



Metro Finance Committee
Regular Meeting Notice and Agenda
(Finance Advisory Committee to Metro Wastewater JPA)

Physical Location: 9192 Topaz Way, San Diego, MOC II Conference Room 2B

TO: Finance Committee Members and Metro JPA

DATE: Tuesday, January 23, 2024

TIME: 10:00 a.m.

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

1. **Written Comments.** Written public comments must be submitted prior to the start of the meeting to lorimetrojpa@gmail.com. Please indicate whether your comment is on a specific agenda item or a nonagenda 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 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 Finance Committee members in writing, and be part of the public record.
2. **Providing Oral Comments During the Meeting.** For those attending in person, please complete a speaker slip and submit it to the Board Secretary prior to the start of the meeting, if possible, or in advance of the specific item being called. To provide comments remotely during the meeting, join the Teams meeting by computer, or mobile phone and use the "Raise Hand" feature. This will notify the Chair that you wish to provide public comment in real time during a specific item on the agenda or during the general Public Comment portion of the meeting. Comments will be limited to three (3) minutes. When providing comments to the Finance Committee, it is requested that you provide your name and city of residence for the record. Those commenting are requested to address their comments to the Finance Committee members through the Chair. If you have anything that you wish to be distributed to the JPA/Commission, please provide it to the Secretary via lorimetrojpa@gmail.com, who will distribute the information to the members.

The public may choose to participate in person or remotely by virtual means. For video, use the Microsoft Teams Meeting link below.

[Click here to join the meeting](#)

Meeting ID: 278 181 945 173

Passcode: fMi9DT

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

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.
3. **ACTION**: Approval of Board Member Request for Remote Appearance (Adriana Ochoa)
4. **ACTION**: Approval of Agenda (FC Chair Baber)
5. **ACTION**: Consideration and Possible Action to Approve Minutes from the May 24, 2023 Finance Committee Regular Meeting (**Attachment**)
6. **ACTION**: Consideration and Possible Action to Approve Minutes from the May 24, 2023 Finance Committee Special Meeting (**Attachment**)
7. **ACTION**: Consideration and Possible Action to Recommend Approval to the Metro JPA/Commission of the Basic Financial Statements with Report on Audit by Independent Certified Public Accountants for the Two-Year Period Ended June 30, 2021 (Clifton Larson Allen LLP) (**Attachments**)
8. **ACTION**: Discussion and Possible Action to Recommend Approval to the Metro JPA/Commission of Amended Bylaws (**Attachment**) (Adriana Ochoa)
9. Review of Items to be Brought Forward to the Metro Commission/Metro JPA
10. Other Business of the Finance Committee
11. Adjournment

The Metro Finance Committee may take action on any item listed on the agenda whether or not it is listed “for action.”

The Metro Finance Committee’s open and public meetings comply with the protections and prohibitions contained in Section 202 of the Americans With Disabilities Act of 1990 (42 U.S.C Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a Metro Finance Committee meeting, may request such modification or accommodation from Adriana Ochoa, General Counsel, (619) 525-3861 or adriana.ochoa@procopio.com.

Materials provided to the Metro Finance Committee related to any open-session item on this agenda are available for public review by contacting Karyn Keze (619) 733-8876 during normal business hours. They are also available on the Metro Wastewater JPA’s website: <https://www.metrojpa.org/>.

ATTACHMENT 5

MINUTES OF THE REGULAR FINANCE COMMITTEE MEETING OF MAY 24, 2023



Metro Wastewater JPA Finance Committee
May 24, 2023
Minutes

Meeting called to order: 10:05 a.m. by Committee Chairman Baber

1. ROLL CALL

Committee Attendees:

Bill Baber, La Mesa
Jerry Jones, Lemon Grove Sanitation District
Ditas Yamane, National City
Mark Robak, Otay Water District
Karen Jassoy, Padre Dam (attended remotely)
Peter De Hoff, Poway (Alternate)

Committee Members Absent:

None

Support Staff:

Karyn Keze, The Keze Group, LLC
Kevin Davis, Procopio
Lee Ann Jones-Santos, Metro JPA Treasurer, El Cajon
Lori Anne Peoples, Metro Secretary

General Public:

There were no general public members.

2. PUBLIC COMMENT

There was no public comment.

3. ACTION: APPROVAL OF BOARD MEMBER REQUEST FOR REMOTE APPEARANCE

Assistant General Counsel Davis stated that since all committee members were present no action was needed.

4. ACTION: APPROVAL OF THE AGENDA

ACTION: Motion by Director Yamane, seconded by Director Jassoy, to approve the agenda.
Motion carried as follows:

AYES: Baber, Jones, Yamane, Robak, Jassoy

NAYS: None

ABSTAIN: None

ABSENT: None

**5. ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE MINUTES FROM
THE April 26, 2023, FINANCE COMMITTEE MEETING**

ACTION: Motion by Director Jassoy, seconded by Director Jones, to approve the Minutes.
Motion carried as follows:

AYES: Baber, Jones, Jassoy, Yamane

NAYS: None

ABSTAIN: Robak

ABSENT: None

6. ACTION: ESTABLISHMENT OF A METRO WASTEWATER JPA RESERVE POLICY

Assistant General Counsel Davis provided a brief verbal introduction and verbal overview of prior actions requested by the Finance Committee members at their April 26, 2023, meeting and presented Resolution No. 2023-01 Establishing a Reserve Policy for consideration. He briefly went over the resolution.

