | Miscellaneous |
|---|---|
| Contributions | $ 1,027,904 |

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2026, the District reported net pension liabilities for its proportionate share of the net pension liability of the Miscellaneous Plan as $6,696,604.

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total Pension Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net Pension Liability / (Asset) (c)=(a)-(b)** |
| Balance at June 30, 2024 (Measurement Date) | $ 28,525,069 | $ 20,988,386 | $ 7,536,683 |
| Balance at June 30, 2025 (Measurement Date) | 29,856,778 | 23,160,174 | 6,696,604 |
| Net changes during 2024-25 | 1,331,709 | 2,171,788 | (840,079) |

DRAFT 11.02.2026

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2025, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2025 and 2026 was as follows:

| | Miscellaneous |
|---|---|
| Proportion - June 30, 2024 | 0.15583% |
| Proportion - June 30, 2025 | 0.16787% |
| Change - increase (decrease) | 0.01204% |

**Note 11 – Pension Plan (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2026, the District recognized pension expense of $1,367,232. Pension expense is allocated to the functions based on full time equivalents. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between actual and expected experience | $ 802,411 | $ - |
| Difference between projected and actual Investment earnings | - | (906,120) |
| Differences between employer's contributions and proportionate share of contributions | 4,045 | (42,734) |
| Change in employer's proportion | 6,201 | (143,054) |
| Pension contributions made subsequent to measurement date | 1,027,904 | - |
| Total | $ 1,840,561 | $ (1,091,908) |

Deferred outflows of resources in the amount of $1,027,904 were reported related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as of June 30 as follows:

| Year Ended June 30 | Amount |
|---|---|
| 2027 | $ 746,063 |
| 2028 | (255,661) |
| 2029 | (423,748) |
| 2030 | (345,905) |
| Thereafter | - |
| Total | $ (279,251) |

DRAFT 11.02.2026

**Note 11 – Pension Plan (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Actuarial Assumptions

The total pension liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation date | June 30, 2024 |
| Measurement date | June 30, 2025 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Actuarial assumptions: | |
| Discount rate | 6.90% |
| Inflation | 2.30% |
| Salary increases | Varies by entry age and service |
| Mortality rate table | Derived using CalPERS' membership data for all funds (1) |
| Postretirement benefit increase | Contract COLA up to 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.30% thereafter. |

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

DRAFT 11.02.2026

All other actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period 2000 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rate and that the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS takes into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employer will make their required contributions on time and as scheduled in all future years. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

**Note 11 – Pension Plan (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Discount Rate (Continued)

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

| Asset Class | Assumed Asset Allocation | Real Return (a) (b) |
|---|---|---|
| Global equity - cap-weighted | 30% | 4.54% |
| Global Equity - non-cap-weighted | 12% | 3.84% |
| Private equity | 13% | 7.28% |
| Treasury | 5% | 0.27% |
| Mortgage-backed securities | 5% | 0.50% |
| Investment grade corporates | 10% | 1.56% |
| High yield | 5% | 2.27% |
| Emerging market debt | 5% | 2.48% |
| Private debt | 5% | 3.57% |
| Real assets | 15% | 3.21% |
| Leverage | -5% | -0.59% |
| Total | 100% | |

DRAFT 11.02.2026

(a) An expected price inflation of 2.30% used for this period.
(b) Figures are based on the 2021-22 Asset Liability Management Study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|---|---|---|
| Net pension liability | $ 10,725,708 | $ 6,696,604 | $ 3,380,693 |

Pension Plan Fiduciary Net Position

Detailed information about the plan fiduciary net position is available in the separately issued CalPERS financial reports.

## Note 12 – Commitments and Other Contingencies

As of June 30, 2026, the District has several ongoing projects with outstanding contracts as follows:

| Vendor/Contractor | Project | Original Contract Date | Total Contract Amount | Amount Outstanding at June 30, 2026 |
|---|---|---|---|---|
| City of Sand City | IRWM Round 1 Grant Reimbursement Remainder of Project* | 11/2021 | $ 1,084,323 | $ 1,000,034 |
| City of Monterey | IRWM Round 2 Grant Reimbursement* | 05/2023 | 500,000 | 358,201 |
| County of Monterey | IRWM Round 2 Grant Reimbursement* | 05/2023 | 898,451 | 898,451 |
| DUDEK | IRWM IR2 Grant Administration* | 10/2022 | 90,510 | 67,988 |
| DUDEK | IRWM IR1 Grant Administration* | 12/2020 | 114,960 | 39,703 |
| Montgomery & Associates | Groundwater Modeling Montgomery Contract | 03/2023 | 55,000 | 55,000 |
| Pueblo Water Resources, Inc. | SSAP Water quality Study - Amd #14 | 11/2006 | 94,438 | 47,155 |
| | | | $ 2,837,682 | $ 2,466,532 |

* The District acts as a pass-through on these projects. The District's outstanding commitment is limited to actual spending.

DRAFT 11 02 2026

## Note 13 – Interfund Transactions

*Transfers In/Out* – During the year, there were no transfers between governmental funds.

*Due From/To Other Funds* – At June 30, 2026, the district had the following due from/to other funds:

| Due from Other Funds | Due to Other Funds | Amount |
|---|---|---|
| Conservation | Water Supply | $ 500,000 |
| Mitigation | Water Supply | 500,000 |
| | Total | $ 1,000,000 |

The above amounts resulted from temporary reclassifications made at June 30, 2026 to cover cash shortfalls at the fund level.

*Internal Balances* – During the year, the Governmental funds charged the Reclamation Project for services provided and user fees. Interfund receivables and payables consist of the following at June 30, 2026:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| Water Supply | Reclamation Project | $ 59,208 |
| Conservation | Reclamation Project | 17,705 |
| Mitigation | Reclamation Project | 45,368 |
| | Total interfund receivables/payables | $ 122,281 |

**Note 14 – Contingent Liabilities**

Due to the various activities of the District involving the Carmel River and actions to acquire the Monterey water system from Cal-Am pursuant to Measure J, several pending and threatened claims against the District are outstanding. No estimate of the amount of any potential liability to the District can reasonably be made at this time.

*Water Supply Charge Litigation*

In prior years, District implemented a Water Supply Charge pursuant to Article XIII D of the California Constitution (Proposition 218) to fund various water supply projects. In 2013, the Monterey Peninsula Taxpayers Association (MPTA) filed legal action challenging the validity of the charge, alleging that its continued collection violated statutory and constitutional requirements.

On December 14, 2023, the California Sixth District Court of Appeal issued a ruling in favor of the MPTA, determining that the Water Supply Charge was no longer valid and directing the District to cease collection and address refund claims. Following the court's decision, the District entered into a settlement agreement with MPTA and affected property owners on March 17, 2025.

The District recorded a settlement liability of $3,353,245 as of June 30, 2025. During the year ended June 30, 2026, the District paid $3,303,387 to members of the settlement class and plaintiffs' attorneys, and for administrative costs. The remaining settlement liability as of June 30, 2026, along with any uncashed reimbursement payments, represents amounts that will be remitted to the United Way Monterey County for Cal-Am's Hardship Benefit Program in FY 2026-27 as per the terms of the Settlement.

DRAFT 11.02.2026

**Note 15 – Reclassification**

**Change in Fund Balance Classification**

During fiscal year 2026, management determined that $164,981 previously reported as committed fund balance at June 30, 2025, did not meet the criteria for classification as committed fund balance under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* Accordingly, the amount has been reclassified from committed fund balance to assigned fund balance for project expenditures. This reclassification affected only the presentation of fund balance classifications and had no effect on total fund balance, change in fund balance, or net position.

DRAFT 11.02.2026

***This page intentionally left blank.***

**REQUIRED SUPPLEMENTARY INFORMATION**
**(UNAUDITED)**

DRAFT 11.02.2026

***This page intentionally left blank.***

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget And Actual
## Water Supply General Fund
## For the Year Ended June 30, 2026

| | Budgeted Amounts | | Variance with Original Budget - over (under) | Actual | Variance with Final Budget - over (under) |
|---|---|---|---|---|---|
| | Original | Final | Final Budget | Amounts | Actual Amounts |
| **REVENUES:** | | | | | |
| Property taxes | $ 900,000 | $ 900,000 | $ - | $ 1,390,633 | $ 490,633 |
| Water sales | 20,963,250 | 19,284,012 | (1,679,238) | 19,610,102 | 326,090 |
| User fees | 4,680,000 | 4,680,000 | - | 4,457,249 | (222,751) |
| Connection charges, net of refunds | 450,000 | 600,000 | 150,000 | 810,760 | 210,760 |
| Project reimbursements | 535,038 | 535,038 | - | 289,812 | (245,226) |
| Investment income | 210,000 | 262,500 | 52,500 | 367,308 | 104,808 |
| Grants | 9,259,106 | 5,795,080 | (3,464,026) | 5,795,080 | - |
| Miscellaneous | 5,000 | 5,000 | - | 2,511 | (2,489) |
| **Total revenues** | 37,002,394 | 32,061,630 | (4,940,764) | 32,723,455 | 661,825 |
| **EXPENDITURES:** | | | | | |
| Personnel: | | | | | |
| Salaries | 1,515,000 | 1,584,432 | (69,432) | 1,621,147 | (36,715) |
| Employee benefits and other personnel | 818,435 | 818,435 | - | 796,672 | 21,763 |
| Services and supplies: | | | | | |
| Project expenditures | 10,682,819 | 7,371,593 | 3,311,226 | 6,704,619 | 666,974 |
| Water purchases | 20,963,250 | 19,284,012 | 1,679,238 | 19,610,102 | (326,090) |
| Operating expenditures | 569,400 | 566,250 | 3,150 | 372,475 | 193,775 |
| Professional fees | 355,900 | 363,950 | (8,050) | 303,888 | 60,062 |
| Capital outlay | 1,519,887 | 3,598,775 | (2,078,888) | 3,167,694 | 431,081 |
| **Total expenditures** | 36,424,691 | 33,587,447 | 2,837,244 | 32,576,597 | 1,010,850 |
| **NET CHANGE IN FUND BALANCE** | 577,703 | (1,525,817) | (2,103,520) | 146,858 | 1,672,675 |
| **FUND BALANCE:** | | | | | |
| Beginning of year | 9,416,497 | 9,416,497 | - | 9,416,497 | - |
| End of year | $ 9,994,200 | $ 7,890,680 | $ (2,103,520) | $ 9,563,355 | $ 1,672,675 |

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget And Actual
## Conservation Special Revenue Fund
## For the Year Ended June 30, 2026

| | Budgeted Amounts | | Variance with Original Budget - over (under) Final Budget | Actual Amounts | Variance with Final Budget - over (under) Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | | | |
| **REVENUES:** | | | | | |
| Property taxes | $ 1,050,000 | $ 1,050,000 | $ - | $ 826,758 | $ (223,242) |
| User fees | 1,560,000 | 1,560,000 | - | 1,472,997 | (87,003) |
| Connection charges, net of refunds | - | - | - | 100 | 100 |
| Permit fees | 198,000 | 248,000 | 50,000 | 274,981 | 26,981 |
| Project reimbursements | 402,000 | 402,000 | - | 163,424 | (238,576) |
| Investment income | 198,000 | 247,500 | 49,500 | 356,456 | 108,956 |
| Legal fee reimbursements | 15,000 | 15,000 | - | 7,424 | (7,576) |
| Recording fees | 65,000 | 65,000 | - | 68,718 | 3,718 |
| Miscellaneous | 5,000 | 5,000 | - | 2,256 | (2,744) |
| **Total revenues** | 3,493,000 | 3,592,500 | 99,500 | 3,173,114 | (419,386) |
| **EXPENDITURES:** | | | | | |
| Personnel: | | | | | |
| Salaries | 1,126,000 | 1,242,220 | (116,220) | 1,095,481 | 146,739 |
| Employee benefits and other personnel | 663,924 | 663,924 | - | 557,271 | 106,653 |
| Services and supplies: | | | | | |
| Project expenditures | 1,010,500 | 1,020,500 | (10,000) | 449,318 | 571,182 |
| Operating expenditures | 512,800 | 509,920 | 2,880 | 343,813 | 166,107 |
| Professional fees | 184,200 | 191,560 | (7,360) | 235,090 | (43,530) |
| Capital outlay | 25,600 | 8,000 | 17,600 | 7,502 | 498 |
| **Total expenditures** | 3,523,024 | 3,636,124 | (113,100) | 2,688,475 | 947,649 |
| **NET CHANGE IN FUND BALANCE** | (30,024) | (43,624) | (13,600) | 484,639 | 528,263 |
| **FUND BALANCE:** | | | | | |
| Beginning of year | 8,514,006 | 8,514,006 | - | 8,514,006 | - |
| End of year | $ 8,483,982 | $ 8,470,382 | $ (13,600) | $ 8,998,645 | $ 528,263 |

