



Metro Finance Committee
(Finance Advisory Committee to Metro JPA)

TO: Finance Committee Members and Metro Commissioners

DATE: Wednesday, April 29, 2015

TIME: 8:30 a.m.

LOCATION: Atkins Global, 3570 Carmel Mountain Road, Suite 300, San Diego, CA 92130*

* The location and time of future meetings is subject to change

***THIS NOTICE HAS BEEN DISTRIBUTED TO THE METRO COMMISSIONERS AND
FINANCE COMMITTEE MEMBERS.***

1. Roll Call
2. Public Comments
Persons speaking during Public Comment may address the Metro Finance Committee on any subject matter within the jurisdiction of the Metro Finance Committee that is not listed as an agenda item. Comments are limited to three (3) minutes. Please complete a Speaker Slip and submit it prior to the meeting.
3. Introductions
4. **ACTION:** Consideration and Possible Action to Select and Appoint a New Committee Chair and Vice-Chair. (Steve Martin)
5. JPA Audit Review (**Attachment**) (Karen Jassoy)
6. JPA Mid-Year Budget Review (**Attachment**) (Karen Jassoy)
7. Other Business of the Finance Committee
8. Review of Items to be Brought Forward to the Metro Commission/Metro JPA
9. Adjournment

The Metro Finance Committee may take action on any item listed on the Agenda whether or not it is listed "for action".

Materials provided to the Metro Finance Committee related to any open-session item on this agenda are available for public review by contacting Karyn Keese (858)514.1008 during normal business hours.

Finance Committee 2015 Meeting Schedule

January 28	May 27	September 30
February 25	June 24	October 28
March 28	July 29	November 25
April 29	August 26	December 30

***In compliance with the
AMERICANS WITH DISABILITIES ACT***

The Metro Finance Committee requests individuals who require alternative agenda format or special accommodations to access, attend, and/or participate in the Metro Finance Committee meetings, contact Margaret O'Donnell at (619)525.1354, at least forty-eight hours in advance of the meetings.

ATTACHMENT 5

JPA Audit Review

Board of Directors
Metro Wastewater Joint Powers Authority
Santee, California

We have audited the financial statements of the Metro Wastewater Joint Powers Authority (the Authority) for the year ended June 30, 2013 and have issued our report thereon dated May 15, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in the engagement letter dated November 4, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Metro Wastewater Joint Powers Authority are described in Note 1 to the financial statements. As discussed in Note 1c to the basic financial statements, the Authority incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. 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 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.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

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

Significant Audit Findings (Continued)

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. As a result of our audit related test work, we proposed no corrections to the financial statements that, in our judgment, had a significant effect on the District's financial reporting process.

Disagreements with Management

For the 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 auditors' 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 May 15, 2014.

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 Authority'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 Authority'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

With respect to the Management's Discussion and Analysis accompanying the financial statements, we have read the Management's Discussion and Analysis to determine if any material inconsistencies were identified. We have not audited the Management's Discussion and Analysis and we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Board of Directors and management of the Metro Wastewater Joint Powers Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LLP

May 15, 2014
Carlsbad, CA

METRO WASTEWATER JOINT POWERS AUTHORITY
ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2013

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Metro Wastewater Joint Powers Authority
Santee, California

We have audited the accompanying financial statements of the Metro Wastewater Joint Powers Authority (the Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro Wastewater Joint Powers Authority as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the California Controller's Office and California Regulations governing Special Districts.

Emphasis of Matters

As discussed in Note 1c to the basic financial statements, the Authority incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as identified in the accompanying table of contents, 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 the 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 on them.

White Nelson Dick Evans LLP

Carlsbad, California
May 15, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

My discussion and analysis of Metro Wastewater Joint Powers Authority's (JPA) financial performance provides an overview of Metro's financial activities for the years ended June 30, 2013. Please read it in conjunction with the JPA's financial statements, which follow this section. The year ended June 30, 2012 is provided for reference.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the JPA's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The JPA's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Basic Financial Statements

The statement of net position includes all of the JPA's assets and liabilities, with the difference between the two reported as net position. There were no deferred outflows or deferred inflows of resources for the year ended June 30, 2013. The JPA's entire net position is unrestricted.

The statement of revenues, expenses and changes in net position presents information which shows how the JPA's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the JPA's operations over the past year and determines whether the JPA has recovered its costs through member agency assessments.

The statement of cash flows provides information regarding the JPA's cash receipts and cash disbursements during the year. This statement reports the JPA's cash activity as either Operating or Investing; the JPA had no Capital and Related Financing Activities or Noncapital and Related Financing Activities for the year. The statement of cash flows differs from the statement of revenues, expenses and changes in net position because it accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

Financial Highlights

For the year ended June 30, 2013, the JPA's total net position increased by \$30,940. The JPA's operating revenues of \$223,515 increased by \$17,515 while operating expenses of \$192,660 increased by \$35,084. Non-operating revenues decreased by \$17. There were no non-operating expenses.