Additional change discussion included whether the reserve fund should equal only 3 months of operating fund. The suggestion was to have the reserve be 4 months of operating expenses versus 3 months and a contingency for unexpected expenses which would need to go to the full board. Ms. Keze noted that a contingency reserve (page 2 of 3) required board direction to the board chair. Karen Jassoy suggested the language be changed to transfer funds immediately. Assistant General Counsel Davis stated that they would correct the language to funds must be disbursed immediately.

ACTION: Motion by Director Jones, seconded by Director Yamane to recommend approval of the Resolution with the recommended changes to the JPA. Motion carried as follows:

AYES: Baber, Jones, Yamane, Robak, Jassoy

NAYS: None

ABSTAIN: None

ABSENT: None

7. **DISCUSSION/ACTION:** Discussion and Possible Action to Recommend Approval to the Metro JPA of the Metro JPA Amended Bylaws
- a. Staff Report
 - b. Metro JPA Amended Bylaws

Assistant General Counsel Davis noted that Item 7 a and b also rolls into Item 8. He noted that the Directors have been paid below market rate without any increase for 15 years and recommended bifurcating the Per Diems from the By Laws and into a Resolution.

Items 7 and 8 were heard together.

8. **DISCUSSION/ACTION:** Discussion and Possible Action to Recommend Approval to the Metro JPA of Resolution No. 2023 Establishing Compensation of the Directors

Mr. Davis provided a brief overview of the By Law amendments followed by an overview of Resolution No. 2023-2. He noted that it increases the Per Diems by \$5 plus a 2.4 COLA the following year: a cap of 3 to 5 meetings per month for the Directors and 6 for the Chair. The Directors can also receive a Per Diem for multiple meetings per day if the meeting has a duration of a minimum of 15 minutes. The resolution permits the Alternate Finance Committee member who attends the meeting in non-voting capacity to receive a Per Diem. Director Jones suggested a 1-time adjustment to \$175 per meeting and 5% or the CPI if allowed to \$202 in 2028. Director Jassoy suggested the verbiage say, "historical CPI and put hard numbers to it." Director Robak suggested a one-time increase to \$175 and the CPI thereafter if legal with a back up of \$175 and 5% increases moving forward and reevaluated at the end of five years.

ITEM 7B.

ACTION: Motion by Director Jones, seconded by Director Yamane to recommend approval to the JPA of removing the Per Diem schedule from the By Laws and into a Resolution. Motion carried as follows:

AYES: Baber, Jones, Yamane, Robak, Jassoy

NAYS: None

ABSTAIN: None

ABSENT: None

ITEM 8.

ACTION: Motion by Director Jones, seconded by Director Robak to recommend approval to the JPA of Resolution No. 2023-02 as amended to increase the Per Diem to \$175 or up to the legal limit with 5% annual increases moving forward. Also, to increase the number of meetings the Chair can be reimbursed for to 6. Motion carried as follows:

AYES: Baber, Jones, Yamane, Robak, Jassoy

NAYS: None

ABSTAIN: None

ABSENT: None

9. REVIEW OF ITEMS TO BE BROUGHT FORWARD TO THE METRO JPA/COMMISSION

Chair Baber stated that Items 6, 7 and 8 would be moving forward with approved amendments.

10. OTHER BUSINESS OF THE FINANCE COMMITTEE

Ms. Keze stated that Adam Jones, City of San Diego Finance' wife had a beautiful baby girl on Mother's Day and that both were doing fine. He will be out on an extended paternity leave which will most likely slow down any financial matters being worked on with the City of San Diego including the financial sections of the Second Amended and Restated Agreement (SARA).

- 11. ADJOURNMENT:** There being no further business, Finance Committee Chair Baber declared the meeting adjourned at 11:13 am. To the Special Finance Committee meeting.

ATTACHMENT 6

MINUTES OF THE SPECIAL FINANCE COMMITTEE MEETING OF MAY 24, 2023



Metro Wastewater JPA Finance Committee
May 24, 2023
Special Meeting Minutes

Meeting called to order: 11:19 a.m. by Committee Chairman Baber

1. ROLL CALL

Committee Attendees:

Bill Baber, La Mesa
Jerry Jones, Lemon Grove Sanitation District
Ditas Yamane, National City
Mark Robak, Otay Water
Karen Jassoy, Padre Dam
Peter De Hoff, Poway (Alternate)

Committee Members Absent:

None

Support Staff:

Karyn Keze, The Keze Group, LLC
Kevin Davis, Procopio
Lee Ann Jones-Santos, Metro JPA Treasurer, El Cajon (called in)
Lori Anne Peoples, Metro Secretary

General Public:

There were no general public members.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

ACTION: Motion by Director Jones, seconded by Director Robak, to approve the agenda.
Motion carried as follows:

AYES: Baber, Jones, Yamane, Robak, Jassoy

NAYS: None

ABSTAIN: None

ABSENT: None

4. **DISCUSSION/ACTION:** Discussion and Possible Action Regarding Auditor Contract and Possible Budget Increase Relating Thereto

