



Metro JPA Finance Committee
(Finance Advisory Committee to Metro JPA)

TO: Finance Committee Members and Metro Commissioners

DATE: Wednesday, October 27, 2021

TIME: 10:00 a.m.

MEMBERS OF THE METRO JPA FINANCE COMMITTEE WILL BE PARTICIPATING REMOTELY FOR THIS MEETING AND THERE WILL BE NO LOCATION FOR IN-PERSON ATTENDANCE PURSUANT TO GOVERNMENT CODE SECTION 54953(e)(1)(A), WHICH PROVIDES WAIVERS TO CERTAIN BROWN ACT TELECONFERENCING RULES DURING A PROCLAIMED STATE OF EMERGENCY WHEN STATE OR LOCAL OFFICIALS HAVE IMPOSED OR RECOMMENDED SOCIAL DISTANCING. IN COMPLIANCE WITH THE BROWN ACT, METRO COMMISSION/METRO JPA IS PROVIDING ALTERNATIVES TO IN-PERSON ATTENDANCE FOR OBSERVING AND PARTICIPATING IN THE MEETING. FURTHER DETAILS ARE BELOW.

Note: Any member of the public may provide comments to the Metro JPA Finance Committee on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Metro JPA Finance Committee. Public comments must be submitted in either of the following manners:

1. Providing Oral Comments During Meeting. To provide comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the Secretary that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes
2. Written Comments. Written public comments must be submitted prior to the start of the meeting to lpeoples@chulavistaca.gov. Please indicate whether your comment is on a specific agenda item or a non-agenda item. Comments are limited to four hundred (400) words. It is requested that comments and other information be provided at least two (2) hours before the start of the meeting. All comments received by such time will be provided to the Metro JPA Finance Committee members in writing. In the discretion of the Chair, the first five (5) comments received on each agenda item, or on non-agenda matters, may be read into the record at the meeting. Comments received after the two (2) hour limit will be collected, sent to the Metro JPA Finance Committee members in writing, and be part of the public record.

When providing comments to the Metro JPA Finance Committee members, it is requested that you provide your name and city of residence for the record. Commenter's are requested to address their comments to the Metro JPA Finance Committee members as a whole through the Chair. If you have anything that you wish to be distributed to the Metro JPA Finance Committee members, please provide it to the Secretary via lpeoples@chulavistaca.gov, who will distribute the information to the members.

The public may participate using the following remote options

Join Zoom Meeting Link

<https://us02web.zoom.us/j/85856998971>

(NOTE: if this link does not work, please copy and paste it into your browser)

Meeting ID: 858 5699 8971

One tap mobile

+16699009128,,85856998971# US (San Jose)

+13462487799,,85856998971# US (Houston)

Dial by your location

+1 669 900 9128 US (San Jose)

+1 346 248 7799 US (Houston)

THIS NOTICE HAS BEEN DISTRIBUTED TO THE METRO JPA FINANCE COMMITTEE MEMBERS and METRO COMMISSIONERS

1. **Roll Call**

2. **Public Comments**

Opportunity for members of the public to address the Committee on any items not on the agenda but within the jurisdiction of the Committee. Members of the public may use the e-mail noted above to provide a comment.

3. **ACTION:** Approval of Minutes from the April 28, 2021 Finance Committee Meeting (**Attachment**)

4. **ACTION:** Consideration and Possible Action to Recommend to the Metro Commission/Metro Wastewater JPA, Approval of the Metro Wastewater JPA Two-Year Audit for FY 2018 and FY 2019 (Karen Jassoy/Lee Ann Jones-Santos/David Forman, Principal CLA, LLP) (**Attachments**)

5. **ACTION:** Consideration and Possible Action to Recommend to the Metro Commission/Metro Wastewater JPA, Approval of the Metro Wastewater Joint Powers Authority Treasurer's Report for the Year-Ended June 30, 2021 (Karen Jassoy/Lee Ann Jones-Santos) (**Attachment**)