DRAFT 1 1.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget And Actual
## Mitigation Special Revenue Fund
## For the Year Ended June 30, 2026

| | Budgeted Amounts | | Variance with Original Budget - over (under) | Actual | Variance with Final Budget - over (under) |
|---|---|---|---|---|---|
| | Original | Final | Final Budget | Amounts | Actual Amounts |
| **REVENUES:** | | | | | |
| Property taxes | $ 1,050,000 | $ 1,050,000 | $ - | $ 826,758 | $ (223,242) |
| User fees | 1,560,000 | 1,560,000 | - | 1,537,617 | (22,383) |
| Permit fees | - | 2,000 | 2,000 | - | (2,000) |
| Project reimbursements | 87,655 | 87,655 | - | - | (87,655) |
| Investment income | 192,000 | 240,000 | 48,000 | 356,406 | 116,406 |
| Grants | 2,581,504 | 993,849 | (1,587,655) | 86,620 | (907,229) |
| Miscellaneous | 5,000 | 5,000 | - | 2,360 | (2,640) |
| **Total revenues** | 5,476,159 | 3,938,504 | (1,537,655) | 2,809,761 | (1,128,743) |
| **EXPENDITURES:** | | | | | |
| Personnel: | | | | | |
| Salaries | 1,212,000 | 1,216,148 | (4,148) | 1,191,589 | 24,559 |
| Employee benefits and other personnel | 686,030 | 686,030 | - | 653,888 | 32,142 |
| Services and supplies: | | | | | |
| Project expenditures | 3,383,524 | 1,770,024 | 1,613,500 | 360,116 | 1,409,908 |
| Operating expenditures | 539,000 | 536,030 | 2,970 | 358,054 | 177,976 |
| Professional fees | 248,100 | 255,690 | (7,590) | 264,655 | (8,965) |
| Capital outlay | 32,500 | 14,300 | 18,200 | 7,787 | 6,513 |
| **Total expenditures** | 6,101,154 | 4,478,222 | 1,622,932 | 2,836,089 | 1,642,133 |
| **NET CHANGE IN FUND BALANCE** | (624,995) | (539,718) | 85,277 | (26,328) | 513,390 |
| **FUND BALANCE:** | | | | | |
| Beginning of year | 11,065,813 | 11,065,813 | - | 11,065,813 | - |
| End of year | $ 10,440,818 | $ 10,526,095 | $ 85,277 | $ 11,039,485 | $ 513,390 |

DRAFT 11.02.2026

DRAFT 11.02.2026

***This page intentionally left blank.***

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Notes to the Budgetary Comparison Schedules
## For the Year Ended June 30, 2026

**Budget and Budgetary Accounting**

The District adopts an annual legal budget, which covers the Water Supply Fund (which acts as the District's general fund), Conservation Fund, and Mitigation Fund. Operating budgets lapse at fiscal year-end and then are re-budgeted for the coming fiscal year. The budgets are prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The level of budgetary control is at the division level.

A mid-year budget review is performed, and the budget is amended and adopted by the Board of Directors. The District must approve additional appropriations or interfund transfers not included in the amended budget resolution.

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Notes to the Budgetary Comparison Schedules (Continued)
## For the Year Ended June 30, 2026

**The following is explanation related to significant variations between original and final budget amounts and final budget amounts and actual results:**

| | Water Supply Over (under) | Conservation Over (under) | Mitigation Over (under) |
|---|---|---|---|
| **Budgetary Revenues** | | | |
| ***Differences - Original budget to final Budget*** | | | |
| Water Sales | | | |
| Mid-year budget reduced Pure Water Monterey ("PWM ") water revenue and redirected them to meet the remaining PWM operating reserve requirement. | $ (1,679,238) | $ - | $ - |
| Grants | | | |
| The final budget was lowered to reflect decreased grant revenue associated with the Urban Community Drought and State Water Resources Control Board grants, both of which were anticipated to end in fiscal year 2026 | (3,464,026) | - | - |
| The final year budget was reduced by $1.5 million due to lower anticipated revenue from the Integrated Regional Water Management (IRWM) Grant Program. | - | - | (1,587,655) |
| ***Differences - Final budget to actual*** | | | |
| Property taxes | | | |
| Property tax revenue budgeted in Fund 26 was reduced due to lower funding needs resulting from decreased expenditure requirements. | - | (223,242) | (223,242) |
| User fees | | | |
| Actual collection of user fees was less than expected and budgeted. | - | (87,003) | - |
| Project reimbursements | | | |
| The decrease reflects lower-than-anticipated revenue from reimbursable rebates and Water Distribution System ("WDS") permits. | - | (238,576) | - |
| Budgeted revenue included FEMA grant funds from prior years to support the Sleepy Hollow Retrofit Project; however, the project did not utilize those funds as anticipated. | - | - | (87,655) |
| Investment income | | | |
| Investment income exceeded budget due to higher interest rates than anticipated in fiscal year 2026 | - | 108,956 | 116,406 |
| Grants | | | |
| Actual reimbursements from the Integrated Regional Water Management (IRWM) Grant Program were lower than anticipated in the budget. | - | - | (907,229) |

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Notes to the Budgetary Comparison Schedules (Continued)
## For the Year Ended June 30, 2026

**The following is explanation related to significant variations between original and final budget amounts and final budget amounts and actual results:**

| | Water Supply Over (under) | Conservation Over (under) | Mitigation Over (under) |
|---|---|---|---|
| **Budgetary Expenditures** | | | |
| ***Differences - Original budget to final Budget*** | | | |
| Personnel: | | | |
| Salaries | | | |
| Services and supplies: | | | |
| Project expenditures | | | |
| The final budget was reduced to reflect lower projected expenditures for projects funded by the Urban Community Drought Relief Grant, State Water Resources Control Board grants, and Integrated Regional Water Management (IRWM) grants. | $ 3,311,226 | $ - | $ - |
| The final year budget was reduced due to lower anticipated expenditures for Integrated Regional Water Management (IRWM) grant-funded projects and the Mitigation Program Review. | - | - | 1,613,500 |
| Water purchases | | | |
| Mid-year budget reduced PWM water purchases and redirected them to the meet the remaining PWM operating reserve requirement. | 1,679,238 | | |
| Capital outlay | | | |
| The final (mid-year) budget was increased to reflect a higher planned purchase of Pure Water Monterey operating water and Drought Reserve water. | (2,078,888) | - | - |
| ***Differences - Final budget to actual*** | | | |
| Personnel: | | | |
| Salaries | | | |
| The budget assumed the retirement of two employees within the Division; however, only one employee retired, while the other postponed retirement to fiscal year 2027 | - | 146,739 | - |
| Employee benefits and other personnel | | | |
| Actual PERS and medical insurance costs in General Management and Operations were below budgeted levels. | - | 106,653 | - |
| Services and supplies: | | | |
| Project expenditures | | | |
| Actual expenditures were lower than budget primarily due to reduced spending on the Aquifer Storage and Recovery (ASR) project and other water supply projects, resulting from project timing and lower-than-anticipated project activity during the year. | 666,974 | - | - |
| Expenditures were lower than budgeted due to reduced spending on Measure J litigation, rebate programs, Water Distribution System (WDS) permits, and outreach activities. | - | 571,182 | - |
| Expenditures were lower than budgeted due to reduced spending on Integrated Regional Water Management (IRWM) grant-funded projects, Measure J activities, and the Sleepy Hollow Retrofit Project. | - | - | 1,409,908 |
| Operating expenditures | | | |
| Expenditures were lower than budgeted due to reduced spending on rebate programs, conservation devices, and Measure J-related litigation. | - | 166,107 | - |
| Expenditures were lower than budgeted due to reduced spending on insurance, maintenance, banking fees, rent, Board expenses, equipment lease and maintenance, and other miscellaneous operating costs. | - | - | 177,976 |

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Schedule of Changes in the Total OPEB Liability and Related Ratios
## For the Year Ended June 30, 2026

| Measurement period | 2026 | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| **Total OPEB liability** | | | | |
| Service cost | $ 89,653 | $ 87,211 | $ 114,046 | $ 116,685 |
| Interest | 227,564 | 207,317 | 193,515 | 188,280 |
| Actual and expected experience difference | (240,262) | (45,911) | 205,368 | (120,643) |
| Changes of assumptions | 160,622 | (462,497) | (97,373) | (106,465) |
| Benefit payments | (185,587) | (162,285) | (144,551) | (142,235) |
| Implicit subsidy credit | - | (12,576) | (40,552) | - |
| **Net change in total OPEB liability** | 51,990 | (388,741) | 230,453 | (64,378) |
| **Total OPEB liability - beginning** | 4,833,572 | 5,222,313 | 4,991,860 | 5,056,238 |
| **Total OPEB liability - ending (a)** | $ 4,885,562 | $ 4,833,572 | $ 5,222,313 | $ 4,991,860 |
| **Covered employee payroll** | $ 3,925,770 | $ 3,448,954 | $ 2,556,431 | $ 2,666,653 |
| **Total OPEB liability as a percentage of covered-employee payroll** | 124.45% | 140.15% | 204.28% | 187.20% |

**Notes to schedule:**

The District adopted GASB 75 for the fiscal year ending June 30, 2018. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

No assets have been accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Schedule of Changes in the Total OPEB Liability and Related Ratios (Continued)
## For the Year Ended June 30, 2026

| Measurement period | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | |
| Service cost | $ 131,401 | $ 109,547 | $ 148,363 | $ 131,173 | $ 127,662 |
| Interest | 88,212 | 101,994 | 144,980 | 155,268 | 140,378 |
| Actual and expected experience difference | (120,671) | (5,585) | (411,131) | - | - |
| Changes of assumptions | 565,999 | 337,730 | (190,471) | 249,320 | - |
| Benefit payments | (142,655) | (126,446) | (117,237) | (98,542) | (92,380) |
| Implicit subsidy credit | - | - | - | - | - |
| **Net change in total OPEB liability** | 522,286 | 417,240 | (425,496) | 437,219 | 175,660 |
| **Total OPEB liability - beginning** | 4,533,952 | 4,116,712 | 4,542,208 | 4,104,989 | 3,929,329 |
| **Total OPEB liability - ending (a)** | $ 5,056,238 | $ 4,533,952 | $ 4,116,712 | $ 4,542,208 | $ 4,104,989 |
| **Covered employee payroll** | $ 2,609,421 | $ 2,574,004 | $ 2,577,148 | $ 2,508,173 | $ 2,441,044 |
| **Total OPEB liability as a percentage of covered-employee payroll** | 193.77% | 176.14% | 159.74% | 181.10% | 168.17% |

**Notes to schedule:**

The District adopted GASB 75 for the fiscal year ending June 30, 2018. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

No assets have been accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Schedule of Proportionate Share of the Net Pension Liability
## For the Year Ended June 30, 2026
## Last Ten Years

| Measurement Period | Proportionate of the Net Pension Liability | Proportionate of the Net Pension Liability | Covered Payroll | Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | Plan's Fiduciary Net Position | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|---|
| 2016 | 0.12945% | $ 4,496,774 | $ 2,419,068 | 185.89% | $ 10,923,476,287 | 75.87% |
| 2017 | 0.13198% | 5,202,822 | 2,407,013 | 216.15% | 12,074,499,781 | 75.39% |
| 2018 | 0.13571% | 5,114,656 | 2,531,145 | 202.07% | 13,122,440,092 | 77.69% |
| 2019 | 0.13886% | 5,560,550 | 2,735,113 | 203.30% | 13,979,687,268 | 77.73% |
| 2020 | 0.14260% | 6,015,062 | 2,625,596 | 229.09% | 14,702,361,183 | 77.71% |
| 2021 | 0.18603% | 3,532,356 | 2,586,027 | 136.59% | 18,065,791,524 | 90.49% |
| 2022 | 0.15149% | 7,088,608 | 2,707,728 | 261.79% | 16,770,671,339 | 78.19% |
| 2023 | 0.15182% | 7,591,672 | 2,845,112 | 266.83% | 17,692,895,076 | 77.97% |
| 2024 | 0.15583% | 7,536,683 | 2,799,531 | 269.21% | 19,241,277,838 | 79.91% |
| 2025 | 0.16787% | 6,696,604 | 3,484,705 | 192.17% | 21,492,366,084 | 84.34% |

**Notes to Schedule:**

**Benefit Changes**

For 2016, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in Assumptions**

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2018, demographic assumptions and the inflation rate were changed in accordance with CalPERS Experience Study and review of Actuarial Assumptions December 2017.