Karyn Keze provided a brief verbal explanation. The topic of this item came up Friday after the Finance Committee Agenda had been posted when an email was received by our Treasurer, Lee Ann Jones-Santos from the JPA's auditors Clifton Lawson Allen (CLA). CLA notified Ms. Jones-Santos they no longer would be performing our audit for the contract amount of \$12,000 and that the smallest audit client they were taking was \$25,000 per audit. In addition, there would still be a delay due to labor shortages. Ms. Jones-Santos has been trying to get the JPA FY 20-21 audits completed since the fall of 2021, but it has been stalled first by Covid and then by labor shortages in the accounting industry which affected CLA. The JPA is required to have the JPA financial statements audited every 2 years and these delays have caused the audit to be overdue. The JPA has used CLA for their prior audits as the prior Treasurer, Padre Dam, used them and tacked the JPA's audits onto theirs. Up to now the JPA has been satisfied with their services. Ms. Jones-Santos is checking with the City of El Cajon Finance Director as to possibly using the firm who does audits for her city as an alternative to CLA.

The JPA Financial Staff is therefore requesting authorization to reach out to the City of El Cajon to see if they are willing to take over combining the JPA audit with their audit and/or to reach out to other participating agencies to find out contact information for their auditors and possibly go out for an RFP for a new auditor for the JPA.

ACTION: Motion by Director Jones, seconded by Director Robak, to authorize staff to seek another auditor and move this item straight to the JPA for approval. Motion carried as follows:

AYES: Baber, Jones, Yamane, Robak, Jassoy

NAYS: None

ABSTAIN: None

ABSENT: None

5. **ADJOURNMENT:** There being no further business, Finance Committee Chair Baber declared the meeting adjourned at 11:36 am.

ATTACHMENT 7

ITEM 7: Basic Financial Statements with Report on Audit by Independent Certified Public Accountants for the Two-Year Period Ended June 30, 2021

1. Governance Communication



Board of Directors
Metro Wastewater Joint Powers Authority
Santee, California

We have audited the financial statements of the Metro Wastewater Joint Powers Authority as of and for the two-years ended June 30, 2021, and have issued our report thereon dated December 4, 2023. 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 in our engagement agreement dated August 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

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 Metro Wastewater Joint Powers 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, 2021.

We noted no transactions entered into by the entity during the two-year period ended June 30, 2021 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.

Significant unusual transactions

We identified no significant unusual transactions.

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

The following material misstatements detected as a result of audit procedures were corrected by management:

- And adjustment for \$38,720 to correct for an understatement of cash and understatement of accounts payable, caused by the backdating of checks shortly after year end.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on 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 December 4, 2023.

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. We were informed by management that there were no 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.

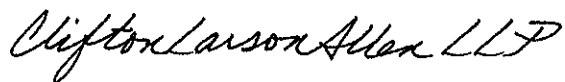
Other Matters

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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
December 4, 2023

2. Financial Statements for the Two-Year Period Ended June 30, 2021

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, 2021



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**METRO WASTEWATER JOINT POWERS AUTHORITY
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TWO-YEAR PERIOD ENDED JUNE 30, 2021**

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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 two-year period ended June 30, 2021, 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, 2021, 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

Irvine, California
December 4, 2023

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

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, 2021. 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, 2021. 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 two-year period ended June 30, 2021. 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 two-year period ended June 30, 2021. 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, 2021**

Financial Highlights

For the two-year period ended June 30, 2021, the JPA's total net position increased by \$307,681. 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, 2021, operating revenues were \$737,200 or a decrease of \$71,240 from the prior two-year period. The reason for the decrease is that in FY2021, the JPA reduced Member Agency Assessments by using reserves to cover a portion of operating expenses. Operating expenses for the two-year period ending June 30, 2021 was \$429,896; this was a decrease from the prior two-year period of \$686,325. The reason for this decrease 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 that did not continue in FY 2020 and FY 2021. There was also a reduction in expenses for FY2020 due to COVID and the in-person meeting meetings were cancelled. Non-operating revenues increased by \$21 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, 2021 totaled \$569,642 compared to \$261,961 at June 30, 2019. The \$307,681 increase in net position is attributed to operating net income for the two-year period of \$307,304 and nonoperating revenue of \$377. The following is a summary of the JPA's statement of net position:

	<u>June 30, 2019</u>	<u>June 30, 2021</u>	<u>Difference</u>
Assets:			
Current Assets	\$ 292,392	\$ 613,741	\$ 321,349
Total Assets	<u>292,392</u>	<u>613,741</u>	<u>321,349</u>
Liabilities:			
Current Liabilities	<u>30,431</u>	<u>44,099</u>	<u>13,668</u>
Total Liabilities	<u>30,431</u>	<u>44,099</u>	<u>13,668</u>
Net Position:			
Unrestricted	<u>261,961</u>	<u>569,642</u>	<u>307,681</u>
Total Net Position	<u>\$ 261,961</u>	<u>\$ 569,642</u>	<u>\$ 307,681</u>

Revenues, Expenses, and Changes in Net Position

The JPA reported a change in net position of \$307,681 for the two-year period ended June 30, 2021 or a positive \$261,325 and \$46,356 in FY 2020 and FY 2021, respectively. This is an increase of \$185,210 compared to the two-year period ending June 30, 2019.