6. **ACTION:** Consideration and Possible Recommendation to the Metro Commission/Metro Wastewater JPA Regarding the Use of City of San Diego's Draft FY 2019 Reconciliation for Metro JPA's FY 2022 Invoices (Karyn Keze/Lee Ann Jones-Santos/Karen Jassoy)

7. **ACTION:** Consideration and Possible Recommendation to the Metro Commission/Metro Wastewater JPA Regarding Designation of a Second Check Signatory for the Treasurer and Check Approval Process (Lee Ann Jones-Santos/Karyn Keze)

8. Review of Items to be Brought Forward to the Metro Commission/Metro JPA
9. Other Business of the Finance Committee
10. Adjournment

The Metro JPA 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 JPA Finance Committee related to any open-session item on this agenda are available for public review by contacting Lori Peoples (619) 548-2934 during normal business hours.

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

Metro JPA Finance Committee meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact lpeoples@chulavistaca.us. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

ATTACHMENT 3

ACTION MINUTES FOR THE MEETING OF APRIL 28, 2021



Metro Wastewater JPA Finance Committee
April 28, 2021
Minutes

Meeting called to order: 10:02 a.m. via Zoom by Committee Chairman Mullin

1. Roll Call

Attendees:

John Mullin, Chair, Poway
Jim Peasley, Vice Chair, Padre Dam
VACANT
Ed Spriggs, Imperial Beach
Jerry Jones, Lemon Grove Sanitation District
Bill Baber, La Mesa (Absent)

Support Staff:

Karyn Keze, The Keze Group, LLC (Called In)
Nicholas Norvell, BBK Law
Eric Minicilli, Vice Metro TAC Chair
Lori Anne Peoples, Metro JPA Board Secretary

City of San Diego Staff:

Charles Modica, Public Utilities Department, City of San Diego (PUD)
Edgar Patino, Public Utilities Department, City of San Diego (PUD)

General Public:

There were no general public members.

2. Public Comment

There was no public comment.

3. ACTION: Approval of Minutes from the July 22, 2020 Finance Committee Meeting

ACTION: Upon motion by Vice Chair Peasley, seconded by Commissioner Spriggs, the July 22, 2020 Minutes were approved unanimously.

4. ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF THE METRO WASTEWATER JOINT POWERS AUTHORITY TREASURER'S REPORT FOR NINE MONTHS ENDING MARCH 31, 2021

Karen Jassoy, Metro JPA Treasurer provided a Power Point presentation of the Treasurers Report for the Nine Months ending March 31, 2021. She noted that is served as the baseline for the budget projections. It included the Balance Sheet which showed that there was almost \$698,000 cash in accounts receivable. There is a small accounts receivable as of March 31st and that has to do with the billing for the Secretary whom we pay and then bill back the City of San Diego for a portion of that. The liability section has accounts payable, we pay when invoices are received and sometimes we receive them after the cut off period. Next is the membership billings and what is done is the budget that is derived at the outset is presented, the board approves and then we bill the member agencies the total amount of the budget and it is spread to the member agencies based on the strengths and flows provided. Then after the audit, they do a true up and a credit or additional amount is given. During the past couple years the entire budget has not been billed due to the reserves being above the required limit. This is being proposed again for the current year. Everyone is billed at the beginning of the year and then 1/12 of the membership billing is identified each month but is not yet recognized as revenue. Net liabilities and net position is \$698,000. The reserve requirement is 4 months of operating expenses in this case \$138,000 and we are \$440,000 over. With regards to the statement of operations they have billed out \$217,000 which is half of the projected expenses from last year and the first column shows we are under budget for a lot of items mostly due to COVID and some invoices have not been received through March from the consultants for prior periods. Bottom line net income for the nine months is \$55,000 we budgeted a loss of \$93,000 so are favorable by \$150,000. The rest of the budget package is the cash flow which shows the change from \$160,000 to \$125,000. Last is the list of invoices received and paid through March 31.

Chair Mullin noted that he felt it gratifying that due to our caution in our budgeting in anticipation of absorbing additional costs for our oversight and implementation of Pure Water and it is good to see that we have gotten into that step without impacting the budget any more that we anticipated.

ACTION: Motion by Commissioner Spriggs, seconded by Commissioner Jones, to approve the recommendation and move the item forward. The motion carried unanimously.