In 2022, the discount rate was changed from 7.15 percent to 6.9 percent.

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Required Supplementary Information
## Schedules of Contributions - Pension
## For the Year Ended June 30, 2026

| Fiscal Year | Contractually Required Contributions (Actuarially Determined) | Contributions in Relation to the Actuarially Determined Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|
| 2017 | $ 361,981 | $ 361,981 | $ - | $ 2,407,013 | 15.04% |
| 2018 | 386,341 | 386,341 | - | 2,531,145 | 15.26% |
| 2019 | 458,759 | 458,759 | - | 2,735,113 | 16.77% |
| 2020 | 516,231 | 516,231 | - | 2,625,596 | 19.66% |
| 2021 | 583,756 | 583,756 | - | 2,586,027 | 22.57% |
| 2022 | 656,243 | 656,243 | - | 2,707,728 | 24.24% |
| 2023 | 738,908 | 738,908 | - | 2,845,112 | 25.97% |
| 2024 | 750,603 | 750,603 | - | 2,799,531 | 26.81% |
| 2025 | 893,900 | 893,900 | - | 3,484,705 | 25.65% |
| 2026 | 1,027,904 | 1,027,904 | - | 4,442,999 | 23.14% |

The actuarial methods and assumptions used to set the actuarially determined contributions for each fiscal year are as follows:

| | | |
|---|---|---|
| FYE 2016–2017 | June 30, 2014 | Funding valuation report |
| FYE 2017–2018 | June 30, 2015 | Funding valuation report |
| FYE 2018–2019 | June 30, 2016 | Funding valuation report |
| FYE 2019–2020 | June 30, 2017 | Funding valuation report |
| FYE 2020–2021 | June 30, 2018 | Funding valuation report |
| FYE 2021–2022 | June 30, 2019 | Funding valuation report |
| FYE 2022–2023 | June 30, 2020 | Funding valuation report |
| FYE 2023–2024 | June 30, 2021 | Funding valuation report |
| FYE 2024–2025 | June 30, 2022 | Funding valuation report |
| FYE 2025–2026 | June 30, 2023 | Funding valuation report |

| | |
|---|---|
| Actuarial Cost Method | Individual entry age normal |
| Amortization Method/Period | Level percentage of payroll and direct rate smoothing |
| Asset Valuation Method | Fair value of assets |
| Inflation | 2.30% |
| Salary Increases | Varies, based on entry age and service |
| Payroll Growth | 2.75% |
| Investment Rate of Return | 6.90% |
| Retirement Age | The probabilities of retirement are based on results of an actuarial experience study for the period from 2000 to 2019. |
| Mortality | The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website. |

DRAFT 11.02.2026

*This page intentionally left blank.*

DRAFT 11.02.2026

DRAFT 11.02.2026

**STATISTICIAL SECTION**

***This page intentionally left blank.***

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Statistical Section


| | Page |
|---|---|
| Net Position by Component – Last Ten Fiscal Years | 85 |
| Changes in Net Position – Last Ten Fiscal Years | 86 |
| Fund Balances of Governmental Funds – Last Ten Fiscal Years | 88 |
| Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years | 90 |
| Major Revenue Sources – Last Ten Fiscal Years | 91 |
| Ratio Of Outstanding Debt By Type – Last Ten Fiscal Years | 92 |
| Debt Service Coverage – Last Ten Fiscal Years | 93 |
| Assessed Value and Actual Value of Taxable Property - Monterey County | 94 |
| Principal Property Taxpaters - Monterey County | 95 |
| Demographic and Economic Statistics - Monterey County | 96 |
| Principal Employment by Industry - Monterey County | 97 |
| Full-Time Equivalent Employees by Department | 98 |
| Water Consumption by Type (in Acre-Feet) | 99 |
| Connections by Type | 100 |


DRAFT 11.02.2026

*This page intentionally left blank.*

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Net Position by Component
## Last Ten Fiscal Years
## (accrual basis of accounting)

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | | | | | |
| Net investment in capital assets | $ 21,635,154 | $ 19,186,894 | $ 19,069,081 | $ 18,378,993 | $ 13,621,629 | $ 12,777,097 | $ 9,874,997 | $ 5,391,484 | $ 3,360,667 | $ 3,279,341 |
| Restricted for debt service | - | - | - | - | 222,743 | 222,654 | 222,524 | 222,098 | 221,656 | 221,214 |
| Unrestricted (deficit) | 17,529,527 | 17,310,944 | 17,912,602 | 11,242,765 | 9,312,783 | 8,073,357 | 7,086,920 | 6,650,005 | 3,659,946 | (2,942,603) |
| Total governmental activities net position | 39,164,681 | 36,497,838 | 36,981,683 | 29,621,758 | 23,157,155 | 21,073,108 | 17,184,441 | 12,263,587 | 7,242,269 | 557,952 |
| **Business-type activities** | | | | | | | | | | |
| Net investment in capital assets | 33,351,056 | 34,615,341 | 35,352,530 | 36,900,334 | 34,553,753 | 33,998,217 | 33,122,073 | 30,591,335 | 28,603,598 | 27,566,748 |
| Restricted for debt service | - | - | - | - | 1,175 | 1,176 | 1,176 | 1,164 | 1,144 | 1,136 |
| Restricted for capital replacement | - | - | - | - | - | - | - | - | - | 1,121,549 |
| Unrestricted (deficit) | 4,126,516 | 3,543,989 | 3,024,451 | 1,865,135 | 2,297,199 | 465,377 | (1,182,948) | (1,221,936) | (919,550) | (3,165,974) |
| Total business-type activities net position | 37,477,572 | 38,159,330 | 38,376,981 | 38,765,469 | 36,852,127 | 34,464,770 | 31,940,301 | 29,370,563 | 27,685,192 | 25,523,459 |
| **Primary government** | | | | | | | | | | |
| Net investment in capital assets | 54,986,210 | 53,802,235 | 54,421,611 | 55,279,327 | 48,175,382 | 46,775,314 | 42,997,070 | 35,982,819 | 31,964,265 | 30,846,089 |
| Restricted for debt service | - | - | - | - | 223,918 | 223,830 | 223,700 | 223,262 | 222,800 | 222,350 |
| Restricted for capital replacement | - | - | - | - | - | - | - | - | - | 1,121,549 |
| Unrestricted (deficit) | 21,656,043 | 20,854,933 | 20,937,053 | 13,107,900 | 11,609,982 | 8,538,734 | 5,903,972 | 5,428,069 | 2,740,396 | (6,108,577) |
| Total primary government net position | $ 76,642,253 | $ 74,657,168 | $ 75,358,664 | $ 68,387,227 | $ 60,009,282 | $ 55,537,878 | $ 49,124,742 | $ 41,634,150 | $ 34,927,461 | $ 26,081,411 |

DRAFT 11.02.2026

Notes:

Accounting standards require that net assets be reported in three components in the financial statements: Net investment in capital assets; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants) , grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

# Monterey Peninsula Water Management District
## Changes in Net Position
## Last Ten Fiscal Years
## (accrual basis of accounting)

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses (by function) Governmental activities:** | | | | | | | | | | |
| Water supply | $29,981,999 | $29,927,546 | $21,423,221 | $16,574,115 | $16,122,277 | $10,480,766 | $ 4,008,834 | $ 3,681,507 | $ 3,878,083 | $ 5,321,950 |
| Conservation | 2,869,286 | 2,718,508 | 2,333,306 | 1,938,053 | 1,982,677 | 1,952,205 | 1,961,978 | 2,022,792 | 2,101,343 | 1,881,138 |
| Mitigation | 3,183,095 | 3,055,714 | 3,005,536 | 2,916,434 | 3,396,714 | 2,923,021 | 3,160,250 | 3,374,595 | 2,584,965 | 2,343,392 |
| Interest | - | - | - | 134,558 | 52,215 | 122,731 | 125,979 | 128,961 | 132,183 | 137,086 |
| Total Governmental Activities expenses | 36,034,380 | 35,701,768 | 26,762,063 | 21,563,160 | 21,553,883 | 15,478,723 | 9,257,041 | 9,207,855 | 8,696,574 | 9,683,566 |
| **Business-type activities** | | | | | | | | | | |
| Reclamation Project | 5,527,855 | 5,323,063 | 4,761,119 | 4,916,246 | 4,819,616 | 4,316,525 | 4,527,473 | 4,656,895 | 4,161,333 | 4,024,568 |
| Total business-type activities expenses | 5,527,855 | 5,323,063 | 4,761,119 | 4,916,246 | 4,819,616 | 4,316,525 | 4,527,473 | 4,656,895 | 4,161,333 | 4,024,568 |
| Total Primary Government Expenses | 41,562,235 | 41,024,831 | 31,523,182 | 26,479,406 | 26,373,499 | 19,795,248 | 13,784,514 | 13,864,750 | 12,857,907 | 13,708,134 |
| **Program Revenues (by function)** | | | | | | | | | | |
| **Governmental activities:** | | | | | | | | | | |
| Charges for service: | | | | | | | | | | |
| Water supply | 25,162,815 | 20,125,243 | 19,467,108 | 18,923,523 | 15,148,901 | 11,258,871 | 5,950,297 | 5,319,088 | 10,377,339 | 4,543,983 |
| Conservation | 1,987,645 | 1,910,847 | 2,338,357 | 2,018,272 | 1,993,563 | 1,902,308 | 1,899,280 | 1,790,416 | 2,136,505 | 996,234 |
| Mitigation | 1,537,617 | 1,864,087 | 4,423,800 | 3,833,265 | 3,729,830 | 3,660,046 | 3,380,722 | 2,977,719 | 3,013,010 | 3,052,020 |
| Operating grants and contributions | 5,881,700 | 7,297,810 | 4,046,848 | 458,949 | 469,183 | 82,253 | 286,651 | 1,726,815 | 155,021 | 89,276 |
| Total governmental activities program revenues | 34,569,777 | 31,197,987 | 30,276,113 | 25,234,009 | 21,341,477 | 16,903,478 | 11,516,950 | 11,814,038 | 15,681,875 | 8,681,513 |
| **Business-type activities:** | | | | | | | | | | |
| Charges for services - Water sales | 4,783,831 | 5,039,241 | 4,337,330 | 6,829,372 | 7,220,935 | 6,838,738 | 7,063,288 | 6,299,411 | 6,328,302 | 5,661,358 |
| Total business-type activities revenue | 4,783,831 | 5,039,241 | 4,337,330 | 6,829,372 | 7,220,935 | 6,838,738 | 7,063,288 | 6,299,411 | 6,328,302 | 5,661,358 |
| Total Primary Government Program Revenues | 39,353,608 | 36,237,228 | 34,613,443 | 32,063,381 | 28,562,412 | 23,742,216 | 18,580,238 | 18,113,449 | 22,010,177 | 14,342,871 |
| **Net (Expenses)/Revenue** | | | | | | | | | | |
| Governmental activities | (1,464,603) | (4,503,781) | 3,514,050 | 3,670,849 | (212,406) | 1,424,755 | 2,259,909 | 2,606,183 | 6,985,301 | (1,002,053) |
| Business-type activities | (744,024) | (283,822) | (423,789) | 1,913,126 | 2,401,319 | 2,522,213 | 2,535,815 | 1,642,516 | 2,166,969 | 1,636,790 |
| Total Primary Net (Expenses)/Revenue | $ (2,208,627) | $ (4,787,603) | $ 3,090,261 | $ 5,583,975 | $ 2,188,913 | $ 3,946,968 | $ 4,795,724 | $ 4,248,699 | $ 9,152,270 | $ 634,737 |

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Changes in Net Position (Continued)
## Last Ten Fiscal Years
## (accrual basis of accounting)