**METRO WASTEWATER JOINT POWERS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
TWO-YEAR PERIOD ENDED JUNE 30, 2021**

Financial Analysis of the Financial Statements (Continued)

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

Revenues for the two-year period were \$737,577 or \$448,069 and \$289,508 for fiscal years 2020 and 2021, respectively; this is a decrease of \$71,219 from the two-year period ended June 30, 2019. The decrease was a combination of the use of reserves to partially offset member contributions in fiscal year 2019 and an decrease in member agency assessments to cover budgeted operating expenses in FY 2020 and 2021.

Operating expenses for the two-year period ending June 30, 2021 were \$429,896 or \$186,744 and \$243,152 for fiscal years 2020 and 2021, respectively; this is a decrease of \$256,429 from the two-year period ending June 30, 2019. 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, that did not continue through FY 2020 and FY 2021.

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

	<u>June 30, 2019</u>	<u>June 30, 2021</u>	<u>Difference</u>
Operating Revenues	\$ 808,440	\$ 737,200	\$ (71,240)
Nonoperating Revenues	356	377	21
Total Revenues	<u>808,796</u>	<u>737,577</u>	<u>(71,219)</u>
Operating Expenses	<u>686,325</u>	<u>429,896</u>	<u>(256,429)</u>
Changes in Net Position	122,471	307,681	185,210
Net Position - Beginning of Period	<u>139,490</u>	<u>261,961</u>	<u>122,471</u>
Net Position - End of Period	<u>\$ 261,961</u>	<u>\$ 569,642</u>	<u>\$ 307,681</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, Lee Ann Jones-Santos.

BASIC FINANCIAL STATEMENTS

METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 606,045
Due from Other Government	<u>7,696</u>
Total Current Assets	<u>613,741</u>

Total Assets	613,741
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LIABILITIES

Current Liabilities:

Accounts Payable	<u>44,099</u>
Total Current Liabilities	<u>44,099</u>

Total Liabilities	<u>44,099</u>
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NET POSITION

Unrestricted	<u>569,642</u>
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Total Net Position	<u><u>\$ 569,642</u></u>
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See accompanying Notes to Basic Financial Statements.

**METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021**

OPERATING REVENUES

Member Agency Assessments	\$ 737,200
Total Operating Revenues	<u>737,200</u>

OPERATING EXPENSES

Engineering	168,110
JPA Meetings	25,097
General and Administrative	58,048
Legal	88,416
Financial Advisor	81,790
Other Professional Services	8,435
Total Operating Expenses	<u>429,896</u>

OPERATING INCOME 307,304

NONOPERATING REVENUES

Investment Income	377
Total Nonoperating Revenues	<u>377</u>

CHANGE IN NET POSITION 307,681

Net Position - Beginning of Period 261,961

NET POSITION - END OF PERIOD \$ 569,642

See accompanying Notes to Basic Financial Statements.

**METRO WASTEWATER JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE TWO-YEAR PERIOD ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Receipts from Membership Agency Assessments	\$ 737,200
Cash Paid to Vendors and Suppliers for Materials and Services	<u>(415,719)</u>
Net Cash Provided by Operating Activities	321,481

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Earnings	<u>377</u>
Net Cash Provided by Investing Activities	<u>377</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

321,858

Cash and Cash Equivalents - Beginning of Period

284,187

CASH AND CASH EQUIVALENTS - END OF PERIOD

\$ 606,045

**RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 307,304
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Decrease in Due from Other Government	509
Decrease in Accounts Payable	<u>13,668</u>
Total Adjustments	<u>14,177</u>
Net Cash Provided by Operating Activities	<u><u>\$ 321,481</u></u>

See accompanying Notes to Basic Financial Statements.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021.

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, 2021.

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.

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.

Accounts Receivable

Management believes that all receivables are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2021.

METRO WASTEWATER JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2 CASH AND INVESTMENTS

At June 30, 2021, the \$606,045 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 counterparty (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, 2021, \$384,559 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 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.

Agency	For the Fiscal Year Ended June 30, 2020		For the Fiscal Year Ended June 30, 2021		
	Commission	Billings	Commission	Billings	Total Billings
	Flow		Flow		
	Distribution Percentage		Distribution Percentage		
Chula Vista	30.17	\$ 135,162	30.62	\$ 88,599	\$ 223,761
Coronado	3.51	15,729	3.45	9,983	25,712
County of San Diego	16.98	76,056	16.44	47,569	123,625
Del Mar	0.06	257	0.06	174	431
El Cajon	14.69	65,784	14.87	43,026	108,810
Imperial Beach	3.70	16,550	3.78	10,937	27,487
La Mesa	7.66	34,291	8.39	24,276	58,567
Lemon Grove	3.49	15,614	3.43	9,925	25,539
National City	7.04	31,551	7.21	20,862	52,413
Otay Water District	0.92	4,106	0.70	2,025	6,131
Padre Dam	6.71	30,035	6.72	19,444	49,479
Poway	5.07	22,715	4.33	12,529	35,244
Total	100.00	\$ 447,850	100.00	\$ 289,350	\$ 737,200

NOTE 4 RELATED PARTY TRANSACTIONS

Under the terms of the Authority's Amended and Restated Regional Wastewater Disposal Agreement, certain administrative expenses incurred by member agencies are reimbursed by the Authority. Reimbursements paid by the Authority during the two-year period ended June 30, 2021, totaled approximately \$72,165. Also, under the terms of the Amended and Restated Regional Wastewater Disposal Agreement, the City of San Diego reimburses the Agency for a portion of these administrative expenses. During the two-year period ended June 30, 2021, reimbursement submitted to the City of San Diego totaled \$36,905, of which \$7,696 have not been collected and are recorded as due from other government on the accompanying statement of net position.