Chair Mullin requested consideration of the renewal of our management, executive team and administrative team is contained in items 5-9 and requested the Commission proceed with the presentation of each item and then approve in one motion. He then turned the presentations over to Eric Minicilli for the presentations.

Eric Minicilli started by thanking Karyn Keze, Karen Jassoy, Nick Norvell and Lori Peoples for their assistance in getting all of the contracts in order under the tight timeline and noted without them this process would be much more difficult.

5. ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF A TEASURERS CONTRACT WITH THE CITY OF EL CAJON FOR UP TO FIVE YEARS

Eric Minicilli provided an overview of the item noting that this was an agreement with the City of El Cajon for the Treasurer duties for up to 5 years. We are transitioning the contract from Padre Dam Municipal Water District and Karen Jassoy to the City of El Cajon with Lee Ann Jones-Santos. He noted that the new contract was for \$30,000 plus \$1500. for reimbursement of the required bond. The prior contract was for approximately \$20,000 but this year the Treasurer will have to participate in the JPA two year audit as well as the normal tasks assigned to the Treasurer. There is also the assistance on the Amended Restated Agreement changes. The other item of note is we are looking at a 5 year contract and we are looking to transition all of the contracts to a multi year contract due to the

amount of staffing time needed for annual review. Eric responded to a question of Vice Chair Peasley that the multi year contracts still allowed for an annual renewal or non renewal. Commissioner Jones inquired as to whether there was anything in the budget that would not allow the 5 year contract and General Counsel Norvell stated they were set up as 5 one year terms and either party could determine they wanted to terminate during the year they could otherwise it could continue on. Commissioner Spriggs inquired as to whether the rate and scope of the position had changed. Karyn Keze noted that the contract is essentially \$10,000 higher due to the scope increase but the hourly rate had decreased. The scope included the audit previously mentioned as well as input on the parking lot items for the Amended Restated Agreement which Lee Ann had experience in having been with the City of San Diego when it was created. These are different items that what our prior Treasurer was assisting us with in the past years. Vice Chair Peasley inquired as to whether the committee would be seeing upcoming contracts annually and review them and determine whether they want to extend and review potential increases and decreases in the contract amounts. General Counsel Norvell responded that there are two ways to control the contract amounts one is by setting the limit within the contract itself with a total not to exceed amount and the other is through the budget which this committee reviews and approves. The committee decides annual what amount is being approved and if the committee decides, they can bring the individual item up for review by the committee. The transition to the 5 year contract this year is only for the Treasurers contract. All others are one year.

6. ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF THE FY 2022 PROFESSIONAL SERVICES AGREEMENT WITH THE KEZE GROUP, LLC FOR FINANCIAL MANAGEMENT SERVICES

Eric Minicilli stated that this item is for the Keze Group and that the annual amount and hourly rate remain the same. Scope changes are the inclusion of the parking lot items for the Amended Restated Agreement.

7. ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF THE FY 2022 PROFESSIONAL SERVICES AGREEMENT WITH NV5 FOR ENGINEERING SERVICES

Eric Minicilli stated that this item is for approval of NV5 contract for engineering services with the same contract amounts and scope. They too will be working on the parking lot items for the Amended Restated Agreement.

8. ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF THE FY 2022 PROFESSIONAL SERVICES AGREEMENT WITH DEXTER WILSON ENGINEERING FOR ENGINEERING SERVICES

Eric Minicilli stated this item is with Dexter Wilson Engineering for engineering services. The contract amount is a bit higher than years past due to scope changes where he assists Karyn Keze with the Pure Water CIP cost allocations. It doesn't appear there are any hourly rate changes. Karyn explained why she needed Dexter's assistance and noted that they always end up with cost savings and that he reviews each line item of the bid and determines what is water and what is wastewater. In the pump station pipeline project first round they have saved approximately \$1 million dollars.