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| **Governmental activities:** | | | | | | | | | | |
| Taxes | $ 3,044,149 | $ 2,910,734 | $ 2,835,328 | $ 2,584,391 | $ 2,409,232 | $ 2,316,662 | $ 2,219,260 | $ 2,075,081 | $ 1,872,468 | $ 1,811,861 |
| Investment earnings | 1,080,171 | 1,172,124 | 928,033 | 162,465 | (193,430) | 91,392 | 398,262 | 327,035 | 61,336 | 35,837 |
| Miscellaneous | 7,126 | 8,458 | 82,514 | 46,898 | 80,651 | 55,858 | 43,423 | 13,019 | 44,766 | 22,955 |
| Total governmental activities | 4,131,446 | 4,091,316 | 3,845,875 | 2,793,754 | 2,296,453 | 2,463,912 | 2,660,945 | 2,415,135 | 1,978,570 | 1,870,653 |
| **Business-type activities** | | | | | | | | | | |
| Investment earnings | 60,413 | 60,736 | 35,301 | 216 | (13,962) | 2,256 | 33,923 | 42,855 | (5,236) | 3,326 |
| Miscellaneous | 1,853 | 5,435 | - | - | - | - | - | - | - | - |
| Total business-type activities | 62,266 | 66,171 | 35,301 | 216 | (13,962) | 2,256 | 33,923 | 42,855 | (5,236) | 3,326 |
| Total Primary Government | 4,193,712 | 4,157,487 | 3,881,176 | 2,793,970 | 2,282,491 | 2,466,168 | 2,694,868 | 2,457,990 | 1,973,334 | 1,873,979 |
| **Change in Net Position** | | | | | | | | | | |
| Governmental activities | 2,666,843 | (412,465) | 7,359,925 | 6,464,603 | 2,084,047 | 3,888,667 | 4,920,854 | 5,021,318 | 8,963,871 | 868,600 |
| Business-type activities | (681,758) | (217,651) | (388,488) | 1,913,342 | 2,387,357 | 2,524,469 | 2,569,738 | 1,685,371 | 2,161,733 | 1,640,116 |
| Total Primary Government | 1,985,085 | (630,116) | 6,971,437 | 8,377,945 | 4,471,404 | 6,413,136 | 7,490,592 | 6,706,689 | 11,125,604 | 2,508,716 |
| Net position - beginning of year | 74,657,168 | 75,287,284 | 68,387,227 | 60,009,282 | 55,537,878 | 49,124,742 | 41,634,150 | 34,927,461 | 23,801,857 | 23,572,695 |
| Net position - end of year | $76,642,253 | $74,657,168 | $75,358,664 | $68,387,227 | $60,009,282 | $55,537,878 | $49,124,742 | $41,634,150 | $34,927,461 | $26,081,411 |

DRAFT 11.02.2026

Notes:

Net position - beginning of the year for the fiscal year ended June 30, 2016 has been restated for implementation of GASB 82.

Net position - beginning of the year for the fiscal year ended June 30, 2018 has been restated for implementation of GASB 75.

Net position - beginning of the year for the fiscal year ended June 30, 2025 has been restated for implementation of GASB 101.

# Monterey Peninsula Water Management District
## Fund Balances of Governmental Funds
## Last Ten Fiscal Years
## (modified accrual basis of accounting)

| | 2026 | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| **Water Supply Fund*** | | | | | |
| Restricted | $ - | $ - | $ - | $ - | $ 222,743 |
| Committed | - | - | 617,648 | 903,478 | 859,728 |
| Assigned: | | | | | |
| Insurance/ litigation | 171,354 | 171,354 | 171,354 | 171,354 | 171,354 |
| Asset replacement | 766,016 | 640,016 | 527,016 | 314,666 | 105,516 |
| Flood/drought emergencies | - | - | - | - | - |
| Pension/OPEB | 552,000 | 480,000 | 408,000 | 336,000 | 264,000 |
| Compensated absences | 79,257 | - | - | - | - |
| Capital reserve | 433,129 | - | - | - | - |
| Debt service | - | - | - | - | 500,000 |
| Water Supply Reserve | - | 3,363,928 | 3,213,888 | - | - |
| Project expenditures | 7,561,599 | 4,761,199 | 2,719,348 | 5,196,451 | 6,897,777 |
| Unassigned (deficit) | - | - | - | - | - |
| Total Water Supply Fund Balances | $ 9,563,355 | $ 9,416,497 | $ 7,657,254 | $ 6,921,949 | $ 9,021,118 |
| **All Other Governmental Funds:** | | | | | |
| Restricted | $ - | $ - | $ - | $ - | $ - |
| Committed | - | - | 35,340 | 316,333 | 245,012 |
| Assigned: | | | | | |
| Insurance/ litigation | 78,646 | 78,646 | 78,646 | 78,646 | 78,646 |
| Asset replacement | 1,498,084 | 1,298,084 | 1,098,084 | 980,134 | 977,784 |
| Flood/drought emergencies | 500,000 | 500,000 | 500,000 | 328,944 | 328,944 |
| Pension/OPEB | 1,048,000 | 920,000 | 792,000 | 664,000 | 536,000 |
| Compensated absences | 147,192 | - | - | - | - |
| Capital Reserve | 804,383 | - | - | - | - |
| Debt service | - | - | - | - | - |
| Water Supply Reserve | - | - | - | - | - |
| Project expenditures | 15,961,825 | 16,783,089 | 15,939,249 | 12,393,944 | 10,196,870 |
| Unassigned (deficit) | - | - | - | - | - |
| Total All Other Governmental Fund Balances | $ 20,038,130 | $ 19,579,819 | $ 18,443,319 | $ 14,762,001 | $ 12,363,256 |

DRAFT 11.02.2026

* The Water Supply fund acts as the District's general fund.

# Monterey Peninsula Water Management District
## Fund Balances of Governmental Funds (Continued)
## Last Ten Fiscal Years
## (modified accrual basis of accounting)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Water Supply Fund*** | | | | | |
| Restricted | $ 222,654 | $ 222,524 | $ 222,098 | $ 221,656 | $ 221,214 |
| Committed | 3,427,017 | 2,812,819 | 541,223 | 669,260 | 833,920 |
| Assigned: | | | | | |
| Insurance/ litigation | 171,354 | 171,354 | 171,354 | 171,354 | - |
| Asset replacement | 87,216 | 72,766 | 61,666 | 25,966 | - |
| Flood/drought emergencies | - | - | - | - | - |
| Pension/OPEB | 196,000 | 130,000 | 64,000 | - | - |
| Compensated absences | - | - | - | - | - |
| Capital Reserve | - | - | - | - | - |
| Debt service | 500,000 | - | - | - | - |
| Water Supply Reserve | - | - | - | - | - |
| Project expenditures | 3,865,441 | 5,097,130 | 7,524,615 | 6,245,339 | - |
| Unassigned (deficit) | - | - | - | - | 142,687 |
| Total Water Supply Fund Balances | $ 8,469,682 | $ 8,506,593 | $ 8,584,956 | $ 7,333,575 | $ 1,197,821 |
| **All Other Governmental Funds:** | | | | | |
| Restricted | $ - | $ - | $ - | $ - | $ - |
| Committed | 478,743 | 668,440 | 821,194 | 270,526 | - |
| Assigned: | | | | | |
| Insurance/ litigation | 78,646 | 78,646 | 78,646 | 78,646 | 78,646 |
| Asset replacement | 751,784 | 508,734 | 470,334 | 306,034 | 140,334 |
| Flood/drought emergencies | 328,944 | 328,944 | 328,944 | 328,944 | 328,944 |
| Pension/OPEB | 404,000 | 270,000 | 136,000 | - | - |
| Compensated absences | - | - | - | - | - |
| Capital Reserve | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Water Supply Reserve | - | - | - | - | - |
| Project expenditures | 9,098,994 | 7,730,552 | 6,595,265 | 5,794,340 | 3,396,036 |
| Unassigned (deficit) | - | - | - | - | - |
| Total All Other Governmental Fund Balances | $ 11,141,111 | $ 9,585,316 | $ 8,430,383 | $ 6,778,490 | $ 3,943,960 |

* The Water Supply fund acts as the District's general fund.

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Changes in Funds Balances of Governmental Funds
## Last Ten Fiscal Years
## (modified accrual basis of accounting)

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Property taxes | $ 3,044,149 | $ 2,910,734 | $ 2,818,416 | $ 2,578,806 | $ 2,403,905 | $ 2,317,001 | $ 2,215,716 | $ 2,059,154 | $ 1,924,320 | $ 1,817,206 |
| Water supply charge | - | - | 3,363,928 | 3,394,345 | 3,393,516 | 3,422,117 | 3,355,193 | 3,410,398 | 3,405,008 | 3,391,354 |
| Water sales | 19,610,102 | 14,619,500 | 13,275,500 | 12,201,000 | 9,828,000 | 5,908,182 | - | - | - | - |
| User fees | 7,467,863 | 7,661,639 | 6,962,359 | 6,361,569 | 6,029,950 | 5,908,495 | 5,535,384 | 4,862,354 | 5,158,825 | 1,156,364 |
| Connection charges, net of refunds | 810,860 | 491,694 | 1,372,615 | 409,101 | 503,980 | 474,040 | 575,511 | 591,240 | 522,167 | 370,255 |
| Permit fees | 274,981 | 203,865 | 234,408 | 211,649 | 235,890 | 194,822 | 191,902 | 251,850 | 317,312 | 243,787 |
| Project reimbursements | 453,236 | 1,088,503 | 893,900 | 2,198,123 | 878,659 | 925,015 | 1,562,927 | 973,715 | 6,065,203 | 1,390,565 |
| Investment income | 1,080,170 | 1,172,124 | 928,033 | 162,465 | (193,430) | 91,392 | 398,262 | 327,035 | 61,336 | 35,837 |
| Legal fee reimbursements | 7,424 | 16,498 | 14,520 | 4,800 | 4,650 | 2,356 | 1,800 | 3,600 | 5,370 | 2,914 |
| Recording fees | 68,718 | 57,210 | 58,520 | 27,291 | 55,990 | 43,435 | 35,040 | 7,530 | 17,887 | 12,039 |
| Mitigation revenue | - | - | - | - | - | - | - | - | - | 2,039,912 |
| Grants | 5,881,700 | 9,774,109 | 1,570,549 | 458,949 | 469,183 | 82,253 | 286,651 | 1,726,815 | 155,021 | 89,276 |
| Miscellaneous | 7,127 | 8,458 | 9,474 | 14,807 | 20,011 | 10,067 | 6,583 | 1,889 | 21,509 | 8,002 |
| Total revenues | 38,706,330 | 38,004,334 | 31,502,222 | 28,022,905 | 23,630,304 | 19,379,175 | 14,164,969 | 14,215,580 | 17,653,958 | 10,557,511 |
| **Expenditures:** | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Water supply | 29,408,903 | 29,235,446 | 22,077,271 | 18,688,163 | 15,965,592 | 13,222,603 | 7,927,006 | 4,279,219 | 3,647,937 | 5,114,480 |
| Conservation | 2,680,973 | 2,423,547 | 2,140,093 | 2,049,380 | 1,752,007 | 1,750,280 | 1,727,395 | 1,839,560 | 1,881,374 | 1,733,055 |
| Mitigation | 2,828,302 | 2,626,697 | 2,794,794 | 3,782,991 | 3,378,185 | 2,632,291 | 3,169,851 | 4,549,120 | 2,277,747 | 2,149,332 |
| Capital outlay | 3,182,983 | 822,901 | 73,441 | 348,311 | 151,371 | 35,981 | 45,011 | 425,271 | 372,106 | 114,821 |
| Debt Service: | | | | | | | | | | |
| Principal | - | - | - | 2,719,926 | 557,353 | 96,405 | 93,157 | 90,175 | 86,953 | 83,881 |
| Interest and other charges | - | - | - | 134,558 | 52,215 | 122,731 | 125,979 | 128,961 | 132,183 | 137,086 |
| Total expenditures | 38,101,161 | 35,108,591 | 27,085,599 | 27,723,329 | 21,856,723 | 17,860,291 | 13,088,399 | 11,312,306 | 8,398,300 | 9,332,655 |
| **Excess (deficiency) of revenues over (under) expenditures** | 605,169 | 2,895,743 | 4,416,623 | 299,576 | 1,773,581 | 1,518,884 | 1,076,570 | 2,903,274 | 9,255,658 | 1,224,856 |
| **Other Financing Sources (Uses):** | | | | | | | | | | |
| Transfers in | - | - | 1,054,540 | 2,057,484 | 345,222 | 226,047 | 270,102 | 1,900,758 | 1,924,320 | 1,137,571 |
| Transfers out | - | - | (1,054,540) | (2,057,484) | (345,222) | (226,047) | (270,102) | (1,900,758) | (1,924,320) | (1,137,571) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Net change in fund balances | 605,169 | 2,895,743 | 4,416,623 | 299,576 | 1,773,581 | 1,518,884 | 1,076,570 | 2,903,274 | 9,255,658 | 1,224,856 |
| Fund balances - beginning of year | 28,996,316 | 26,100,573 | 21,683,950 | 21,384,374 | 19,610,793 | 18,091,909 | 17,015,339 | 14,112,065 | 4,856,407 | 3,631,551 |
| Fund balances - end of year | $ 29,601,485 | $ 28,996,316 | $ 26,100,573 | $ 21,683,950 | $ 21,384,374 | $ 19,610,793 | $ 18,091,909 | $ 17,015,339 | $ 14,112,065 | $ 4,856,407 |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% | 11.74% | 2.93% | 1.51% | 2.67% | 2.59% | 2.79% | 2.42% |