NOTE 5 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.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

3. Internal Controls Communication



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
and Management of Metro Wastewater Joint Powers Authority
Santee, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metro Wastewater Joint Powers Authority, as of and for the two-year period ended June 30, 2021, and the related notes to the financial statements, which comprise Metro Wastewater Joint Powers Authority's basic financial statements, and have issued our report thereon dated December 4, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro Wastewater Joint Powers Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro Wastewater Joint Powers Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro Wastewater Joint Powers Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

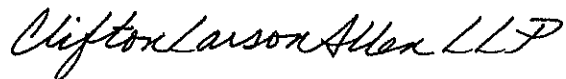
As part of obtaining reasonable assurance about whether Metro Wastewater Joint Powers Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Metro Wastewater Joint Powers Authority's Response to Findings

Metro Wastewater Joint Powers Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Metro Wastewater Joint Powers Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
December 4, 2023

**METRO WASTEWATER JOINT POWERS AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
TWO-YEARS ENDED JUNE 30, 2021**

2021- 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit we noted that checks were issued after the fiscal year end yet were dated in QuickBooks as of June 30, 2021.

Criteria or specific requirement: The Authority is required to produce financial statements that are free of material misstatements.

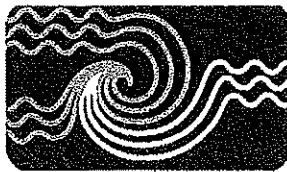
Effect: The result of which was an understatement of cash and accounts payable of \$38,720 for which an audit adjustment was recorded.

Cause: Currently the Agency's system of internal controls does not include a review of the bank reconciliation by someone other than the preparer.

Recommendation: We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents.

Views of responsible officials and planned corrective actions: Agree with finding. Payment for expenses in a fiscal year will be dated when issued. The expense will still be accrued to the appropriate fiscal year. Invoices and the monthly bank statements including reconciliations will be provided to the Administrative Coordinator for review from the Treasurer.

4. 2021 Signed Management Letter



December 4, 2023

CliftonLarsonAllen LLP
2875 Michelle Drive, Suite 300
Irvine CA, 92606

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, 2021, and the respective changes 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 opinion on 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.

We confirm, to the best of our knowledge and belief, as of December 4, 2023, 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 agreement dated August 9, 2023, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
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.

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

Chula Vista • Coronado • Del Mar • El Cajon • Imperial Beach • La Mesa • Lemon Grove Sanitation District
National City • Otay Water District • Poway • Padre Dam Municipal Water District
County of San Diego, representing East Otay, Lakeside/Alpine, Spring Valley & Winter Gardens Sanitation Districts

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. You have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
9. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
10. 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, 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 are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
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 the Metro Wastewater Joint Powers Authority, 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. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
17. Investments are properly valued.
18. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
19. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
20. Deposits and investment securities are properly classified as to risk and are properly valued and disclosed.
21. Capital assets, are properly capitalized, reported, and, if applicable, depreciated.
22. 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.
23. 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.
24. 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.

Signature: _____

Title: CHAIR

Signature: _____

Title: TREASURER

ATTACHMENT 8

BYLAW AMENDMENT

**BYLAWS
OF
METRO WASTEWATER JOINT POWERS AUTHORITY**

PREAMBLE

The Metro Wastewater Joint Powers Authority (“**Metro JPA**” or “**JPA**”) was established in October of 2000 pursuant to the Joint Exercise of Powers Act, Government Code section 6500 *et seq.*, for the purpose of creating a public agency with the authority to take action pertaining to the Participating Agencies’ responsibilities and obligations to provide for the financing of public capital improvements for the Metro Sewerage System which are constructed pursuant to the Metro Agreement and to take such other actions as are necessary for the Participating Agencies to fulfill the obligations and responsibilities and obtain rights and benefits set forth in the Metro Agreement.

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**ARTICLE I
Definitions**

In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and initially capitalized, shall have the meanings specified:

Agreement shall mean the Joint Exercise of Powers Agreement creating Metro Wastewater Joint Powers Authority, dated as of October 25, 2000, among the parties thereto, as amended from time to time.

Act, Participating Agencies, Board, Member, and Directors shall have the respective meanings set forth in the Agreement.

Metro TAC shall mean the Metro Technical Advisory Committee, a committee composed of public works directors and engineers from the Participating Agencies. Metro TAC predates the existence of Metro JPA and is not established or governed by the JPA.

State shall mean the State of California.

**ARTICLE II
Offices**

Section 1. **Principal Office.** The principal office of the JPA shall be located at PO Box 1072, National City, CA 91951.

Section 2. **Additional Offices.** The JPA may also have offices at such other places both within and outside the State, as the Board may from time to time determine or the business of the JPA may require.