9, **ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF THE FY 2022 PROFESSIONAL SERVICES AGREEMENT WITH GRANICUS FOR WEBSITE HOSTING SERVICES**

Eric Minicilli stated this item was with Granicus for website hosting services. This agreement has a very minor change relating to the annual fee we pay. In the future there will be discussion regarding a potential change to another service. There is a line item in the budget to look at updating the website structure. We have never updated with Granicus software to their current software. We received a quote to potentially upgrade the service with Granicus or investigate and discuss taking the service elsewhere.

Chair Mullin noted that this concluded the items for consideration and that MetroTAC had also reviewed all of these agreements and approved recommending approval to the Metro Commission/Metro Wastewater JPA.

ACTION: Motion by Commissioner Peasley, seconded by Commissioner Jones, agreements 5 through 9 were approved unanimously.

10. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO RECOMMEND TO THE METRO COMMISSION/METRO WASTEWATER JPA APPROVAL OF THE FY 2022 METRO WASTEWATER JPA BUDGET**

Eric Minicilli deferred to Karyn Keze who provided an overview of the FY 2022 Budget. She started on the left and moved to the right noting the right side had a description of each line item in the budget. Across the top the columns have revenues, income and expenditures. The following column has actuals which were shown on the financial statement through March 31, 2021 and Treasurer Jassoy estimated what we would have cash on hand through the close of the fiscal year June 31, 2021. The next column has the approved budget which shows the difference between the approved budget and actuals and then the over or under amounts. The grey has the proposed annual budget which can be prepared with last years. All major contracts have been reviewed. There is a place holder of \$10,000 for the website as Eric mentioned. The other items not reviewed as part of the contract review are the 2 legal service contracts. Procopio has reduced their contract to \$65,000 and BBK stayed the same at \$60,000. They will both have cost of living increases based on the San Diego CPI. The only other line item that is up slightly is the printing/postage/supplies line item based on the current trend plus the printing of new checks and items for the new Treasurer. The administrative assistant line item has been increased as we are setting her up to operate from her home and the \$540 is for high speed internet. There are no increases in her actual services. The bottom of the spread sheet reflects a budget fund balance of \$626,000, reserves of \$147,000 and net income of \$479,000 over the projected reserve level. The new budget has increased by 4%. FY 2022 will have a slight increase over FY 2021. Karyn then presented the initial agency billing for FY 22 (before true up). This year will be FY 20 and this will be seen in the first quarter of 2022. The FY 2021 allocation, first column with flow and strengths, these are the actual you have been billed on. Looking at FY 2022 there is a slight change (percentages are based on what the PAs staff has given to the City of San Diego). There have been no changes to date. Each of the agencies of the \$441,000 is allocated to the PAs based on their percentages and this chart reflects what was billed in prior years. Knowing that we have a lot of cash on hand, last year we allocated only 50% of the budget due to having cash on hand over the required reserve. The same thing has been done this year so 50% of the \$441,000 being allocated to each of the PAs brings the budget

allocation down to similar as last year. MetroTAC has reviewed this and liked the idea due to having the ample reserves. However it is up to this committee and the Metro Commission to determine the percentage to allocate.

ACTION: Motion by Commissioner Jones, seconded by Vice Chair Peasley to approve the budget. Motion carried unanimously.

ACTION: Motion by Commissioner Jones seconded by Vice Chair Peasley to recommend a 50% recovery of the billing rates to the PAs using the overage of reserves. Motion carried unanimously.

11. Review of Items to be Brought Forward to the Metro Commission /Metro Wastewater JPA

Items 4, 5, 6, 7, 8, 9 and 10.

12. Other Business of the Finance Committee

None.

13. Adjournment

The meeting was adjourned at 11:10 a.m.

ATTACHMENT 4

METRO WASTEWATER JPA

TWO YEAR AUDIT

FOR FY 2018 & 2019

METRO WASTEWATER JOINT POWERS AUTHORITY
BASIC FINANCIAL STATEMENTS
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2019



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**METRO WASTEWATER JOINT POWERS AUTHORITY
TABLE OF CONTENTS
TWO-YEAR PERIOD ENDED JUNE 30, 2019**

Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements	
Statement of Net Position	6
Statement of Revenues, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9



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 two-year period ended June 30, 2019, 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. 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, 2019, and the respective changes in financial position and cash flows thereof for the two-year period then ended in accordance with accounting principles generally accepted in the United States of America.