DRAFT #1 02.2026

# Monterey Peninsula Water Management District
## Major Revenue Sources
## Last Ten Fiscal Years
## (modified accrual basis of accounting)

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | | | | | |
| Property taxes | $ 3,044,149 | $ 2,910,734 | $ 2,835,328 | $ 2,584,391 | $ 2,409,232 | $ 2,316,662 | $ 2,219,260 | $ 2,075,081 | $ 1,872,468 | $ 1,811,861 |
| Water supply charge | - | - | 3,362,507 | 3,393,618 | 3,395,815 | 3,410,671 | 3,364,575 | 3,408,064 | 3,463,347 | 3,391,354 |
| Water sales | 19,610,102 | 14,619,500 | 13,275,500 | 12,201,000 | 9,828,000 | 5,908,182 | - | - | - | - |
| User fees | 7,467,863 | 7,661,639 | 6,962,359 | 6,361,569 | 6,029,950 | 5,908,495 | 5,535,384 | 4,862,354 | 5,158,825 | 1,156,364 |
| Mitigation revenue | - | - | - | - | - | - | - | - | - | 2,039,912 |
| Grant revenue | 5,881,700 | * 9,774,109 | 1,570,549 | 458,949 | 469,183 | 82,253 | 286,651 | 1,726,815 | 155,021 | 89,276 |
| **Business-type activities** | | | | | | | | | | |
| Water sales | 3,823,685 | 3,297,991 | 4,337,330 | 6,829,372 | 7,220,935 | 6,838,738 | 7,063,288 | 6,299,411 | 6,328,302 | 5,661,358 |

Source: Monterey Peninsula Water Management District, Audited Financial Statements

* Grant revenues in FY 2024-25 were higher than prior fiscal year due to higher reimbursable revenues from the Urban Community Drought (UCD) Grant and the State Water Resources Control Grant for the Pure Water Expansion Project, as well as deferred UCD grant revenues of $2.8 million from FY 2023-24 to FY 2024-25 that were not received within the revenue recognition period of 60 days in FY 2023-24. The revenue recognition period for FY2024-25 has been increased to 90 days to allow recognition of grant revenues received in the following fiscal year.

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Ratio Of Outstanding Debt By Type
## Last Ten Fiscal Years
## (accrual basis of accounting)

| Fiscal Year | Installment Purchase Agreement | Due to Pebble Beach Company | Certificates of Participation | Total | Personal Income (1) | As a Percentage of Personal Income |
|---|---|---|---|---|---|---|
| 2026 | - | - | - | - | ** | ** |
| 2025 | - | - | - | - | ** | ** |
| 2024 | - | - | - | - | ** | ** |
| 2023 | - | - | - | - | ** | ** |
| 2022 | 2,719,926 | 552,000 | 2,600,000 | 5,871,926 | 28,189,179 | 21% |
| 2021 | 3,277,279 | 1,104,000 | 5,100,000 | 9,481,279 | 27,747,802 | 34% |
| 2020 | 3,373,684 | 1,656,000 | 7,500,000 | 12,529,684 | 26,504,847 | 47% |
| 2019 | 3,466,841 | 2,208,000 | 9,800,000 | 15,474,841 | 25,973,189 | 60% |
| 2018 | 3,357,016 | 2,760,000 | 11,900,000 | 18,017,016 | 24,477,179 | 74% |
| 2017 | 3,643,969 | 3,312,000 | 13,900,000 | 20,855,969 | 23,819,797 | 88% |

(1) Monterey County ACFR Report (Fiscal Year Ended June 30, 2025)
** Data not available for 2023-2026

Source: Monterey Peninsula Water Management District, Audited Financial Statements

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Debt Service Coverage
## Last Ten Fiscal Years
## (accrual basis of accounting)

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Governmental activities:** | | | | | | | | | | |
| Debt service coverage | | | | | | | | | | |
| Water supply charges | $ - | $ - | $ 3,363,928 | $ 3,394,345 | $ 3,393,516 | $ 3,422,117 | $ 3,355,193 | $ 3,410,398 | $ 3,405,008 | $ 3,391,354 |
| Operating expenses (1) | (3,094,182) | (2,986,905) | (3,001,651) | (2,675,636) | (2,561,538) | (2,032,142) | (1,955,508) | (2,005,667) | (1,855,440) | (1,525,501) |
| Reserve funds available | - | - | 1,106,370 | 822,020 | 1,263,613 | 1,177,224 | 596,644 | 519,118 | 418,976 | 396,234 |
| Net available revenues | (3,094,182) | (2,986,905) | 1,468,647 | 1,540,729 | 2,095,591 | 2,567,199 | 1,996,329 | 1,923,849 | 1,968,544 | 2,262,087 |
| Debt Service: | | | | | | | | | | |
| Principal | - | - | - | 2,719,926 | 557,353 | 96,405 | 93,157 | 90,175 | 86,953 | 83,881 |
| Interest | - | - | - | 134,558 | 52,215 | 122,731 | 125,979 | 128,961 | 132,183 | 137,086 |
| | - | - | - | 2,854,484 | 609,568 | 219,136 | 219,136 | 219,136 | 219,136 | 220,967 |
| Debt service coverage ratio (5) | N/A | N/A | N/A | N/A | 3.44 | 11.72 | 9.11 | 8.78 | 8.98 | 10.24 |
| Minimum coverage ratio (4) | N/A | N/A | N/A | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| **Business-type activities** | | | | | | | | | | |
| Debt service coverage | | | | | | | | | | |
| Gross revenues (2) | 4,783,831 | 5,039,241 | - | 6,829,588 | 7,220,935 | 6,840,994 | 7,097,211 | 6,342,266 | 6,324,764 | 5,664,684 |
| Operating expenses (3) | (3,712,381) | (3,520,362) | - | (3,046,769) | (2,972,796) | (2,356,918) | (2,504,551) | (2,584,234) | (2,041,565) | (2,053,626) |
| Net available revenues | 1,071,450 | 1,518,879 | - | 3,782,819 | 4,248,139 | 4,484,076 | 4,592,660 | 3,758,032 | 4,283,199 | 3,611,058 |
| Total Primary Government | (2,022,732) | (1,468,026) | 1,468,647 | 5,323,548 | 6,343,730 | 7,051,275 | 6,588,989 | 5,681,881 | 6,251,743 | 5,873,145 |
| Debt Service: | | | | | | | | | | |
| Principal: | | | | | | | | | | |
| PBC0. | - | - | - | 552,000 | 552,000 | 552,000 | 552,000 | 552,000 | 552,000 | 552,000 |
| COPs | - | - | - | 2,600,000 | 2,500,000 | 2,400,000 | 2,530,000 | 2,100,000 | 2,000,000 | 1,900,000 |
| Interest | - | - | 1,518 | 90,694 | 55,971 | 70,501 | 167,891 | 192,875 | 185,876 | 141,828 |
| | - | - | 1,518 | 3,242,694 | 3,107,971 | 3,022,501 | 3,249,891 | 2,844,875 | 2,737,876 | 2,593,828 |
| Debt service coverage ratio (5) | N/A | N/A | N/A | N/A | 1.37 | 1.48 | 1.41 | 1.32 | 1.56 | 1.39 |
| Minimum coverage ratio (4) | N/A | N/A | N/A | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |

DRAFT 11.02.2026

* The service coverage ratio only applies to the Water Supply Fund. The amounts included in the calculation relate only to that fund.

(1) Operating expenses exclude depreciation, interest expense, capital outlay and project expenditures except for ASR operating expenses.

(2) Gross revenues includes operating revenue, other non- operating revenue, and investment earnings.

(3) Operating expenses exclude depreciation and amortization.

(4) Minimum coverage ratio requirement per debt covenants.

(5) Debt service coverage ratio requirement is not applicable to fiscal years ended June 30, 2023 and after as the debt was fully paid off during.

Source: Monterey Peninsula Water Management District, Audited Financial Statements

***This page intentionally left blank.***

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Assessed Value and Actual Value of Taxable Property - Monterey County
## Last Ten Fiscal Years
## (in thousands of dollars)

| Fiscal Year Ended June 30 | Secured Roll | Unsecured Roll | Exemptions | Net Assessed Valuations | MPWMD Property Tax Allocations* | Percentage Over Net Assessed Value |
|---|---|---|---|---|---|---|
| 2026 | $ - | $ - | $ - | $ - | $ - | 0.0% |
| 2025 | 92,171,251 | 4,937,854 | (3,197,970) | 93,911,135 | 2,910,734 | 3.1% |
| 2024 | 87,910,416 | 4,533,551 | (3,082,500) | 89,361,467 | 2,818,416 | 3.2% |
| 2023 | 83,402,624 | 3,924,155 | (2,929,117) | 84,397,662 | 2,578,806 | 3.1% |
| 2022 | 77,334,476 | 3,444,722 | (2,825,750) | 77,953,448 | 2,403,905 | 3.1% |
| 2021 | 74,781,274 | 2,938,769 | (2,713,849) | 75,006,194 | 2,317,001 | 3.1% |
| 2020 | 71,183,662 | 3,617,496 | (2,627,227) | 72,173,931 | 2,215,716 | 3.1% |
| 2019 | 67,593,587 | 2,557,084 | (2,474,441) | 67,676,230 | 2,059,154 | 3.0% |
| 2018 | 63,625,023 | 2,475,907 | (2,455,639) | 63,645,291 | 1,924,320 | 3.0% |
| 2017 | 60,242,461 | 2,370,771 | (2,324,855) | 60,288,377 | 1,817,206 | 3.0% |

Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2025)
* Source: Monterey Peninsula Water Management District, Audited Financial Statements
https://www.countyofmonterey.gov/government/departments-a-h/auditor-controller/publications/current-past-publications
2026 data not available at time of print

DRAFT 11.02.2026

Notes:
1. Secured property is generally the real property, which is defined as land, mineral, timber, and improvements such as buildings, structures, crops, trees and vines. Also included in secured roll are unitary properties, including railroads and utilities, which cross the county and are assessed by the State Board of Equalization.
2. Unsecured property is generally personal property, including machinery, equipment, office tools, supplies, mobile homes, and aircraft.
3. Exempt properties include numerous full and partial exclusions/exemptions provided.
4. Article XIIIA, added to the California Constitution by Proposition 13 in 1978, fixed the based for valuation of property subject to taxes at the full cash value. Additionally, Proposition 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds and special assessments.