ARTICLE III Board

Section 1. Power and Duties of the Board. The Board shall have the responsibility for the general management of the affairs, property and business of the JPA and may, from time to time, adopt and modify these Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The Board may exercise and shall be vested with all powers of the JPA insofar as not inconsistent with law, the Agreement or these Bylaws.

Section 2. Directors and Advisory Directors.

- (a) **Directors.** The JPA is administered by a Board of Directors in accordance with the provisions of Section 2.03 of the Agreement. The Board is composed of one appointee from each of the Participating Agencies. In addition to appointing its primary Director to the Board, each Participating Agency also appoints one alternate (or secondary) Director to attend, participate in and vote at any meeting of the Board when the primary Board Director is absent.
- (b) **Advisory Directors.** The Board may, from time to time, appoint representatives from non-Participating Agencies to serve as Advisory Directors. Advisory Directors shall participate in meetings as a Director, but shall not be counted toward establishing a quorum, shall not attend closed session, and shall not vote. Advisory Directors shall not receive a per diem ~~as set forth in Article IV, Section 4.~~

Section 3. Adjournments and Adjourned Meetings. The Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified by the Board in accordance with law. If less than a majority is present at a meeting, a majority of those members of the Board present may adjourn the meeting from time to time.

Section 4. Method of Voting. Votes on all questions shall be viva voce or as provided by law.

Section 5. Organization. Each meeting of the Board shall be presided over by the Chair or, in his or her absence, by the Vice Chair, or in the absence of both the Chair and Vice Chair, by any member of the Board selected to preside by vote of a majority of the members of the Board present. The Secretary, or in his or her absence any

person designated by the individual presiding over the meeting, shall act as secretary of the meeting.

ARTICLE IV **Officers**

Section 1. **Appointment of Officers.** The Chair, the Vice Chair, Treasurer, and Secretary of the JPA shall be the persons as set forth in Article III of the Agreement.

(a) **Ad Hoc Nominating Committee for Chair and Vice Chair.** At the January regular Board meeting in odd numbered years, or at any other time deemed appropriate by the Board, the Board, in its sole reasonable discretion, may appoint an ad hoc Chair and Vice Chair Nominating Committee (“Nominating Committee”) consisting of three (3) members of the Board.

- i. If the Board appoints a Nominating Committee, the Nominating Committee shall nominate one Director for the position of Chair and one Director for the position of Vice Chair. No member of the Nominating Committee may be nominated for the position of Chair or Vice Chair.
- ii. The Nominating Committee shall present its nominations for Board consideration and action at the next scheduled regular Board meeting. The Board shall consider the Nominating Committee’s nominations and elect a Chair and Vice Chair.

~~iii. The members of the Nominating Committee shall be compensated for attendance at meetings of the Nominating Committee in accordance with Section 4 of this Article, which allows Per Diem compensation for attendance at meetings of an advisory body of the JPA.~~

~~iiiiv.~~ Nothing in this section requires that a Nominating Committee be appointed.

Commented [A1]: TO METRO: We recommend deleting this sentence concerning per diem for the nominating committee since you enacted a separate resolution on the JPA’s per diem policy that addresses this.

Section 2. **Term of Office and Qualification.** Each officer elected or appointed pursuant to Section 1 of this Article IV shall hold office:

- (a) until such time as such officer (1) ceases (in the case of the Chair or Vice Chair) to be a member of the Board, (2) resigns from such office in accordance with the provisions of Article V of these Bylaws, or (3) is unable to perform the duties of such office; or

(b) for a term of two years or until a successor is elected or appointed.

Section 3. Official Bond. The Treasurer to the extent such officer's duties and responsibilities pursuant to the Joint Powers Law may require, is designated as the public officer or person who has charge of, handles, or has access to any property of the JPA, and such officer shall file an official bond as required by Section 6505.1 of the Joint Powers Law in the amount of \$25,000.

Section 4. Compensation and Reimbursement.

a) The compensation of all Directors of the JPA, excluding Advisory Directors, shall be fixed from time to time by resolution of the Board of Directors.

b) Reimbursement of actual and necessary expenses incurred in the performance of official duties in the course of serving as a Director of the JPA as approved by a ~~motion~~ action of the Board, such as but not limited to travel, car rental, if appropriate, lodging, registration, meals (excluding alcoholic beverages), and incidental expenses as follows:

i. Reimbursement for each mile actually traveled when utilizing their vehicles to attend regular or special Metro JPA Board meetings or committee meetings, conferences or other meetings when acting by request of the Board, provided such mileage compensation does not exceed Coach Class airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination. Reimbursement per mile to be equal to the standard rate in effect for business miles deduction by the United States Internal Revenue Service, as such rate is established from time to time. If a Director chooses to travel in his or her private automobile, rather than by scheduled airlines, and the distance traveled requires more than 8 hours driving, overnight lodging and three (3) meals will be reimbursed to the Director, provided that such reimbursement does not exceed the cost of Coach Class airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination.

ii. Reimbursement for lodging, if the lodging is in connection with a conference or organized, educational activity. Lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the Director at the time of booking. If the group rate is not available, the Director shall use comparable lodging, consistent with this Section.