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.



CliftonLarsonAllen LLP

Carlsbad, California
August 9, 2021

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2019**

Our discussion and analysis of Metro Wastewater Joint Powers Authority's (JPA) financial performance provides an overview of Metro's financial activities for the two year period ended June 30, 2019. Please read it in conjunction with the JPA's financial statements, which follow this section.

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 at June 30, 2019. The JPA's entire net position is unrestricted.

The statement of revenues, expenses and changes in net position shows how the JPA's net position changed during the two year period. All revenues and expenses were 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 two years 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.

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2019**

Financial Highlights

For the two year period ended June 30, 2019, the JPA's total net position increased by \$122,471. Operating revenues, which is comprised of Member Agency Assessments, is set annually to cover the cost of operations. For the two year period ending June 30, 2019, operating revenues were \$808,440 or an increase of \$438,180 from the prior two year period. The reason for the increase is that in FY 2017, the JPA reduced Member Agency Assessments by \$113,650 by using reserves to cover a portion of operating expenses. In FY 2018, there was no offset to the required Member Agency Assessments so operating revenues increased from FY 2017 to FY 2018 by \$279,450. Operating revenues increased from FY 2018 to 2019 by \$22,240 to cover a small increase in budgeted expenses. Operating expenses for the two year period ending June 30, 2019 was \$686,325; this was an increase from the prior two year period of \$328,971. The reason for this increase was due to a significant amount of engineering and legal work done in both FY 2018 and FY 2019 on the Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Metro Participating Agencies. Non-operating revenues increased by \$356 from the prior two year period. There were no non-operating expenses.

Financial Analysis of the Financial Statements

Net Position

The JPA's net position at June 30, 2019 totaled \$261,961 compared to \$139,490 at June 30, 2017. The \$122,471 increase in net position is attributed to operating income for the two year period, net of operating expenses, of \$122,115 and nonoperating revenue of \$356. The following is a summary of the JPA's statement of net position:

Assets	<u>Jun 30, 2017</u>	<u>Jun 30, 2019</u>	<u>Difference</u>
Current Assets	<u>\$ 170,738</u>	<u>\$ 292,392</u>	<u>\$ 121,654</u>
Total Assets	<u>170,738</u>	<u>292,392</u>	<u>121,654</u>
Liabilities			
Current Liabilities	<u>31,248</u>	<u>30,431</u>	<u>(817)</u>
Total Liabilities	<u>31,248</u>	<u>30,431</u>	<u>(817)</u>
Net Position			
Unrestricted	<u>139,490</u>	<u>261,961</u>	<u>122,471</u>
Total Net Position	<u>\$ 139,490</u>	<u>\$ 261,961</u>	<u>\$ 122,471</u>

Revenues, Expenses, and Changes in Net Position

The JPA reported a change in net position of \$122,471 for the two year period ended June 30, 2019 or a positive \$37,885 and \$84,420 in FY 2018 and FY 2019, respectively. This is an increase of \$109,456 compared to the two year period ending June 30, 2017.

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2019**

Revenues, Expenses, and Changes in Net Position (Continued)

Revenues for the two year period were \$808,796 or \$393,290 and \$415,506 for fiscal years 2018 and 2019, respectively; this is an increase of \$438,397 from the two year period ended June 30, 2017. The increase was a combination of the use of reserves to partially offset member contributions in fiscal year 2017 and an increase in member agency assessments to cover increased budgeted operating expenses in FY 2018 and 2019.

Operating expenses for the two year period ending June 30, 2019 were \$686,325 or \$355,405 and \$330,920 for fiscal years 2018 and 2019, respectively; this is an increase of \$328,941 from the two year period ending June 30, 2017. The reason for this increase was due to a significant amount of engineering and legal work done in both FY 2018 and 2019 on the Amended and Restated Regional Wastewater Disposal Agreement between the City of San Diego and the Metro Participating Agencies.

