

EXHIBIT 6-A

[date]

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

We are pleased to present this report related to our audit of the basic financial statements of *Monterey Peninsula Water Management District* (the District) for the year ended June 30, 2011. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications:

Auditors' Responsibility Under Professional Standards

Our audit of the financial statements of *Monterey Peninsula Water Management District* for the year ended June 30, 2011, was conducted in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe that our audit accomplished that objective.

Our responsibility under auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts has been described to you in our arrangement letter dated May 24, 2010.

Accounting Practices

Adoption of, or Change in, Accounting Policies

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

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, was in effect for the District's fiscal year ending June 30, 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing

clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Significant or Unusual Transactions

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

Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The significant accounting estimates reflected in the District's June 30, 2011 financial statements include the estimate of useful lives of capital assets.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no significant disclosures that warrant communication to those charged with governance.

Audit Adjustments

Audit adjustments recorded by the District are shown on the attached "Prepared by Client Journal Entries," "Adjusting Journal Entries," and "Reclassification Journal Entries."

Uncorrected Misstatements

There were no uncorrected misstatements.

Disagreements with Management

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

Consultations with Other Accountants

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

Significant Issues Discussed with Management

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

Difficulties Encountered in Performing the Audit

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

Letter Communicating Significant Deficiencies and Material Weaknesses

When significant deficiencies and material weaknesses are identified during our audit of the financial statements, we are required to communicate them to you in writing. For the year ended June 30, 2011, a letter was not required.

Certain Written Communications Between Management and Our Firm

We have requested certain representations from management that are included in the management representation letter dated _____[date].

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

Very truly yours,

HAYASHI & WAYLAND
ACCOUNTING & CONSULTING, LLP

By _____
Michael T. Briley, C.P.A.

33240/ml

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

Monterey Peninsula Water Management District**PBC**

Year End: June 30, 2011

Prepared by Client Journal Entries

Date: 7/1/2010 To 6/30/2011

Account No: PBC-01 To PBC-99

Number	Date	Name	Account No	Debit	Credit
PBC-01	6/30/2011	A/R Cal-Am ASR Reimbursement	24101415.00 SRF01	183,871.00	
PBC-01	6/30/2011	CAW-ASR Reimbursement	24105800.01 SRF01		183,871.00
To accrue for Cal-Am receivable related to Santa Margarita Test Injection Well.					
PBC-02	6/30/2011	Less Accumulated Depreciation-SM Test Injectic	41102551.00 41		102,443.00
PBC-02	6/30/2011	Less Accumulated Depreciation-SM Test Injectic	41102551.00 41		90,802.00
PBC-02	6/30/2011	CIP - ASR Well II	41102560.00 41	1,188,214.00	
PBC-02	6/30/2011	Accum. Deprec. ASR Well II	41102561.00 41	102,443.00	
PBC-02	6/30/2011	Investment in fixed assets	41104900.00 41	90,802.00	
PBC-02	6/30/2011	Investment in fixed assets	41104900.00 41		1,188,214.00
To place ASR I Well in service at beginning of year and to capitalize expenses related to ASR II Well. PBC					
				1,565,330.00	1,565,330.00

Net Income (Loss) (932,378.00)

