

Lakeway Municipal Utility District
Finance Committee
Meeting Minutes

January 4, 2022

Attendees: Vince Maggio, Chairperson; Bud Wellborn, Vice Chairperson; Ann Smith; Hal Hirsch, Secretary; Earl Foster; General Manager; Lawrence Christian, LMUD Board Liaison
Absent: N/A

Annual Financial Audit

The auditors met with us on site and took us through the “**clean**” audit report and responded to our questions. (*Congratulations to the LMUD staff.*)

The audit provided a “look ahead” to two potential GASB (Government Accounting Standards Board) accounting changes.

LMUD’s Long Term Debt was reduced from \$9.9 M to \$8.7 M in 2021. An additional \$1.1 M is slated to be reduced in 2022. Including interest, the 2022 payment of \$1.4 M will then be reduced to \$0.9 per annum for the following few years. The Series 2005 bonds will be totally paid by the end of 2022. The Series 2018 bonds will be paid off in 2029; while the Series 2013 bonds will be paid off in 2033.

LMUD’s Defined Benefit Pension Plan is in acceptable shape and has a liability of \$0.7 M. The annual payments from LMUD are in addition to employee payments. The Texas County and District Retirement System (TCDRS) administers the plan.

November Year to Date P&L for FY22

Revenue of \$1160 K and Expenses of \$800 K were recorded through the first 2 months of LMUD’s FY22. The full year budget is \$5.6 M of Revenue and \$4.8 M of Expenses.

For these first 2 months, water volumes were down by 7% while wastewater was up over 33% compared with the comparable FY21 time period at the LMUD plants.

Discussion Items

- 4.2 K new water meters have been installed so far.
- With the difficulty in sourcing and retaining employees, an LMUD \$0.5 K / quarter retention bonus was discussed. To reduce workload to fit the remaining staff, oil changes will be completed by Lamb’s Auto Service.
- Due to the backups required by the TX legislature in their SB3 response to last year’s freeze, LMUD will purchase \$3M in backup generators of which \$2 M will require current year funding.
- There is continued concern about the need for additional cash to address a projected shortfall approximately 5 years from now. We need to think about savings, project deferral (if possible) and perhaps increasing the water and wastewater rates. The perception is that an incremental bond issue should be kept as a distant “last resort”.

Next Meeting

The next Finance Committee Meeting will be Tuesday February 1st at 1:30.