Financial Analysis of the Financial Statements

Net Position

The JPA's net position at June 30, 2013 totaled \$146,510 compared to \$115,570 at June 30, 2012. The increase in net position is attributed to operating income, net of operating expenses, of \$30,855 and \$85 of nonoperating revenue. The following is a summary of the JPA's statement of net position:

Financial Analysis of the Financial Statements (cont.)

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Difference</u>
Assets			
Current Assets	\$ 222,089	\$ 159,247	\$ 62,842
Total Assets	<u>222,089</u>	<u>159,247</u>	<u>62,842</u>
Liabilities			
Current Liabilities	<u>75,579</u>	<u>43,677</u>	<u>31,902</u>
Total Liabilities	<u>75,579</u>	<u>43,677</u>	<u>31,902</u>
Net Position			
Unrestricted	<u>146,510</u>	<u>115,570</u>	<u>30,940</u>
Total Net Position	<u>\$ 146,510</u>	<u>\$ 115,570</u>	<u>\$ 30,940</u>

Revenues, Expenses and Changes in Net Position

The JPA reported a change in net position of \$30,940 for the year ended June 30, 2013, a decrease of \$17,586 when compared to the year ended June 30, 2012. Revenues were higher than the prior year by \$17,498 due to increased contributions from member agencies. Operating expenses were \$192,660, an increase of \$35,084 compared to the year ended June 30, 2012. The primary increases had to do with additional work performed by Atkins and a redesign of the JPA's website. The following is a summary of the JPA's statement of revenues, expenses and changes in net position:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Difference</u>
Operating Revenues	\$ 223,515	\$ 206,000	\$ 17,515
Nonoperating Revenues	<u>85</u>	<u>102</u>	<u>(17)</u>
Total Revenues	<u>223,600</u>	<u>206,102</u>	<u>17,498</u>
Operating Expenses	<u>192,660</u>	<u>157,576</u>	<u>35,084</u>
Total Expenses	<u>192,660</u>	<u>157,576</u>	<u>35,084</u>
Changes in Net Position	30,940	48,526	(17,586)
Net Position at Beg of Year	<u>115,570</u>	<u>67,044</u>	<u>48,526</u>
Net Position at End of Year	<u>\$ 146,510</u>	<u>\$ 115,570</u>	<u>\$ 30,940</u>

Long-Term Debt and Capital Assets

The JPA has no long-term debt or capital assets.

Conditions Affecting Current Financial Position

There are no known facts, decisions, or conditions that are expected to have a significant effect on the JPA's net position or future results of operations.

Contacting the JPA's Financial Manager

This financial report is designed to provide Metro Wastewater JPA's member agencies, their constituents and the State of California with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the JPA's treasurer, Karen Jassoy.

**METRO WASTEWATER
JOINT POWERS AUTHORITY**

STATEMENT OF NET POSITION
June 30, 2013

ASSETS

Current Assets:

Cash and cash equivalents	\$ 212,985
Accounts receivable	9,104
Total Current Assets	<u>222,089</u>

TOTAL ASSETS 222,089

LIABILITIES

Current Liabilities:

Accounts payable	<u>75,579</u>
Total Current Liabilities	<u>75,579</u>

TOTAL LIABILITIES 75,579

NET POSITION

Unrestricted	<u>146,510</u>
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TOTAL NET POSITION \$ 146,510

**METRO WASTEWATER
JOINT POWERS AUTHORITY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2013

OPERATING REVENUES	
Member agency assessments	\$ 223,515
Total Operating Revenues	<u>223,515</u>
OPERATING EXPENSES	
Engineering	124,983
Directors meetings	18,087
General and administrative	20,010
Legal	29,580
Total Operating Expenses	<u>192,660</u>
OPERATING INCOME	<u>30,855</u>
NONOPERATING REVENUES	
Investment income	<u>85</u>
Total Nonoperating Revenues	<u>85</u>
Change in Net Position	30,940
Net Position, Beginning of Year	<u>115,570</u>
Net Position, End of Year	<u>\$ 146,510</u>

**METRO WASTEWATER
JOINT POWERS AUTHORITY**

STATEMENT OF CASH FLOWS
For the year ended June 30, 2013

Cash Flows from Operating Activities:

Cash receipts from membership agency assessments	\$ 223,515
Cash paid to vendors and suppliers for materials and services	<u>(161,619)</u>
Net Cash Provided (Used) by Operating Activities	<u>61,896</u>

Cash Flows from Investing Activities:

Interest and investment earnings	<u>85</u>
Net Cash Provided by Investing Activities	<u>85</u>

