



February 9, 2024

To the Board of Directors  
Monterey Regional Waste Management District  
Marina, California

In planning and performing our audit of the financial statements of Monterey Regional Waste Management District (District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiency and, therefore, material weakness or significant deficiency may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

*We consider the following two deficiencies in the entity's internal control to be material weakness:*

In December 2021, the District issued the 2021 Refunding Revenue Bonds. The proceeds as well as cash reserves related to the refunded 2015 Revenue Bonds Series A and B were used to advance refund the 2015 Revenue Bonds Series A And Series B. The District removed liability related to the 2015 Series A and B bonds but did not report correctly the deferred amounts related to the refunding transaction and continued to report the balances related to the restricted cash. This resulted in a material restatement of the beginning the net position as of July 1, 2022 and further resulted in a restatement of the June 30, 2022 financial statements to remove the restricted cash from the June 30, 2022 and June 30, 2023, to restate the deferred amounts on refunding reported in those two fiscal years and to restate the amortization amounts related to the deferred charge on refunding.

The District did correctly report its closure and postclosure liabilities on the financial statements. The June 30, 2023 and the June 30, 2022 financial statements were restated to report these liabilities based on the capacity used for each respective fiscal year.

The restatements are further described in Note 13 to the financial statements.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Eide Bailly LLP*

Menlo Park, California