The following is a summary of the JPA's statement of revenues, expenses, and changes in net position:

	<u>Jun 30, 2017</u>	<u>Jun 30, 2019</u>	<u>Difference</u>
Operating Revenues	\$ 370,260	\$ 808,440	\$ 438,180
Nonoperating Revenues	<u>139</u>	<u>356</u>	<u>217</u>
Total Revenues	370,399	808,796	438,397
Operating Expenses			
Total Expense	<u>357,384</u>	<u>686,325</u>	<u>328,941</u>
	357,384	686,325	328,941
Changes in Net Position	13,015	122,471	109,456
Net Position, Beginning of Period	<u>126,475</u>	<u>139,490</u>	<u>13,015</u>
Net Position, End of Period	<u>\$ 139,490</u>	<u>\$ 261,961</u>	<u>\$ 122,471</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.

BASIC FINANCIAL STATEMENTS

METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 284,187
Accounts receivable	<u>8,205</u>
Total Current Assets	<u>292,392</u>

TOTAL ASSETS	<u>292,392</u>
--------------	----------------

LIABILITIES

Current Liabilities:

Accounts payable	<u>30,431</u>
Total Current Liabilities	<u>30,431</u>

TOTAL LIABILITIES	<u>30,431</u>
-------------------	---------------

NET POSITION

Unrestricted	<u>261,961</u>
--------------	----------------

TOTAL NET POSITION	<u><u>\$ 261,961</u></u>
--------------------	--------------------------

METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the two-year period ended June 30, 2019

OPERATING REVENUES	
Member agency assessments	\$ 808,440
	<hr/>
Total Operating Revenues	808,440
	<hr/>
OPERATING EXPENSES	
Engineering	235,902
JPA Meetings	44,086
General and administrative	69,454
Legal	202,563
Financial Advisor	134,320
	<hr/>
Total Operating Expenses	686,325
	<hr/>
OPERATING INCOME	122,115
	<hr/>
NONOPERATING REVENUES	
Investment income	356
	<hr/>
Total Nonoperating Revenues	356
	<hr/>
Change in Net Position	122,471
	<hr/>
Net Position, Beginning of Period	139,490
	<hr/>
Net Position, End of Period	\$ 261,961
	<hr/>

METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
For the two-year period ended June 30, 2019

Cash Flows from Operating Activities:

Cash receipts from membership agency assessments	\$ 800,235
Cash paid to vendors and suppliers for materials and services	<u>(687,142)</u>

Net Cash Provided by Operating Activities	<u>113,093</u>
---	----------------

Cash Flows from Investing Activities:

Interest earnings	<u>356</u>
-------------------	------------

Net Cash Provided by Investing Activities	<u>356</u>
---	------------

Net Increase in Cash and Cash Equivalents	113,449
---	---------

Cash and Cash Equivalents, Beginning of Period	<u>170,738</u>
--	----------------

Cash and Cash Equivalents, End of Period	<u><u>\$ 284,187</u></u>
--	--------------------------

**Reconciliation of Operating Income to Net Cash Flows
Provided by Operating Activities:**

Operating Income	<u>\$ 122,115</u>
------------------	-------------------

Adjustments to Reconcile Operating Income to
Net Cash Provided (Used) by Operating Activities:

Changes in operating assets and liabilities:

Increase in accounts receivable	(8,205)
---------------------------------	---------

Increase in accounts payable	<u>(817)</u>
------------------------------	--------------

Total Adjustments	<u>(9,022)</u>
-------------------	----------------

Net Cash Provided by Operating Activities	<u><u>\$ 113,093</u></u>
---	--------------------------

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

1. 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, Poway, the Otay Water District, Padre Dam Municipal Water District, East Otay Mesa, Lakeside/Alpine, Spring Valley, and Winter Gardens Sanitation District. 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.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

1. 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, 2019.

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, 2019.

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:

Current Year Standards:

GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.

GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

c. New Accounting Pronouncements (Continued):

GASB Pending Accounting Standards:

GASB 84 - *In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.*

GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.

GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

GASB 92 - *In January 2020, the Governmental Accounting Standards Board issued Statement No. 92, "Omnibus 2020". The requirements of this Statement are effective for fiscal years beginning after June 15, 2020.*

GASB 95 - *The Governmental Accounting Standards Board issued Statement No. 95, "Postponement of the Effective Dates of Certain Authority Guidance" to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.*

GASB 97 - *In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.*

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, 2019.

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.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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, liabilities, 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, 2019 have been evaluated for possible adjustments to the financial statements or disclosures as of August 9, 2021, which is the date these financial statements were available to be issued.

2. CASH AND INVESTMENTS:

At June 30, 2019, the \$284,187 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, 2019, \$58.506 of deposits with financial institutions were in excess of the Federal insurance limits were held in collateralized accounts.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

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.

	For the Fiscal Year Ended June 30, 2018		For the Fiscal Year Ended June 30, 2019		
	Commission		Commission		
	Flow		Flow		
	Distribution		Distribution		
Agency	Percentage	Billings	Percentage	Billings	Total Billings
Chula Vista	30.73	\$ 120,806	29.73	\$ 123,463	\$ 244,269
Coronado	4.58	17,998	4.31	17,886	35,884
County of San Diego	15.71	61,737	16.44	68,291	130,028
Del Mar	0.06	229	0.06	236	465
El Cajon	14.26	56,037	14.37	59,696	115,733
Imperial Beach	3.82	14,997	3.57	14,815	29,812
La Mesa	7.59	29,832	7.72	32,055	61,887
Lemon Grove	3.97	15,622	3.89	16,172	31,794
National City	7.03	27,638	7.13	29,618	57,256
Otay Water District	0.84	3,312	0.83	3,437	6,749
Padre Dam	6.74	26,515	7.23	30,047	56,562
Poway	4.67	18,377	4.72	19,624	38,001
Total	100.00	\$ 393,100	100.00	\$ 415,340	\$ 808,440

4. CONTINGENCIES:

Litigation

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP





August 9, 2021

Clifton Larson Allen LLP
2965 Roosevelt Street
Carlsbad, CA 92008

This representation letter is provided in connection with your audit of the financial statements of the Metro Wastewater Joint Powers Authority, which comprise the financial position as of June 30, 2019, and the respective change in financial position and cash flows for the two-year period then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 9, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 4, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts

receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
7. . We have not identified or been notified of any uncorrected financial statement misstatements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, contractors, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Metro Wastewater JPA, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
12. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
13. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
14. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
15. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
16. The financial statements properly classify all funds and activities.
17. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
18. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

19. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
20. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
21. Revenues and expenses have been appropriately classified in the statement of revenues, expenses and changes in net position.
22. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
23. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
24. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
25. We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.
26. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Sincerely,


Karen Jassoy, CFO

08/09/21


Allen Carlisle, CEO/General Manager

08/09/21



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 two-year period ended June 30, 2019 and have issued our report thereon dated August 9, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the two-year period ended June 30, 2019.

We noted no transactions entered into by the Authority 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. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

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

- The member agency assessment that is based on each agency's projected treated wastewater flow discharge.

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

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

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 auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated August 9, 2021.

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 entity's financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis which is 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.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Carlsbad, California
August 9, 2021

ATTACHMENT 5

METRO WASTEWATER JPA

TREASURER'S REPORT

FOR YEAR-ENDED

JUNE 30, 2021



Metro Wastewater Joint Powers Authority
Treasurer's Report
Year ended June 30, 2021

Metro Wastewater JPA
Treasurer's Report
Year ended June 30, 2021

Beginning Cash Balance at July 1, 2020	\$ 559,757
Operating Results	
Membership Dues & Interest Income	289,508
Expenses	<u>(243,152)</u>
Change in Net Position	46,356
Net change in Receivables & Payables	<u>(38,787)</u>
Cash used in Operations	<u>7,569</u>
Ending Cash Balance at June 30, 2021	<u><u>\$ 567,326</u></u>

