

**Lakeway Municipal Utility District
Finance Committee Meeting Minutes
February 4, 2020**

Attendees: Vince Maggio, Chairperson; Bud Wellborn, Vice Chairperson; Bill Cobb; Ann Smith; Hal Hirsch, Secretary; Lawrence Christian, LMUD Board Liaison; Earl Foster; General Manager. **Absent:** None

- **Overview**

This session focused solely on the Financial Audit that is wrapping up now. Jimmy Romell, of Maxwell Locke & Ritter, LLP took us through the draft of the Audit Report covering LMUD's Fiscal Year that ended on September 30, 2019.

This is the first year that LMUD has engaged Maxwell Locke & Ritter for the audit. LMUD received a "clean" opinion stating that the organization is operating "in accordance with accounting principles generally accepted in the United States of America".

- **Key Ingredients**

Jimmy led us through the various Financial Statements. This review included Statement of Net Position, which is a summary Balance Sheet; Statement of Activities which is a Summary of both Profit and Loss as well as Net Assets; Government Funds by Year; Capital Assets; Long Term Debt Activity; as well as back up schedules and the accompanying explanatory notes. There are schedules that summarize and provide the first level of detail for Capital Assets and Long Term Debt.

- **Recently Issued Accounting Pronouncements**

There are three recent Accounting changes that may impact LMUD but not significantly; and none that impact the 2019 Audit.

- **Net Pension Liability**

Each annual audit focuses heavily on the Pension Plan and that is the only time all year that we discuss the financial health of that plan. For 2019, LMUD added \$167 K to the plan and that was 12.1% of the \$1377 K Pensionable Covered Payroll. That LMUD contribution was appropriate for actuarial integrity.

- **Next Steps**

In the next few days, we will individually advise Earl of any changes or questions we have to improve the Audit Document which is 50 pages long.

The LMUD Board will review the updated document in their Feb 12th meeting which starts at 9:30 AM. This meeting is also to dedicate a historical marker at the LMUD Office.

This new Accounting Firm will be available throughout the year for advice. We also discussed the potential for an Internal Control Audit, since the last one was in 2011 and many changes including systems have been implemented since then. Earl asked about a PO program to track and automate Approvals.

- **Next Finance Committee Meeting**

Tuesday March 3rd at 1:30 PM. We will catch up on the monthly P&L performance.