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Commented [A2]: TO METRO: In the minutes approving the April 2022 amended bylaws, it was agreed on that this sentence should say "by [an] action" of the board, rather than by "motion". Please confirm or revise as necessary.

Commented [A3]: Request of Director M.Roback

- iii3. Directors shall use government and/or group rates offered by a provider of transportation or lodging services or travel and lodging, when available.
- iv4. All expenses that do not fall within this subsection (b) or the rates provided herein, shall be approved by the Board in a public meeting before the expense is incurred.
- v5. If a Director chooses to incur additional costs that are above the rates established under this subsection (b)(ii), then the Director may do so at his or her own expense.
- vi6. Expenses shall not be reimbursed unless an expense form is submitted to the JPA within sixty (60) days after the expenditure. Expense forms shall be accompanied by receipts documenting each expense. If no receipt is available, a written explanation of the expenditure is required. Furthermore, Directors will be required to provide a brief report on the conference or meeting attended at the next regular meeting of the JPA.

Section 5. Executive Director. The JPA may hire an employee or consultant to serve as Executive Director of the JPA. -The Executive Director shall be responsible for the supervision, oversight, management, and monitoring of Metro's strategic goals, policies, budgets and contracts, and such other responsibilities as may be dictated by the Board from time to time or in a written agreement. The Executive Director is authorized to exercise his or her discretion prudently in making decisions on behalf of the Metro JPA in amounts that impact the JPA's budget by ten thousand dollars (\$10,000) or less, subject to consultation with the JPA Board Chair.

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ARTICLE V

Resignations

Section 1. Voluntary Resignation; Notice of Effectiveness. Any member of the Board or officer of the JPA may, subject to contrary provisions in any applicable contract, resign at any time by giving written notice to the Board or to the Chair or to the Secretary of the JPA. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

Section 2. Involuntary Resignation; Request. The Board, in the exercise of its discretion, may request the resignation of any officer elected or appointed pursuant to Article IV of these Bylaws. Pursuant to such request, subject to contrary provisions in any applicable contracts, such officer shall resign by giving written notice to the Board.

Any such resignation shall take effect at the time specified in such request. Notwithstanding the above, this section shall not be interpreted to prohibit the Board from removing any elected or appointed officer or electing or appointing a successor.

ARTICLE VI

Vacancies Among Officers

If the office of any officer elected or appointed pursuant to Article IV of these Bylaws becomes vacant at any time by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, such vacancy may be filled at any time by the Board.

ARTICLE VII

Meetings

Section 1. Regular Meetings. Regular meetings of the JPA shall be held on the first Thursday of each month at 12:00 p.m., or as otherwise scheduled by a resolution of the Board.

Section 2. Special and Emergency Meetings. Special and emergency meetings of the Board may be called in accordance with the provisions of Government Code sections 54956 and 54956.5.

Section 3. Open Meetings. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code § 54950 *et seq.*). Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law.

Section 4. Preparation of Agendas. The ~~Executive Director shall Metro TAC Chair or a designee shall~~ prepare the agendas for each Board meeting, ~~in consultation with the Board Chair and the TAC Chair, or the respective Vice Chairs in the Chairs' absence, in consultation with the Metro TAC Chair or his/her designee.~~ Agenda items will be generated by the need to conduct JPA business in a timely manner. ~~The Metro manager or, as applicable, the TAC Chair or Vice Chair Chair, TAC Chair shall review with the Board Chair, or the Vice Chair in the absence of the Chair, the agenda for regular meetings of the Board.~~

Section 5. Addition of Agenda Items Before a Meeting. Board Members may add a "Board Member Initiated Agenda Item" to a future meeting agenda. Board Member Initiated Agenda Items are prepared by the two (2) requesting Board Members and require no staff or consultant time. Board Member Initiated Items must be submitted to the ~~Executive Director or the Metro TAC Chair~~ at least ten (10) days prior to the next Board meeting.

In addition, items may be added to a future Board meeting agenda in the following ways:

- (a) For items not requiring staff or consultant time, the Chair provides an express oral direction to the Executive Director or the Metro TAC Chair during a Board meeting. If a Board Member disagrees with the Chair's direction, the Board Member may make a motion regarding the addition of the item without discussion of the substance of the item.
- (b) For items requiring staff or consultant time, an item shall be added by motion without discussion of the substance of the item.
- (c) Requests from members of the audience, after being authorized to speak, may be added to a future agenda by a Board Member as a Board Member Initiated Agenda Item, as discussed above. If the item requires staff time, the item may be added only by motion without discussion of the substance of the item.
- (d) The Chair or a majority of the Board may refer items to a committee for further review.

Section 6. Modification of Agenda Order; Addition of Items During a Meeting. The order of items on the agenda may be modified by the Chair if there is no objection, or by a motion and majority vote of the Board. No action or discussion may be undertaken on any item not appearing on the posted agenda, except as allowed under the Brown Act.

Section 7. Consent Calendar. The consent calendar shall consist of items which appear to be routine or ministerial in nature on which no Board discussion will be required. Before adopting the consent calendar, the Chair will ask Board Members whether anyone wishes to move a matter from the consent calendar to the regular agenda. The Board will then proceed with consideration of the remaining consent calendar. The consent calendar will be acted upon in one motion without discussion. Items pulled from the consent calendar will be considered immediately following adoption of the remaining consent calendar, and staff reports will only be given if requested by the Board Member who pulled them.