Metro Wastewater JPA
Statement of Net Position

As of June 30, 2020 and June 30, 2021
Unaudited

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>\$ Change</u>
<u>ASSETS</u>			
Checking/Savings	\$ 559,757	\$ 567,325	\$ 7,569
Accounts Receivable	<u>7,662</u>	<u>7,696</u>	<u>33</u>
Total Assets	<u><u>\$ 567,419</u></u>	<u><u>\$ 575,021</u></u>	<u><u>\$ 7,602</u></u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 44,133	\$ 5,379	\$ (38,754)
Unearned Membership Billings	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	\$ 44,133	\$ 5,379	\$ (38,754)
<u>NET POSITION</u>			
Net Position at Beginning of Period	\$ 261,960	\$ 523,286	\$ 261,325
Change in Net Position	<u>261,325</u>	<u>46,356</u>	<u>(214,969)</u>
Net Position at End of Period	\$ 523,286	\$ 569,642	\$ 46,356
<u>TOTAL LIABILITIES & NET POSITION</u>	<u><u>\$ 567,419</u></u>	<u><u>\$ 575,021</u></u>	<u><u>\$ 7,602</u></u>

<i>Net Position at 6/30/21</i>	\$ 569,642
<i>FY '21 Required Reserve (4 months of Op Exp)</i>	<u>138,150</u>
<i>Over (under) required reserve</i>	\$ 431,492

Metro Wastewater JPA
Statement of Operations
Budget vs. Actual

Year ended June 30, 2021
Unaudited

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Income			
Membership Dues	\$ 289,350	\$ 289,350	-
Interest Income	<u>158</u>	<u>100</u>	<u>58</u>
Total Income	\$ 289,508	\$ 289,450	\$ 58
Expense			
Administrative Assistant-LP	\$ 8,635	\$ 8,400	\$ 235
Bank Charges	-	200	(200)
Contingency	-	-	-
Dues & Subscriptions	538	600	(62)
Financial Services			
Audit Fees	4,700	12,000	(7,300)
Financial - The Keze Group	49,163	77,600	(28,437)
Treasurer - Padre Dam/El Cajon	11,984	20,000	(8,016)
JPA/TAC meeting expenses	-	5,000	(5,000)
Miscellaneous	-	250	(250)
Per Diem - Board	11,700	18,000	(6,300)
Printing, Postage, Supplies	422	250	172
Professional Services			
Engineering - Dexter Wilson	92,405	108,000	(15,595)
Engineering - NV5	16,550	30,000	(13,450)
Legal - Procopio	10,266	70,000	(59,734)
Legal - BB&K	32,593	60,000	(27,407)
Meeting Facilitator	1,160	-	1,160
Telephone	240	1,400	(1,160)
Website Maintenance & Hosting	<u>2,796</u>	<u>2,750</u>	<u>46</u>
Total Expense	\$ 243,152	\$ 414,450	\$ (171,298)
Net Income (Loss)	<u>\$ 46,356</u>	<u>\$ (125,000)</u>	<u>\$ 171,356</u>

Metro Wastewater JPA
Statement of Cash Flows

Year ended June 30, 2021
Unaudited

OPERATING ACTIVITIES

Change in Net Position	\$ 46,356
-------------------------------	-----------

**Adjustments to Reconcile Change in Net
Position to Net Cash Provided by Operations:**

Accounts Receivable	(33)
----------------------------	------

Accounts Payable	(38,754)
-------------------------	----------

Deferred Revenue	-
-------------------------	---

Cash at June 30, 2020	7,569
------------------------------	-------

Net cash increase (decrease) for year	559,757
--	---------

Cash at June 30, 2021	<u><u>\$ 567,326</u></u>
------------------------------	--------------------------

Metro Wastewater JPA
A/R Aging Summary
As of June 30, 2021

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>60-90</u>	<u>>90</u>	<u>TOTAL</u>
City of San Diego Metro	<u>3,862</u>	<u>3,833</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 7,695.59</u>
TOTAL	<u>\$ 3,862.20</u>	<u>\$ 3,833.39</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,695.59</u>

Metro Wastewater JPA
Vendor Accrual Summary

As of June 30, 2021

Director Per Diems	\$	900.00
Director Per Diems		450.00
Treasurer - Padre Dam		<u>4,029.09</u>
Total	\$	<u><u>5,379.09</u></u>