Net Increase in Cash and Cash Equivalents 61,981

Cash and Cash Equivalents, Beginning of Year 151,004

Cash and Cash Equivalents, End of Year \$ 212,985

Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:

Operating income	<u>\$ 30,855</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(861)
Increase (decrease) in accounts payable	<u>31,902</u>
Total Adjustments	<u>31,041</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 61,896</u></u>

June 30, 2013

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization and Operations of the Reporting Entity:

The Metropolitan Wastewater Commission was formed in 1998 pursuant to the terms of the 1998 Regional Wastewater Disposal Agreement between the City of San Diego and the following municipalities collectively referred to as the Participating Agencies: Cities of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City and Poway, the County of San Diego, the Otay Water District, Padre Dam Municipal Water District, and the East Otay, Lakeside/Alpine, Spring Valley and Winter Gardens Sanitation Districts. The Metropolitan Wastewater Commission is an advisory body to the City of San Diego, advising the City on matters affecting the Metro System, owned by the City of San Diego.

In 2001 the Metro Wastewater Joint Powers Authority (the Authority) was formed to provide the Participating Agencies with a stronger voice in the operations of the Metro System, for which they collectively pay approximately 35% of the operation and capital costs. As of October 2007, all Participating Agencies of the Metropolitan Wastewater Commission are members of the Authority.

The Authority, along with the Metropolitan Wastewater Commission acts as partners with the City of San Diego and the City's Metropolitan Wastewater Department in planning and budget development, and through its participation in the Metro Technical Advisory Committee, monitors the implementation of the City of San Diego Metropolitan Wastewater Plan and the City's Metropolitan Wastewater Department's engineering and financial practices.

b. Measurement Focus, Basis of Accounting and Financial Statements Presentation:

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the "accrual basis of accounting". Under the economic resources measurement focus all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under 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.

Operating revenues, mainly member agency assessments, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, result from non-exchange transactions, in which, the Authority receives value without directly giving value in exchange.

The Authority reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

b. Measurement Focus, Basis of Accounting and Financial Statements Presentation (continued):

The basic financial statements of the Metro Wastewater Joint Powers Authority have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the Authority is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. The Authority has no net investment in capital assets at June 30, 2013.

Restricted Net Position

This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority has no amounts in restricted net position at June 30, 2013.

Unrestricted Net Position

This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are available for use, it is the Authority’s practice to use restricted resources first, then unrestricted resources as they are needed.

c. New Accounting Pronouncements:

Implemented:

In fiscal year 2012-2013, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*”. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, “*Elements of Financial Statements*” into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

- GASB 65 - "*Items Previously Reported as Assets and Liabilities*", effective for periods beginning after December 15, 2012.
- GASB 66 - "*Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62*", effective for periods beginning after December 15, 2012.
- GASB 67 - "*Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*", effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - "*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*", effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - "*Government Combinations and Disposals of Government Operations*", effective for periods beginning after December 15, 2013.
- GASB 70 - "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*", effective for the periods beginning after June 15, 2013.

d. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

e. Accounts Receivable:

Management believes that all receivables are fully collectible; therefore no allowance for doubtful accounts was recorded as of June 30, 2013.

f. Budgetary Controls:

The Authority prepares a budget that is approved by the Board of Directors. Unspent appropriations for the operating budget lapse at fiscal year-end unless designated by Board action to be carried forward to the next budget period.

g. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

h. Subsequent Events:

Events occurring after June 30, 2013 have been evaluated for possible adjustments to the financial statements or disclosures as of May 15, 2014, which is the date these financial statements were available to be issued.

METRO WASTEWATER JOINT POWERS AUTHORITY NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS:

At June 30, 2013, the \$212,985 of cash and cash equivalents shown on the Statement of Net Position are deposits with financial institutions.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the Authority 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 Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: 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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2013, there were no deposits with financial institutions in excess of the Federal insurance limits.

3. MEMBER AGENCY ASSESSMENTS:

The Authority prepares an expense budget, then calculates member agency assessments to cover budgeted expenses. Member agency assessments are based on each agency's projected treated wastewater flow discharge. The projected discharge is based on the actual figures from the prior year.