# Monterey Peninsula Water Management District
## Principal Property Taxpayers - Monterey County
## For the Years Ended June 30, 2025 and June 30, 2016

| Tax Payer | Type of Business | 2025 Taxable Assessed Value ($'000) | 2025 Rank | 2025 Percentage of Total County Assessed Value | 2016 Taxable Assessed Value ($'000) | 2016 Rank | 2016 Percentage of Total County Assessed Value |
|---|---|---|---|---|---|---|---|
| Pacific Gas & Electric Company | Utility | $ 1,147,774 | 1 | 1.28% | $ 550,188 | 2 | 1.01% |
| Pebble Beach Company | Tourism | 1,014,471 | 2 | 1.14% | 739,718 | 1 | 1.36% |
| Dynegy Moss Landing LLC | Utility | 251,700 | 3 | 0.28% | 351,273 | 4 | 0.64% |
| D'Arrigo Bros Co. | Agriculture | 240,985 | 4 | 0.27% | - | | - |
| California - American Water Company | Utility | 215,738 | 5 | 0.24% | 114,497 | 8 | 0.21% |
| Chevron USA Inc | Petroleum | 146,060 | 6 | 0.16% | 464,349 | 3 | 0.85% |
| Global AG Properties LLC | Agriculture | 143,634 | 7 | 0.16% | - | | - |
| VBS Propco LLS | Real Estate | 138,383 | 8 | 0.15% | - | | - |
| Bud Antle Inc. | Agriculture | 136,667 | 9 | 0.15% | - | | - |
| Scheid Vineyards California Inc | Agriculture | 134,741 | 10 | 0.15% | 96,676 | 10 | 0.18% |
| Aera Energy LLC | Utility | - | | - | 276,200 | 5 | 0.51% |
| Northridge Owner LP | Retail | - | | - | 123,436 | 6 | 0.23% |
| AAT Del Monte LLC | Retail | - | | - | 118,500 | 7 | 0.22% |
| Pacific Bell Telephone Company | Utility | - | | - | 101,738 | 9 | 0.19% |
| Ten Largest Taxpayers' Total | | 3,570,153 | | 3.98% | 2,936,575 | | 5.40% |
| All Other Taxpayers' Total | | 85,791,314 | | 96.02% | 51,529,871 | | 94.61% |
| Total | | $92,931,620 | | 104% | $57,403,021 | | 105% |

DRAFT 11.02.2026

Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2025)
2026 data not available at time of print
Source: Monterey County ACFR June 30, 2025

# Monterey Peninsula Water Management District
## Demographic and Economic Statistics - Monterey County
## Last Ten Calendar Years

| Calendar Year | (1) Population | (2) Per Capita Income | (3) Total Personal Income | (4) Median Age | (5) School Enrollment | (6) Unemployment Rate |
|---|---|---|---|---|---|---|
| 2024 | $ 436,251 | $ 68,943 | $ 29,695,203 | 36 | $ 72,224 | 7.30% |
| 2023 | 430,723 | 68,943 | 29,695,203 | 36 | 72,875 | 7.00% |
| 2022 | 446,229 | 65,123 | 28,189,179 | 37 | 73,643 | 18.10% |
| 2021 | 434,283 | 63,449 | 27,747,802 | 38 | 74,700 | 14.00% |
| 2020 | 434,172 | 61,510 | 26,504,847 | 38 | 75,668 | 6.60% |
| 2019 | 434,061 | 59,838 | 25,973,189 | 35 | 77,381 | 7.80% |
| 2018 | 435,594 | 56,193 | 24,477,179 | 35 | 77,923 | 4.70% |
| 2017 | 437,907 | 54,395 | 23,819,797 | 34 | 77,954 | 7.20% |
| 2016 | 435,232 | 52,448 | 22,827,059 | 34 | 77,517 | 7.60% |
| 2015 | 433,898 | 49,836 | 21,623,627 | 34 | 76,768 | 8.10% |

DRAFT 11.02.2026

Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2025)
2026 & 2025 data not available at time of print
https://www.countyofmonterey.gov/home/showpublisheddocument/138993/638766997279530000

1. U.S. Census Bureau-As of July 1, 2024, Released September 2025
2. U.S. Department of Commerce, Bureau of Economic Analysis
3. U.S. Department of Commerce, Bureau of Economic Analysis (in thousands).
4. U.S. Census Bureau, American Community Survey
5. California Department of Education, Education Demographics Unit for 2023-24
6. California Employment Development; Labor Market Info Division

Notes:

Population data estimates are as of July 2024
Per capita personal income was computed using preliminary Census Bureau midyear population estimates.
Total personal income is in thousand of dollars
School enrollment data includes Kindergarten through grade 12

# Monterey Peninsula Water Management District
## Principal Employment by Industry - Monterey County
## For the Years Ended June 30, 2025 and June 30, 2016

| Industry | 2025 Number of Employed | 2025 Percent of Total | Industry | 2016 Number of Employed | 2016 Percent of Total |
|---|---|---|---|---|---|
| Agriculture | 35,600 | 19.12% | Agriculture | 31,500 | 18.91% |
| Natural Resources, Mining and Construction | 7,700 | 4.14% | Natural Resources, Mining and Construction | 6,100 | 3.54% |
| Manufacturing | 4,900 | 2.63% | Manufacturing | 5,100 | 3.06% |
| Wholesale Trade | 5,800 | 3.11% | Wholesale Trade | 5,200 | 3.18% |
| Retail Trade | 16,900 | 9.08% | Retail Trade | 17,200 | 10.44% |
| Transportation, Warehousing and Utilities | 3,600 | 1.93% | Transportation, Warehousing and Utilities | 3,700 | 2.22% |
| Information | 900 | 0.48% | Information | 1,100 | 0.78% |
| Financial Activities | 4,200 | 2.26% | Financial Activities | 4,200 | 2.52% |
| Professional and Business Services | 13,900 | 7.47% | Professional and Business Services | 13,200 | 7.98% |
| Educational and Health Services | 24,400 | 13.10% | Educational and Health Services | 19,100 | 11.10% |
| Leisure and Hospitality | 25,900 | 13.91% | Leisure and Hospitality | 23,800 | 13.99% |
| Other Services | 5,500 | 2.95% | Other Services | 5,100 | 3.06% |
| Government | 36,900 | 19.82% | Government | 32,000 | 19.21% |

DRAFT 11 02 2026

Source: State of California Employment Development Department, Industry Employment-Official Monthly Estimates (CES)

2026 data not available at time of print

# Monterey Peninsula Water Management District
## Full-Time Equivalent Employees by Department
## Last Ten Fiscal Years

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Department: | | | | | | | | | | |
| General Manager's Office | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administrative Services Division | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 5 | 5 | 5 |
| Environmental Resources Division | 6 | 6 | 6 | 6 | 6 | 6 | 6 | - | - | - |
| Planning & Engineering Division | * | * | * | * | * | * | * | 5 | 5 | 5 |
| Water Resources Division | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 7 | 7 |
| Water Demand Division | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 | 6 |
| Total | 26 | 26 | 25 | 25 | 24 | 23 | 23 | 24 | 25 | 25 |

Source: Monterey Peninsula Water Management District
* Division reconfigured

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Water Consumption by Type (in Acre-Feet)
## Last Ten Fiscal Years

| | * 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Use Type: | | | | | | | | | | |
| Residential | | 4,254 | 4,133 | 4,059 | 4,591 | 4,488 | 4,067 | 4,242 | 4,384 | 4,560 |
| Multi-Residential | | 1,236 | 1,256 | 1,203 | 1,358 | 1,359 | 1,293 | 1,367 | 1,410 | 1,418 |
| Commercial | | 2,167 | 2,157 | 2,016 | 1,849 | 1,819 | 2,157 | 2,194 | 2,214 | 2,224 |
| Industrial | | - | - | | - | | | | | |
| Golf Course | | 85 | 125 | 96 | 109 | 99 | 108 | 169 | 168 | 185 |
| Public Authority | | 593 | 551 | 530 | 600 | 593 | 589 | 585 | 617 | 560 |
| Other | | 100 | 121 | 74 | 35 | 25 | 41 | 18 | 39 | 40 |
| Non Revenue Metered | | 9 | 7 | - | 2 | 2 | 2 | 1 | 2 | 1 |
| Total | 0 | 8444 | 8350 | 7978 | 8,544 | 8,385 | 8,257 | 8,576 | 8,834 | 8,988 |

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year

* Data for water-year ending. Water year spans from October 1 through September 30.

DRAFT 11.02.2026

# Monterey Peninsula Water Management District
## Connections by Type
## Last Ten Fiscal Years

| | *2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Use Type: | | | | | | | | | | |
| Residential | | 34,167 | 33,436 | 33,815 | 32,502 | 32,442 | 32,371 | 32,332 | 32,355 | 31,801 |
| Multi-Residential | | 1,848 | 1,829 | 1,828 | 1,745 | 1,739 | 1,734 | 1,732 | 1,696 | 1,706 |
| Commercial | | 5,097 | 4,922 | 4,893 | 3,943 | 3,933 | 3,928 | 3,918 | 3,932 | 3,890 |
| Industrial | | - | - | - | - | - | - | - | - | - |
| Golf Course | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Authority | | 517 | 495 | 557 | 470 | 532 | 543 | 544 | 545 | 537 |
| Other | | 273 | 234 | 242 | 119 | 76 | 71 | 66 | 64 | 51 |
| Non-Revenue Metered | | 20 | 19 | 6 | 5 | 5 | 6 | 6 | 6 | 6 |
| Total | 0 | 41,926 | 40,939 | 41,345 | 38,788 | 38,731 | 38,657 | 38,602 | 38,602 | 37,995 |

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year in Acre-Feet

* Data for water-year ending. Water year spans from October 1 through September 30.

DRAFT 11.02.2026

[NEED DATE], 2026

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 the Monterey Peninsula Water Management District (the "District") for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2026. Professional standards also require that 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 District are described in Note 1 to the financial statements.

DRAFT 11.12.2026

*New Accounting Standards*

**GASB Statement No. 103** – In April 2024, GASB Issued Statement No. 103, *Financial Reporting Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Implementation did not affect beginning net position or fund balance, but it did change the presentation of the financial statements and required supplementary information, as follows:

- Management's discussion and analysis has been revised to follow the content requirements of the Statement.
- The budgetary comparison schedules for the Water Supply Fund and the major special revenue funds now present variances between the original and final budgets, in addition to variances between the final budget and actual results. Explanations of significant variations are included in the notes to the required supplementary information.
- Proprietary fund revenues and expenses are classified as operating or nonoperating using the Statement's revised definitions.

**GASB Statement No. 104** – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The District implemented this Statement for the fiscal year ended June 30, 2026. Application of this statement did not have a significant effect on the District's financial reporting for the fiscal year ended June 30, 2026.

We noted no other new accounting policies were adopted and the application of existing policies was not changed during 2026. 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 estimate(s) affecting the District's financial statements were:

- Management's estimate of the investment fair market value is based on information provided by the State of California for its investment in the Local Agency Investment Fund and by U.S. Bank, the trustee for the District's investments in municipal bonds and U.S. Government Sponsored Enterprise Securities. We evaluated the methods, assumptions, and data used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated methods, assumptions, and data used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate for the "more likely than not" amount of sick leave to be accrued in the compensated absences liability is based on historical "days used" data determined by taking a sample of historic sick leave usage patterns.

- Management's estimate of the net pension liability is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated methods, assumptions, and data used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net OPEB liability is based on the actuarial accounting valuation. We evaluated the methods, assumptions, and data used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Note 1 – Summary of Significant Accounting Policies
- Note 6 – Transactions with Related Organizations
- Note 10 – Other Postemployment Benefits
- Note 11 – Pension Plan
- Note 12 – Commitments and Other Contingencies
- Note 14 – Contingent Liabilities
- Note 15 – Change in Fund Balance Classification

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

DRAFT 11.02.2026

*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 known and likely 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 each opinion unit's 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 letter dated [NEED DATE], 2026.

DRAFT 11.02.2026

*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 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 District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions – Pension, as listed in the table of contents, which are Required Supplementary Information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory and Statistical Sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Restriction on Use**

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

Very truly yours,

San Diego, California

DRAFT 11.02.2026

**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: INFORMATIONAL ITEM**

**7. REPORT ON ACTIVITY/PROGRESS ON CONTRACTS OVER $25,000**

| | | | |
|---|---|---|---|
| **Meeting Date:** | **November 9, 2026** | **Budgeted:** | **N/A** |
| **From:** | **David J. Stoldt, General Manager** | **Program/ Line Item No.:** | **N/A** |
| **Prepared By:** | **Nishil Bali** | **Cost Estimate:** | **N/A** |

**General Counsel Review: N/A**
**Committee Recommendation: The Finance and Administration Committee reviewed this item on November 9, 2026.**
**CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**SUMMARY:** Attached for review as **Exhibit 7-A** is a monthly status report on contracts over $25,000 for the period September 2026. Contracts associated with District grants are provided in a separate section for reference. This status report is provided for information only, no action is required.