Monterey Peninsula Water Management District

Year End: June 30, 2011

Adjusting Journal Entries

Date: 7/1/2010 To 6/30/2011

Account No: AJE-01 To AJE-99

Number	Date	Name	Account No	Debit	Credit
AJE-01	6/30/2011	Unapportioned/Uncollected Taxes Receivable	24101501.00 SRF01	311.00	
AJE-01	6/30/2011	Allowance for Uncollectible Taxes	24101502.00 SRF01	11.00	
AJE-01	6/30/2011	Deferred Revenue	24103700.00 SRF01	34,134.00	
AJE-01	6/30/2011	Deferred Revenue	24103700.00 SRF01		34,457.00
AJE-01	6/30/2011	Property Tax Revenue	24106110.00 SRF01	1.00	
AJE-01	6/30/2011	Unapportioned/Uncollected Taxes Recievable	26101501.00 SRF02		17,286.00
AJE-01	6/30/2011	Allowance for Uncollectible Taxes	26101502.00 SRF02	13,592.00	
AJE-01	6/30/2011	Deferred Revenue	26103700.00 SRF02	45,480.00	
AJE-01	6/30/2011	Deferred Revenue	26103700.00 SRF02		41,786.00
AJE-01	6/30/2011	Unapportioned/Uncollectible Taxes Recvbl	35101501.00 CPF01	797.00	
AJE-01	6/30/2011	Allowance for Uncollectible Taxes	35101502.00 CPF01		362.00
AJE-01	6/30/2011	Deferred Revenue	35103700.00 CPF01	33,844.00	
AJE-01	6/30/2011	Deferred Revenue	35103700.00 CPF01		34,278.00
AJE-01	6/30/2011	Property Tax Revenue	35106110.00 CPF01		1.00
To adjust property tax revenue accounts to correct balances per confirmation. RG					
AJE-02	6/30/2011	Receivable-bldg repayment (MEMO)	24101505.00 SRF01		61,445.00
AJE-02	6/30/2011	Payble-bldg repayment (MEMO)	24103800.00 SRF01	61,445.00	
AJE-02	6/30/2011	Receivable-Bldg Repayment (MEMO)	35101505.00 CPF01		61,445.00
AJE-02	6/30/2011	Payable-Bldg Repayment (MEMO)	35103800.00 CPF01	61,445.00	
To record CY activity on Harris Ct loan. KB					
AJE-03	6/30/2011	Current Year OPEB Cost	24107160.00 G34G	106,737.00	
AJE-03	6/30/2011	Current Year OPEB Cost	26107160.00 G34G	33,776.00	
AJE-03	6/30/2011	Current Year OPEB Cost	35107160.00 G34G	41,471.00	
AJE-03	6/30/2011	Net OPEB Obligation	51103820.00 G34G		181,984.00
To adjust OPEB accrual to actual.					
				433,044.00	433,044.00

Net Income (Loss) (932,378.00)

Monterey Peninsula Water Management District

Year End: June 30, 2011

Reclassification Journal Entries

Date: 7/1/2010 To 6/30/2011

Number	Date	Name	Account No	Debit	Credit
RJE-01	6/30/2011	Tax Administration fee	248075.00 SRF01	7,541.00	
RJE-01	6/30/2011	TAX ADMINISTRATION FEE	268075.00 SRF02	1,485.00	
RJE-01	6/30/2011	Tax Administration Fee	358075.00 CPF01	7,712.00	
RJE-01	6/30/2011	Property Tax Revenue	24106110.00 SRF01		7,378.00
RJE-01	6/30/2011	INTEREST-MTY CTY TAXES	24106915.00 SRF01		163.00
RJE-01	6/30/2011	Property Tax Revenue	26106110.00 SRF02		1,453.00
RJE-01	6/30/2011	Interest Monterey County	26106915.00 SRF02		32.00
RJE-01	6/30/2011	Property Tax Revenue	35106110.00 CPF01		7,545.00
RJE-01	6/30/2011	Interest Monterey County	35106915.00 CPF01		167.00
To reclassify property tax interest and tax administration to the proper accounts/funds. RG					
RJE-02	6/30/2011	Computer Equipment	41102150.00 41	392,040.00	
RJE-02	6/30/2011	CIP - Database Programming - WDD	41102565.00 41		392,040.00
To reclass CIP database-WDD to computer equipment. KB					
RJE-03	6/30/2011	Reserve for Prepaid Expense	26104060.00 SRF02	1,072.00	
RJE-03	6/30/2011	Conservation Fund Balance	26104100.00 SRF02		1,072.00
RJE-03	6/30/2011	Reserv. for Prepaid Expenses	35104060.00 CPF01		7,595.00
RJE-03	6/30/2011	Capital Projects Fund Balance	35104100.00 CPF01	7,595.00	
To reclass equity designated for prepaid expenses. KB					
RJE-04	6/30/2011	Accum.Depre-Computer Equip	41102151.00 41		22,869.00
RJE-04	6/30/2011	Accum. Deprec. - WDD Database	41102566.00 41	22,869.00	
To reclassify depreciation related to WDD software to A/D Computer Equipment to agree with property & equipment schedule.					
RJE-05	6/30/2011	Due from Other Funds	24101600.00 SRF01		646,257.00
RJE-05	6/30/2011	Due to Other Funds	24103600.00 SRF01	646,257.00	
RJE-05	6/30/2011	Due from Other Funds	35101600.00 CPF01		274,316.00
RJE-05	6/30/2011	Due from Other Funds	35103600.00 CPF01	274,316.00	
To reclass due to/from accounts into proper accounts. RG					
				1,360,887.00	1,360,887.00
Net Income (Loss)			(932,378.00)		