<u>Agency</u>	<u>2012 Flow Forecast</u>	<u>% of total</u>	<u>Billing</u>
Chula Vista	16.75	27.17	\$ 60,742
Coronado	2.20	3.57	7,979
County of San Diego	11.78	19.11	42,709
Del Mar	0.68	1.10	2,448
El Cajon	9.00	14.60	32,641
Imperial Beach	2.25	3.65	8,160
La Mesa	5.07	8.22	18,373
Lemon Grove	2.25	3.65	8,153
National City	4.57	7.42	16,578
Otay Water District	0.40	0.64	1,433
Padre Dam	3.22	5.22	11,678
Poway	3.48	5.65	12,621
Total	<u>61.63</u>	<u>100.00</u>	<u>\$ 223,515</u>

ATTACHMENT 6

JPA Mid-Year Budget Review

Metro Wastewater JPA
Treasurer's Report
Six months ending December 31, 2014

Metro Wastewater JPA
Treasurer's Report
Six months ending December 31, 2014
Unaudited

Beginning Cash Balance at July 1, 2014	\$ 117,898
Operating Results	
Membership dues & interest income	123,367
Expenses	<u>(101,593)</u>
Net Income	21,774
Net change in receivables & payables (see Cash Flow)	<u>(97,320)</u>
Cash used in Operations	<u>(75,546)</u>
Ending Cash Balance at December 31, 2014	<u><u>\$ 42,352</u></u>

Submitted by:

Karen Jassoy, Treasurer, 4/5/15

Metro Wastewater JPA

Balance Sheet

As of December 31, 2014 and June 30, 2014

Unaudited

	<u>Dec 31, 2014</u>	<u>Jun 30, 2014</u>	<u>\$ Change</u>
ASSETS			
Checking/Savings			
California Bank & Trust - Savings	\$ 33,684	\$ 117,272	\$ (83,588)
California Bank & Trust - Checking	8,668	626	8,042
Total Checking/Savings	42,352	117,898	(75,546)
Accounts Receivable	123,355	-	123,355
TOTAL ASSETS	<u><u>\$ 165,707</u></u>	<u><u>\$ 117,898</u></u>	<u><u>\$ 47,809</u></u>

LIABILITIES & EQUITY

Liabilities			
Accounts Payable	\$ -	\$ 2,350	\$ (2,350)
Accrued Expenses			
Administrative Expense	2,048	-	2,048
Engineering Expense	15,608	-	15,608
Legal Expense	1,479	-	1,479
Treasurer Expense	4,500	-	4,500
Website Expense	4,750	-	4,750
Total Liabilities	28,385	2,350	26,035
Fund Balance			
At Beginning of Period	115,548	146,505	(30,957)
Net Income (loss)	21,774	(30,957)	52,731
At End of Period	137,322	115,548	21,774
TOTAL LIABILITIES & EQUITY	<u><u>\$ 165,707</u></u>	<u><u>\$ 117,898</u></u>	<u><u>\$ 47,809</u></u>

<i>Fund balance at 12/31/14</i>	\$ 137,322		
<i>FY '15 JPA Required Operating Reserve</i>			
<i>based on 4 months of Operating Expenses</i>	82,270		
<i>Over required reserve</i>	\$ 55,052		

Metro Wastewater JPA
Profit & Loss Budget vs. Actual
Six months ending December 31, 2014
Unaudited

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Income			
Membership Dues	\$ 123,355	\$ 123,355	\$ -
Interest Income	12	52	(40)
Total Income	<u>\$ 123,367</u>	<u>\$ 123,407</u>	<u>\$ (40)</u>
Expense			
Administrative Assistant	\$ 2,048	\$ 1,800	\$ 248
Admin & Treasury Services-Padre	4,500	8,000	(3,500)
Atkins	70,091	80,747	(10,656)
Audit Fees	-	-	-
Bank Charges	-	100	-
Contingencies	-	-	-
Dues & Subscriptions	-	300	(300)
Legal - BB&K	11,049	17,500	(6,451)
JPA/TAC meeting expenses	1,680	2,250	(570)
Mileage Reimbursement	-	250	(250)
Miscellaneous	259	125	134
Office Supplies	74	200	(126)
Per Diem - Agency	6,600	9,500	(2,900)
Postage	-	-	-
Printing	-	-	-
Public Information	5,292	2,410	2,882
Telephone	-	225	(225)
Total Expense	<u>\$ 101,593</u>	<u>\$ 123,407</u>	<u>\$ (21,714)</u>
Net Income	<u><u>\$ 21,774</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,774</u></u>

Metro Wastewater JPA
Statement of Cash Flows

Six months ending December 31, 2014

Unaudited

OPERATING ACTIVITIES

Net Income	\$ 21,774
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(123,355)
Accounts Payable	(2,350)
Accrued Expenses	<u>28,385</u>
Net cash used in Operations	<u>(75,546)</u>
Net cash decrease for period	(75,546)
Cash at beginning of period	<u>117,898</u>
Cash at end of period	<u><u>\$ 42,352</u></u>

Metro Wastewater JPA
Vendor Accrual Summary
As of December 31, 2014

Lori Peoples	\$ 2,048.00 *
Atkins North America	15,608 *
Best, Best and Krieger	1,479 *
Padre Dam	4,500 *
Vision Technology Solutions	<u>4,750 *</u>
Total	<u><u>\$ 28,385.00</u></u>

**Accruals; bills received and paid after 12/31/14*