**EXHIBIT**
**7-A** Status on District Open Contracts (over $25k)

U:\staff\Board_Committees\FAC prev Admin\2026\110926\Informational Items\06\Item-7.docx

# EXHIBIT 7-A

**Monterey Peninsula Water Management District**
**Status on District Open Contracts and Grants**
**For The Period September 2026**

| | Contract | Description | Date Authorized | Contract Amount | Prior Period Expended To Date | Current Period Spending* | Total Expended To Date | Current Period Acitivity | P.O. Number |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Albert A. Webb Associates | Consultant for Public's Acquisition of Monterey Water System (Cal-Am) | 11/18/2024 | $ 1,200,000.00 | $ 117,465.00 | $ 493.75 | $ 117,958.75 | Current Period Billing | PO03880 |
| 2 | Close and Associates | Utility consultant for Public's Acquisition of Monterey Water System | 11/18/2024 | $ 965,000.00 | $ 131,346.33 | $ - | $ 131,346.33 | | PO03876 |
| 3 | Colantuono, Highsmith, & Whatley, PC | MTA Legal services for appeal to Water Supply Charge | 9/15/2021 | $ 100,000.00 | $ 97,348.22 | $ - | $ 97,348.22 | | PO03715 |
| 4 | CSC | Recording Fees FY 26-27 | 4/20/2026 | $ 65,000.00 | $ 20,000.00 | $ - | $ 20,000.00 | | PO04162 |
| 5 | Deveera Inc | IT Managed Services & Subscriptions FY 26-27 | 4/20/2026 | $ 94,851.68 | $ 15,658.98 | $ 7,829.12 | $ 23,488.10 | Current Period Billing | PO04179 |
| 6 | GSI Environmental Inc. | Upgrade CRBHM | 4/20/2026 | $ 68,000.00 | $ 5,868.62 | $ 16,080.00 | $ 21,948.62 | Current Period Billing | PO04189 |
| 7 | IGM Holdings | Budget Suite software | 12/2/2025 | $ 52,704.00 | $ 23,000.00 | $ - | $ 23,000.00 | | PO04067 |
| 8 | JEA and Associates | State Advocacy Services FY 26-27 | 5/18/2026 | $ 72,000.00 | $ 12,000.00 | $ 7,000.00 | $ 19,000.00 | Current Period Billing | PO04159 |
| 9 | John K. Cohan dba Telemetrix | Consultant Services for Sleepy Hollow Facility 25-26 | 7/1/2025 | $ 35,408.00 | $ 34,487.12 | $ - | $ 34,487.12 | | PO04141 |
| 10 | Kennedy/Jenks Consultants, Inc. | Urban Water Management Plan Services | 7/1/2025 | $ 134,860.00 | $ 74,761.52 | $ - | $ 74,761.52 | | PO04025 |
| 11 | Kevin Robert Knapp/ Tierra Plan LLC | Surface Water Data Portal | 11/14/2022 | $ 27,730.00 | $ 27,400.81 | $ - | $ 27,400.81 | | PO03302 |
| 12 | Lynx Technologies, Inc | GIS Consultant Contract for FY 26-27 | 6/22/2026 | $ 35,000.00 | $ 7,500.00 | $ 2,875.00 | $ 10,375.00 | Current Period Billing | PO04202 |
| 13 | Maggiora Bros. Drilling, Inc | ASR Support from Maggiora Bros for Well Work | 6/20/2023 | $ 50,000.00 | $ - | $ - | $ - | | PO03407 |
| 14 | Montgomery & Associates | Groundwater Modeling Montgomery Contract | 6/27/2024 | $ 55,000.00 | $ - | $ - | $ - | | PO03750 |
| 15 | Montgomery & Associates | Tularcitos ASR Feasibility Study | 3/20/2023 | $ 119,200.00 | $ 112,419.50 | $ - | $ 112,419.50 | | PO03368 |
| 16 | Montgomery & Associates | Annual Groundwater Modeling Support | 6/20/2022 | $ 50,000.00 | $ 37,929.00 | $ - | $ 37,929.00 | | PO03193 |
| 17 | Montgomery & Associates | Annual Groundwater Modeling Support | 6/22/2026 | $ 55,000.00 | $ - | $ - | $ - | | PO04148 |
| 18 | Pueblo Water Resources, Inc. | ASR Operations Support | 6/20/2023 | $ 25,000.00 | $ 1,997.50 | $ - | $ 1,997.50 | | PO03406 |
| 19 | Pueblo Water Resources, Inc. | Seaside Groundwater Basin Geochemical Study | 1/24/2018 | $ 68,679.00 | $ 57,168.85 | $ - | $ 57,168.85 | | PO01628 |
| 20 | Pueblo Water Resources, Inc. | SSAP Water Quality Study | 8/21/2017 | $ 94,437.70 | $ 47,282.61 | $ - | $ 47,282.61 | | PO01510 |
| 21 | Raftelis Financial Consultants | Measure J/Rule 19.8 Appraisal/Rate Study Phase 4 | 8/21/2023 | $ 200,000.00 | $ 39,395.00 | $ - | $ 39,395.00 | | PO03491 |
| 22 | Rutan & Tucker, LLP | Measure J/Rule 19.8 Eminent Domain Phase IV | 2/24/2023 | $ 450,000.00 | $ 436,113.86 | $ - | $ 436,113.86 | | PO03639 |
| 23 | Rutan & Tucker, LLP | Measure J/Rule 19.8 Eminent Domain Phase IV | 8/17/2026 | $ 360,000.00 | $ 23,333.20 | $ - | $ 23,333.20 | | PO04211 |
| 24 | RWG Law | California Coastal Commission and Cal-Am Case | 3/16/2026 | $ 40,000.00 | $ 64,285.57 | $ - | $ 64,285.57 | | PO04117 |
| 25 | Schaaf & Wheeler | Drawing Support Services | 4/23/2023 | $ 30,000.00 | $ 29,425.00 | $ - | $ 29,425.00 | | PO03474 |
| 26 | Shute, Mihaly & Weinberger LLP | LAFCO Litigation | 3/17/2025 | $ 355,000.00 | $ 351,648.66 | $ - | $ 351,648.66 | | PO03882 |

**Monterey Peninsula Water Management District**
**Status on District Open Contracts and Grants**
**For The Period September 2026**

| | Contract | Description | Date Authorized | Contract Amount | Prior Period Expended To Date | Current Period Spending* | Total Expended To Date | Current Period Acitivity | P.O. Number |
|---|---|---|---|---|---|---|---|---|---|
| 27 | Shute, Mihaly & Weinberger LLP | Measure J/Rule 19.8 LAFCO Litigation | 8/17/2026 | $ 360,000.00 | $ 66,497.51 | $ 91,001.41 | $ 157,498.92 | Current Period Billing | PO04212 |
| 28 | The Ferguson Group | TFG Advocacy Services FY 26-27 | 5/18/2026 | $ 79,380.00 | $ 13,230.00 | $ 6,615.00 | $ 19,845.00 | Current Period Billing | PO04158 |
| 29 | The Pun Group | Audit Services for FY 26/27 | 4/21/2025 | $ 81,900.00 | $ 39,375.00 | $ - | $ 39,375.00 | | PO04178 |
| 30 | TJC and Associates | Perform a review of our electrical system, capacity, and provide overall support for the ASR project | 6/27/2024 | $ 45,000.00 | $ 8,682.00 | $ - | $ 8,682.00 | | PO03829 |
| 31 | TM Process & Controls | ASR Well Turbidity Control | 8/19/2024 | $ 57,749.00 | $ 54,390.49 | $ - | $ 54,390.49 | | PO03852 |
| 32 | WellmanAD | Public Outreach Consultant FY 26-27 | 4/20/2026 | $ 97,344.00 | $ 21,017.98 | $ 9,410.13 | $ 30,428.11 | Current Period Billing | PO04160 |

| Contracts related to District Grants | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | DUDEK | Grant administration services for the Proposition 1 IRWM Implementation | 12/14/2020 | $ 114,960.00 | $ 75,257.50 | $ 2,751.25 | $ 78,008.75 | FY Q2 Billling | PO02847 |
| 2 | DUDEK | IRWM IR2 Grant Administration | 10/1/2022 | $ 90,510.00 | $ 22,522.50 | $ 1,732.50 | $ 24,255.00 | FY Q2 Billling | PO03718 |
| 3 | City of Sand City | IRWM Round 1 Grant Reimbursement | 3/28/2022 | $ 1,084,322.50 | $ 84,288.75 | $ - | $ 84,288.75 | | PO03093 |
| 4 | County of Monterey | IRWM Grant Round 2 Reimbursement | 5/19/2023 | $ 898,451.00 | $ - | $ - | $ - | | PO03879 |
| 5 | City of Monterey | IRWM Grant Round 2 Reimbursement | 5/19/2023 | $ 500,000.00 | $ 141,799.04 | $ - | $ 141,799.04 | | PO03878 |

**FINANCE AND ADMINISTRATION COMMITTEE**

**ITEM: INFORMATIONAL ITEM**

**8. STATUS REPORT ON EXPENDITURES – PUBLIC'S OWNERSHIP OF MONTEREY WATER SYSTEM**

| | | | |
|---|---|---|---|
| **Meeting Date:** | **November 9, 2026** | **Budgeted:** | **N/A** |
| **From:** | **David J. Stoldt, General Manager** | **Program/ Line Item No.:** | **N/A** |
| **Prepared By:** | **Nishil Bali** | **Cost Estimate:** | **N/A** |

**General Counsel Review: N/A**
**Committee Recommendation: The Finance and Administration Committee reviewed this item on November 9, 2026.**
**CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

**SUMMARY:** Attached for review as **Exhibit 8-A** is a monthly status report on spending – Public's Ownership of Monterey Water System for the period September 2026. This status report is provided for information only; no action is required.

**EXHIBIT**
**8-A** Status Report on Spending – Public's Ownership of Monterey Water System

U:\staff\Board_Committees\FAC prev Admin\2026\110926\Informational Items\08\Item-8.docx

# EXHIBIT 8-A

**Monterey Peninsula Water Management District**
**Status on Public's Ownership of Monterey Water System - Phase IV**
**Eminent Domain Proceedings through Bench Trial**
**Through September 2026**

| | Contract | Last Date Authorized | Authorized Amount | Prior Period Spending | Current Period Spending | Total Expended To Date | Spending Remaining | Project No. |
|---|---|---|---|---|---|---|---|---|
| 1 | Eminent Domain Legal Counsel (Rutan) | 8/17/2026 | $ 810,000.00 | $ 459,447.00 | | $ 459,447.00 | $ 350,553.00 | PA00009-01 |
| 2 | Eminent Domain Legal Counsel (SMW)* | 8/17/2026 | $ 715,000.00 | $ 443,682.13 | $ 91,001.41 | $ 534,683.54 | $ 180,316.46 | PA00009-02 |
| 3 | Financial Services (Raftelis) | 8/21/2023 | $ 200,000.00 | $ 39,394.50 | | $ 39,394.50 | $ 160,605.50 | PA00009-03 |
| 4 | Utility Consultant (Close & Associates) | 12/16/2024 | $ 965,000.00 | $ 131,346.33 | | $ 131,346.33 | $ 833,653.67 | PA00009-07 |
| 5 | Consulting Civil Engineer (Webb Associates) | 11/18/2024 | $ 1,200,000.00 | $ 117,465.00 | $ 493.75 | $ 117,958.75 | $ 1,082,041.25 | PA00009-07 |
| | **Total** | | **$ 3,890,000.00** | **$ 1,191,334.96** | **$ 91,495.16** | **$ 1,282,830.12** | **$ 2,607,169.88** | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | District Legal Counsel | | | $ 136,475.11 | | $ 136,475.11 | | PA00009-05 |

**Status on Public's Ownership of Monterey Water System - Phase III**
**Appraisal through Resolution of Necessity**
**Through October 2023**

| | Contract | Date Authorized | Authorized Amount | Prior Period Spending | Current Period Spending | Total Expended To Date | Spending Remaining | Project No. |
|---|---|---|---|---|---|---|---|---|
| 1 | Eminent Domain Legal Counsel | 12/16/2019 | $ 200,000.00 | $ 98,283.28 | | $ 98,283.28 | $ 101,716.72 | PA00007-01 |
| 2 | Appraisal Services | 4/17/2023 | $ 220,000.00 | $ 220,000.75 | | $ 220,000.75 | $ (0.75) | PA00007-03 |
| 3 | District Legal Counsel | 12/16/2019 | $ 100,000.00 | $ 63,065.50 | | $ 63,065.50 | $ 36,934.50 | PA00007-05 |
| 4 | Real Estate Appraiser | 8/15/2022 | $ 80,000.00 | $ 53,309.64 | | $ 53,309.64 | $ 26,690.36 | PA00007-06 |
| 6 | Water Rights Appraisal | 8/15/2022 | $ 75,000.00 | $ 45,490.46 | | $ 45,490.46 | $ 29,509.54 | PA00007-10 |
| 7 | Contingency/Miscellaneous | 12/16/2019 | $ - | $ - | | $ - | $ - | PA00007-20 |
| | **Total** | | **$ 675,000.00** | **$ 480,149.63** | **$ -** | **$ 480,149.63** | **$ 194,850.37** | |