Section 8. Public Comments. Agendas of regular meetings shall provide an opportunity for members of the public to address the Board on any item within the jurisdiction of the JPA which are not on the agenda. Generally, speakers shall be limited to three (3) minutes each. Total non-agenda public comment will be limited to 15 minutes. If the number of speakers is estimated to exceed the 15-minute period, the Chair may, in his or her discretion, reduce the time allotted to each speaker, extend the period for non-agenda public comment, or continue the remaining comments to the end of the agenda. For public comments on agenda items, the Chair may reduce the time allotted to each speaker in his or her discretion.

Section 9. Order and Procedure at Meetings. All meetings of the Board shall be conducted in an orderly manner designed to expedite the business of the Board in accordance with applicable law, the JPA Agreement, and these Bylaws. Except as otherwise

provided in these Bylaws, Rosenberg's Rules of Order (Rev. 2011) will be used as a guide to resolve questions of parliamentary procedures. The General Counsel shall serve as the Parliamentarian.

Section 10. **Rules of Debate and Decorum.** Debate upon all matters pending before the Board shall be under the supervision of the Chair and conducted in such a manner as to expedite the business of the Board. Every Board Member desiring to speak shall so indicate by using the "request to speak" button, if available, or otherwise address the Chair. Upon recognition by the Chair, the Board Member shall confine remarks to the item under consideration. A Board Member, once recognized, shall not be interrupted when speaking unless it is to call the Board Member to order. If a Board Member while speaking is called to order, the Board Member shall cease speaking until the question of order is determined.

ARTICLE VIII **Quorum and Voting**

Section 1. **Quorum.** Directors holding a majority of the votes shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of at least a majority of the Directors present at any meeting at which a quorum is present shall be required to take any action by the Board.

Section 2. **Voting.** Each Director shall have one vote.

ARTICLE IX **Policy Regarding Confidential Information** **Disclosed During Closed Sessions**

Section 1. Information obtained during closed sessions of the Board shall be confidential. Notwithstanding, under certain circumstances, it may be necessary and appropriate for Directors to divulge certain confidential information obtained in closed sessions to representatives of their Participating Agencies as authorized by law. Therefore, these Bylaws adopt the policy set forth in California Government Code section 54956.96, which authorizes the disclosure of confidential closed session information that has direct financial or liability implications for that Participating Agency as follows:

- (a) A Director who is also a member of the governing body of a Participating Agency may disclose information obtained in a JPA closed session that has direct financial or liability implications for that Participating Agency to the following individuals:
 - i. Legal counsel of that Participating Agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Participating Agency; and

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- ii. Other members of the governing body of the Participating Agency present in a closed session of that Participating Agency.
- (b) The governing body of the Participating Agency may, upon the advice of its legal counsel, conduct a closed session in order to receive, discuss, and take action concerning information obtained in a closed session of the JPA pursuant to this Article.

ARTICLE X

Board Committees

Section 1. **Committees.** The Board may establish committees as the Board deems appropriate to assist the Board in carrying out its functions.

The Finance Committee is an existing Standing Committee of the Board. Other committees composed of Board members with continuing subject matter jurisdiction, or having a meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board, shall also be Standing Committees of the Board.

Section 2. **Appointment to Standing Committees.** For Standing Committees, the Chair shall nominate committee members, subject to approval by a majority vote of the Board. If the Board fails to approve the Chair's nomination(s) to a Standing Committee, the Board may entertain a motion for the appointment of committee members.

Section 3. **Committee Voting.** Action by a committee on all matters shall require an affirmative vote of a majority of the members of the committee who are present at the meeting.

Section 4. **Removal of Committee Members.** The Board may remove a committee member from a committee, with or without cause, by a majority vote of the Board. A committee member may also resign from a committee.

Section 5. **Ad Hoc Committees.** The Board may establish temporary ad hoc advisory committees that: (a) are composed of less than a quorum of the Board, (b) have no continuing subject matter jurisdiction, and (c) have no meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board. [The Chair shall propose nominees and the Board shall appoint the members of such ad hoc committees.]

ARTICLE XI

Amendments

These Bylaws may be modified, amended or repealed or new Bylaws may be adopted by the affirmative vote of the Board at any regular or special meeting of the Board.

Commented [A4]: TO METRO: In the minutes approving the April 2022 amended bylaws, it was agreed on that the Chair should "put nominees up" for the ad hoc committee but that the Board "would make the actual appointments". Please confirm or revise as necessary.

ARTICLE XII
Severability

Any adjudication that these Bylaws or any part thereof is invalid shall not affect the validity of the remainder of these Bylaws.

These Bylaws are hereby adopted on this XX day of MONTH, 202~~32~~.

Jerry Jones, Chair

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SECRETARY’S CERTIFICATE

The undersigned hereby certifies that he/she is the Secretary of the Metro Wastewater Joint Powers Authority, a joint exercise of powers authority; that attached hereto is a true, correct and complete copy of the Bylaws of the Metro Wastewater Joint Powers Authority; and that said Bylaws are in full force and effect as of the date hereof.

Dated: **MONTH DAY**, 2023

Lori Anne Peoples
Secretary of the Metro Wastewater Joint
Powers Authority