

**AGENDA**

**INVESTMENT AND FINANCE COMMITTEE MEETING  
LEUCADIA WASTEWATER DISTRICT**

January 21, 2025 – 3:00 p.m.  
1960 La Costa Avenue, Carlsbad, CA 92009

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1. **Call to Order**
2. **Roll Call**
3. **Public Comment**
4. **Contract Amendment No. 1 to Rogers, Anderson, Malody & Scott, LLP for Financial Auditing Services (Pages 2-3)**
5. **Annual Review of the LWD Reserve Fund Policy (Page 4)**
6. **Financial Plan Tracking (Page 5)**
7. **Information Items**  
None.
8. **Directors' Comments**
9. **General Manager's Comments**
10. **Adjournment**

MEMORANDUM

Ref: 25-8952

DATE: January 16, 2025  
 TO: Investment & Finance Committee  
 FROM: Paul J. Bushee, General Manager   
 SUBJECT: **Contract Amendment No. 1 to Rogers, Anderson, Malody & Scott, LLP for Auditing Services**

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**RECOMMENDATION:**

Staff requests that the Investment & Finance Committee (IFC) recommend that the Board of Directors:

1. Authorize the General Manager to execute a contract amendment with Rogers, Anderson, Malody & Scott, LLP for Auditing Services for Fiscal Year 2025 (FY25) and Fiscal Year 2026 (FY26) in an amount not to exceed \$58,400.

**DISCUSSION:**

During March 2019, the Board of Directors authorized a three-year contract with Rogers, Anderson, Malody & Scott, LLP for auditing services. During the past three years, they have worked closely with the District to conduct thorough financial audits.

While the original agreement was for an initial three-year period, an option for an additional two-year extension was included. Staff believes that executing this option for FY25 and FY26 will provide continuity to our auditing program and is in the best interest of the District. The proposed Amendment No.1 is attached for the committee's review.

Staff has received an estimate of fees not to exceed \$58,400 for the two-year extension. The fees are broken down by fiscal year as follows:

<u>Fiscal Year Ending</u>	<u>Total Audit Fees</u>
June 30, 2025	\$ 28,750
June 30, 2026	<u>29,650</u>
Total Two-Year Contract Price	<u>\$ 54,400</u>

For comparison purposes Rogers, Anderson, Malody & Scott, LLP's contract price for Fiscal Year 2024 was \$28,750. Therefore, staff believes the proposed contract price is fair and reasonable. Staff will appropriate funds each year as part of the budget process to cover the auditing fees for that year.

rg:PJB

Attachment

**AMENDMENT NO. 1  
TO THE PROFESSIONAL SERVICES AGREEMENT  
BETWEEN THE LEUCADIA WASTEWATER DISTRICT  
AND ROGERS, ANDERSON, MALODY & SCOTT, LLP  
FOR AUDITING SERVICES**

Ref: 25-8950

This Amendment No. 1 to the AGREEMENT is made and entered into this \_\_\_th day of February, 2025 between the LEUCADIA WASTEWATER DISTRICT, hereinafter referred to as DISTRICT, and ROGERS, ANDERSON, MALODY & SCOTT, LLP, a Certified Public Accounting firm, hereinafter referred to as CONSULTANT.

WHEREAS, the DISTRICT and CONSULTANT entered into an AGREEMENT on March 9, 2022 for financial auditing services; and

WHEREAS, the AGREEMENT allows for an additional two-year extension; and

WHEREAS, the DISTRICT has determined that a two-year extension is in the best interest of the District.

NOW THEREFORE, in consideration of their mutual promises, obligations, and covenants hereinafter contained, DISTRICT and CONSULTANT agree to amend the AGREEMENT as follows:

**ARTICLE 2: SERVICES TO BE PERFORMED BY CONSULTANT**

The Scope of Work shall be amended to include financial auditing services for an additional two-year period for the fiscal years ending June 30, 2025 and 2026 as described in Exhibit A.

**ARTICLE 4: COMPENSATION**

Compensation for all work performed under Amendment No. 1 shall be calculated on a time and materials basis. Compensation for the services described in this AMENDMENT shall not exceed \$58,400. The total not to exceed amount for the AGREEMENT to \$142,550. This amount shall not be exceeded unless there is a change in scope of work, in writing and agreed to by both parties.

All other terms and conditions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto caused this AGREEMENT to be executed the day and year first above written.

**LEUCADIA WASTEWATER DISTRICT**

**ROGERS, ANDERSON, MALODY & SCOTT LLP**

By: \_\_\_\_\_  
Paul J. Bushee  
General Manager

By: \_\_\_\_\_  
Scott Manno  
Engagement Partner



MEMORANDUM

Ref: 25-9024

DATE: January 16, 2025  
TO: Investment and Finance Committee  
FROM: Paul J. Bushee, General Manager  
SUBJECT: Annual Review of LWD Reserve Fund Policy



RECOMMENDATION:

Staff requests that the Investment and Finance Committee (IFC) recommend that the Board of Directors:

- 1. Receive and file the annual Reserve Fund Policy report; and
- 2. Discuss and take other action, as appropriate.

DISCUSSION:

**Tactical Goal: Financial/Finance Policy Reviews**

In February 2005, the Board of Directors (Board) adopted Leucadia Wastewater District's (LWD) Reserve Fund Policy which established a means for LWD to ensure that sufficient funds are available for current operating and capital needs. The policy was last reviewed and revised in February 2024.

The Reserve Fund Policy establishes two distinct reserves at LWD: 1) Restricted Reserves and 2) Unrestricted Reserves. The policy also establishes various designations within the Unrestricted Reserve and calls for an annual review of the reserve balances. This report constitutes that review.

Staff has reviewed the Reserve Fund Policy and is recommending no changes to the existing Reserve Fund Policy. A copy of the policy is attached for the committee's review.

During November 2024, the Board received the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 that included the following reserve balances:

**Restricted Reserves:**

*Encina Wastewater Authority Reserve* \$445,200

**Unrestricted Reserves:**

<i>Reserve Designation</i>	<i>Reserve Balances</i>
<i>Operations Reserve</i>	\$ 3,145,490
<i>Replacement Reserve</i>	\$14,591,170
<i>Water Recycling Reserve</i>	\$ 655,632
<i>Emergency Reserve</i>	\$ 7,500,000
<b><i>Total Unrestricted Reserves</i></b>	<b>\$26,337,492</b>

Staff will provide an overview of the fiscal year 2024 reserve activity during the committee meeting.

reg:PJB

Attachment

**MEMORANDUM**

**DATE:** January 16, 2025  
**TO:** Investment and Finance Committee  
**FROM:** Paul J. Bushee, General Manager  
**SUBJECT:** Financial Plan Tracking



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**RECOMMENDED:**

This item is presented for information purposes only.

**DISCUSSION:****Tactical Goal: Financial/Financial Plan Update**

During 2023, LWD updated the District's Financial Plan with the assistance of IB Consultants, Inc. The Board approved the updated plan on June 14, 2023. The purpose of the Financial Plan is to ensure the financial stability of the District through a long-term financial planning process that projects future financial conditions and provides guidance in our decision-making process.

Each year, following the completion of our annual audit, staff updates the Financial Plan model using these current audited figures and adds the following year's budget figures as well. Staff has completed this year's internal update and will present an overview of how LWD is currently tracking with the 2023 Comprehensive Financial Plan for the committee's information.

reg:PJB