

**LEUCADIA WASTEWATER DISTRICT**  
Minutes of an Investment & Finance Committee Meeting  
December 9, 2014

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A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Tuesday, December 9, 2014 at 9:00 a.m. at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

**1. Call to Order**

Chairperson Hanson called the meeting to order at 9:00 a.m.

**2. Roll Call**

DIRECTORS PRESENT: Hanson and Omsted

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, Administrative Services Manager Chuck LeMay, Executive Assistant Trisha Hill, Accounting Technician Maggie McEniry, CPA Richard Duffey with Brownell and Duffey, CPA Harvey Schroeder and CPA David Foreman of White Nelson Diehl Evans LLP.

**3. Public Comment**

No public comment was received.

**4. New Business**

A. Review and discuss the Fiscal Year 2014 Comprehensive Annual Financial Report (CAFR).

CPA Duffey provided a brief summary of the CAFR highlighting the Management's Discussion and Analysis (MD&A) which included information on the following items:

- The District's wastewater service charges were unchanged at \$258.21/EDU/year
- The District added 342 equivalent dwelling units increasing our connected units to 28,278;
- Operating revenues and expenses increased \$85,000 and \$78,000 respectively;
- Investment earnings increased \$226,000 or 93.9% from 2013;
- Gain of \$617,000 in donated subsurface lines;
- The District's net position increased \$1.8 million or 1.4% from 2013;
- The District's key financial ratios;
- Comparison between the FY14 and FY13 reserves balances;
- Statistical sections of the CAFR; and
- The FY14 Budget to Actual (without depreciation expensed)

CPA Duffey introduced Harvey Schroeder of White Nelson Diehl Evans, LLP to provide a summary of the Audit Committee Letter, financial statements and the CAFR.

Mr. Schroeder stated that the auditor's internal report indicated that the audit was a

clean, unqualified opinion for the year ending FY 2014. He provided a summary of the Basic Financial Statements and notes, along with supplemental information. He introduced David Forman to present other matters during the audit process.

Mr. Forman stated that during audit testing LWD staff was helpful and provided all necessary documents that were requested from the audit team. He stated that there were no journal entries and that there were no disagreements with management. He added that during the testing phase of the audit, the auditors found three immaterial findings. He provided a summary of each finding.

GM Bushee stated that staff has made several procedural changes and he explained that the modified procedures are currently in place.

Director Omsted asked several questions regarding the audit process and Mr. Schroeder answered his questions.

Following discussion, the IFC agreed with staff to recommend that the Board of Directors receive and file the FY14 CAFR.

**5. Information Items**

None.

**6. Directors' Comments**

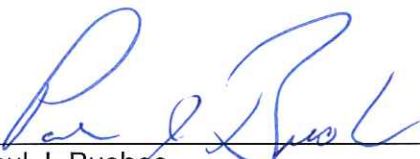
Director Omsted asked if staff is planning on recommending an extension to the auditor's contract. GM Bushee indicated that staff is planning on requesting that the Board extend their contract. CPA Duffey explained that it would be best to extend their contract for one additional year due to the new financial software and the new GASB requirements.

**7. General Manager's Comments**

None.

**8. Adjournment**

Chairperson Hanson adjourned the meeting at 10:07 a.m.



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Paul J. Bushee  
Secretary/General Manager  
(Seal)