**Status on Public's Ownership of Monterey Water System - Phase II**

**EIR & LAFCO Application**

**Through September 2022**

| | Contract | Date Authorized | Authorized Amount | Prior Period Spending | Current Period Spending | Total Expended To Date | Spending Remaining | Project No. |
|---|---|---|---|---|---|---|---|---|
| 1 | Eminent Domain Legal Counsel | 9/20/2021 | $ 345,000.00 | $ 168,265.94 | | $ 168,265.94 | $ 176,734.06 | PA00005-01 |
| 2 | CEQA Work | 12/16/2019 | $ 134,928.00 | $ 134,779.54 | | $ 134,779.54 | $ 148.46 | PA00005-02 |
| 3 | Appraisal Services | 9/20/2021 | $ 430,000.00 | $ 188,683.75 | | $ 188,683.75 | $ 241,316.25 | PA00005-03 |
| 4 | Operations Plan | 12/16/2019 | $ 145,000.00 | $ 94,860.00 | | $ 94,860.00 | $ 50,140.00 | PA00005-04 |
| 5 | District Legal Counsel | 12/16/2019 | $ 40,000.00 | $ 162,254.16 | | $ 162,254.16 | $ (122,254.16) | PA00005-05 |
| 6 | MAI Appraiser | 6/15/2020 | $ 170,000.00 | $ 76,032.00 | | $ 76,032.00 | $ 93,968.00 | PA00005-06 |
| 7 | Jacobs Engineering | 12/16/2019 | $ 87,000.00 | $ 86,977.36 | | $ 86,977.36 | $ 22.64 | PA00005-07 |
| 8 | LAFCO Process | 11/15/2021 | $ 240,000.00 | $ 217,784.62 | | $ 217,784.62 | $ 22,215.38 | PA00005-08 |
| 9 | PSOMAS | 9/20/2021 | $ 28,000.00 | $ 25,900.00 | | $ 25,900.00 | $ 2,100.00 | PA00005-09 |
| 10 | Contingency/Miscellaneous/Uncommitted | 12/16/2019 | $ 289,072.00 | $ 38,707.08 | | $ 38,707.08 | $ 250,364.92 | PA00005-20 |
| | **Total** | | **$ 1,909,000.00** | **$ 1,194,244.45** | **$ -** | **$ 1,194,244.45** | **$ 714,755.55** | |
| 1 | Measure J CEQA Litigation Legal Services* | 12/23/2020 | $ 200,000.00 | $ 140,303.06 | | $ 140,303.06 | $ 59,696.94 | PA00005-15 |
| 1 | Measure J LAFCO Litigation Legal Services* | 1/1/2022 | $ 400,000.00 | $ 398,750.20 | | $ 398,750.20 | $ 1,249.80 | PA00005-16 |

**Status on Public's Ownership of Monterey Water System - Phase I**

**Financial Feasibility**

**Through November 2019**

| | Contract | Date Authorized | Authorized Amount | Prior Period Spending | Current Period Spending | Total Expended To Date | Spending Remaining | Project No. |
|---|---|---|---|---|---|---|---|---|
| 1 | Eminent Domain Legal Counsel | 12/17/2018 | $ 100,000.00 | $ 160,998.16 | | $ 160,998.16 | $ (60,998.16) | PA00002-01 |
| 2 | Investment Banking Services | 2/21/2019 | $ 30,000.00 | $ 27,000.00 | | $ 27,000.00 | $ 3,000.00 | PA00002-02 |
| 3 | Valuation & Cost of Service Study Consultant | 2/21/2019 | $ 355,000.00 | $ 286,965.17 | | $ 286,965.17 | $ 68,034.83 | PA00002-03 |
| 4 | Investor Owned Utility Consultant | 2/21/2019 | $ 100,000.00 | $ 84,221.69 | | $ 84,221.69 | $ 15,778.31 | PA00002-04 |
| 5 | District Legal Counsel | | $ 35,000.00 | $ 41,897.59 | | $ 41,897.59 | $ (6,897.59) | PA00002-05 |
| 6 | Contingency/Miscellaneous | | $ 30,000.00 | $ 45,495.95 | | $ 45,495.95 | $ (15,495.95) | PA00002-10 |
| | **Total** | | **$ 650,000.00** | **$ 646,578.56** | **$ -** | **$ 646,578.56** | **$ 3,421.44** | |

**DRAFT AGENDA**
**Special and Regular Meeting**
**Board of Directors**
**Monterey Peninsula Water Management District**
**********************
**Monday, November 16, 2026 at 5:00 p.m. [PST]**
**********************
**Meeting Location: MPWMD – Main Conference Room**
**5 Harris Court, Building G, Monterey, CA 93940**

[This is an in-person meeting. Remote participation via Zoom may be offered; however, it is optional and is not required for the meeting to proceed. **The meeting will proceed as scheduled even if technical difficulties affect Zoom access.** The District will make reasonable efforts to resolve technical issues as quickly as possible.]

To Join via Zoom- Teleconferencing means, please click the link below:
https://mpwmd-net.zoom.us/j/81319001861?pwd=qkl3OOBcyDUe37V83MGDB1ONWQuNqs.1

Webinar ID: **813 1900 1861** | Passcode: **111626** | To Participate by Phone: **(669) 900-9128**

For detailed instructions on how to connect to the meeting, please click the link below:
https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/

The public may also view the live broadcast of the meeting on Comcast Channel 24 or the live webcast on AMP https://accessmediaproductions.org/ scroll down to the bottom of the page and select AMP 1.

Copies of the agenda packet are available for review on the District website (www.mpwmd.net) and at 5 Harris Court, Bldg. G, Monterey, CA.

*Under the Brown Act, public comment for matters on the agenda must relate to that agenda item and public comments for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. This is a warning that if a member of the public attending this meeting remotely or in-person violates the Brown Act by failing to comply with these requirements, then the Chair may request that speaker be muted. If a member of the public attending this meeting in-person engages in disruptive behavior that disturbs the orderly conduct of the meeting, they may be removed from the meeting after a warning.*

**Board of Directors**
Ian Oglesby, Chair – Mayoral Representative
Rebecca Lindor, Vice-Chair – Division 3
Alvin Edwards – Division 1
George Riley – Division 2
Karen Paull – Division 4
Marianne Gawain – Division 5
Kate Daniels – Monterey County Board of Supervisors Representative

**General Manager**
David J. Stoldt

**Assistant General Manager**
Mike McCullough

**Mission Statement**
Sustainably manage and augment the water resources of the Monterey Peninsula to meet the needs of its residents and businesses while protecting, restoring, and enhancing its natural and human environments.

**Vision Statement**
Model ethical, responsible, and responsive governance in pursuit of our mission.

**Board's Goals and Objectives**
Are available online at: https://www.mpwmd.net/who-we-are/mission-vision-goals/

**CLOSED SESSION AT 5 P.M.**

**CALL TO ORDER / ROLL CALL**

**ADDITIONS AND CORRECTIONS TO THE CLOSED SESSION AGENDA** – *The General Manager will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.*

**PUBLIC COMMENT ON THE CLOSED SESSION AGENDA** - *Members of the public may address the Board on the item or items listed on the Closed Session agenda.*

**CLOSED SESSION** - *As permitted by Government code Section 54956.9 et seq., the Board may recess to closed session to consider specific matters dealing with pending or threatened litigation, certain personnel matters or certain property acquisition matters.*

CS 1. Public Employee Performance Evaluation, (Government Code Section 54957) - Title: General Manager

**RECESS TO CLOSED SESSION**

*Any Closed Session Items not completed may be continued to after the end of all open session items.*

---

**REGULAR SESSION AT 6:00 P.M.**

**CALL TO ORDER / ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**RECOGNITION OF ALVIN EDWARDS, OUTGOING DIVISION 1 DIRECTOR**

**SWEARING IN CEREMONY / ADMINISTER OATH OF OFFICE TO:**

GEORGE T. RILEY, DIRECTOR DIVISION 2
MARIANNE GAWAIN, DIRECTOR DIVISION 5

**ADDITIONS AND CORRECTIONS TO THE AGENDA –** *The General Manager will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.*

**ORAL COMMUNICATIONS –** *Anyone wishing to address the Board on Consent Calendar, Information Items, Closed Session items, or matters not listed on the agenda may do so only during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on all other items at the time they are presented to the Board.*

**CONSENT CALENDAR** - *The Consent Calendar consists of routine items for which staff has prepared a recommendation. Approval of the Consent Calendar ratifies the staff recommendation. Consent Calendar items may be pulled for separate consideration at the request of a member of the public, or a member of the Board. Following adoption of the remaining Consent Calendar items, staff will give a brief presentation on the pulled item. Members of the public are requested to limit individual comment on pulled Consent Items to three (3) minutes. Unless noted with double asterisks "**", Consent Calendar items do not constitute a project as defined by CEQA Guidelines section 15378.*

1. Consider Adoption of Minutes of the Regular Board Meeting on October 19, 2026

2. Consider Approval of Funding for a 0.8 GPF Toilet Giveaway Conservation Program and Increase District Budget
3. Receive and File First Quarter Financial Activity Report for Fiscal Year 2026-2027
4. Consider Adoption of Treasurer's Report for September 2026
5. Consider Approval of First Quarter Fiscal Year 2026-2027 Investment Report

**GENERAL MANAGER'S REPORT**

6. General Manager's Report *(Verbal Report)*

**REPORT FROM DISTRICT COUNSEL**

7. Report from District Counsel – Report on Closed Session and General Report on Pending Litigation and Other Legal Matters

**DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)**

8. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

**PUBLIC HEARING** – *Public Comment will be received. Please limit your comments to three (3) minutes per item.*

9. Second Reading and Adoption of Ordinance No. 203– Adding Rule 142.2, a Prohibition on Irrigation of Non-Functional Turf with Potable Water, and Amending Rules 11, 23, 24, 25.5, 141, 142.1 and 162

   *Recommended Action: The Board will consider second reading and adoption of Ordinance No. 203 adding a prohibition on Irrigation of Non-Functional Turf with Potable Water and Amending Rules 11, 23, 24, 25.5, 141, 142.1 and 162.*

**ACTION ITEMS** – *Public Comment will be received. Please limit your comments to three (3) minutes per item.*

10. Consider Amendment to the Technical Advisory Committee (TAC) Charge in the MPWMD Meeting Rules

    *Recommended Action: The Board will consider approving an amendment to the Technical Advisory Committee (TAC) charge, which is included as part of the MPWMD Meeting Rules.*

11. Receive Fiscal Year 2025-2026 Annual Comprehensive Financial Report

    *Recommended Action: The Board will consider reviewing and receiving the Annual Comprehensive Financial Report for Fiscal Year 2025-2026.*

**DISCUSSION ITEM** – Public Comment will be received. Please limit your comments to three (3) minutes per item.

12. Update on Cease and Desist Order

    *Recommended Action: The Board will receive an update from the General Manager regarding the Cease and Desist Order.*

13. Review and Update on Water to Meet Housing Needs

    *Recommended Action: The Board will*

14. Discuss Regional Board Review of _____

    *Recommended Action: The Board will*

**INFORMATIONAL ITEMS/STAFF REPORTS -** *The public may address the Board on Informational Items and Staff Reports during the Oral Communications portion of the meeting. Please limit your comments to three minutes.*

15. Report on Activity/Progress on Contracts Over $25,000
16. Status Report on Expenditures – Public's Ownership of Monterey Water System
17. Letters Received and Sent Supplemental Letter Packet
18. Committee Reports
19. Monthly Allocation Report
20. Water Efficiency Program Report for October 2026
21. Carmel River Fishery Report for October 2026
22. Monthly Water Supply and California American Water Production Report
    [Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources]

**ADJOURNMENT**

| **Board Meeting Schedule** | | |
|---|---|---|
| Monday, December 21, 2026 | *Regular* | 6:00 p.m. |
| Monday, January 25, 2027 | *Regular* | 6:00 p.m. |

**Accessibility**

In accordance with Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Submit requests at least 48 hours prior to the scheduled meeting date/time to Sara Reyes, Board Clerk by e-mail at sara@mpwmd.net or at (831) 658-5610.

**Options for Providing Public Comment**

**Attend In-Person**
The Board meeting will be held in the Main Conference Room at **5 Harris Court, Building G, Monterey, CA 93942** and has limited seating capacity.

**Submission of Written Public Comment**
Send written comments to District Office, 5 Harris Court, Building G, Monterey, CA or online at comments@mpwmd.net**.** Include the following subject line: "PUBLIC COMMENT ITEM #" (insert the agenda item number relevant to your comment). Written comments must be received by 2:00 PM on the day of the meeting. All submitted comments will be provided to the Board of Directors, compiled as part of the record, and placed on the District's website as part of the agenda packet for the meeting. Correspondence is not read during the public comment portion of the meeting.

**Instructions for Connecting to the Zoom Meeting can be found at**
**https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/**

*Refer to the Meeting Rules to review the complete Rules of Procedure for MPWMD Board and Committee Meetings:*
*https://www.mpwmd.net/who-we-are/board-of-directors/meeting-rules-of-the-mpwmd/*