



Lakeway MUD Finance Committee Meeting Monday January 10, 1:30pm

Attendees: Lee Smith
Mike Cripe
Ann Kivisild Smith
Frank Cooley, Board Liaison
Earl Foster, GM

Guests: Jimmy Romell – Maxwell Locke and Ritter, auditors
Andrea Burgard – Maxwell Locke and Ritter

Agenda:

1. Report from Jimmy Romell FY 22 Financial Audit

Jimmy Romell began the presentation by explaining that there have been several changes to the audit from last year starting with the upfront statements. (copy of audit is attached)

Responsibilities: In the future, Management (LMUD) will be responsible to evaluate and report within 12 months any new conditions that may affect the continued operation of the District as an ongoing concern. The Auditors' responsibilities have also changed to include reasonable assurance that the financial statements are accurate and complete. These changes are laid out in detail.

Financially: The Districts' Ending Net position was positive 5%. Note that both Current and Long-term liabilities have been reduced substantially.

Comments: The presentation was detailed and lengthy and several items were questioned before the audit was accepted as presented. Other items of interest include:

- Retirement plan funding which changes regularly has been now classified as Other Assets.
- Capital leases will now end up on the Balance Sheet. The 3 current leases are small and won't materially affect the bottom line.
- The Water accountability ratio is 85.11% billed to customers and approximately 15% loss to main breaks and leakage which continues to be good even with our aging system, i.e., the major break this week at Schooner Dr. The goal is 90% billed to customers.

It was noted that Maxwell Locke and Ritter have been our auditors for 4 years and that to insure best practices we might want to look at either changing auditors within the firm or changing firms in the next 1-2 years. Changing firms however requires a complete education of new auditors and can be very time consuming.

2. November Financials

a. There was a brief discussion of the November financials. Total Revenue for the month compared to last year was up 8.8% and YTD through November revenue was up 4.6%. Roughly 1/3rd of the revenue was from wastewater and 2/3rds was from water service. Total Expenses for the month were up 17.2% and 2.5% for the YTD. Net Revenue for November was up 13.7% and 11.1% for the YTD.

b. Negotiations with the city of Lakeway for the purchase of the land to expand the S-5 expansion and new E-3 Tank are ongoing. A new appraisal has been requested however the City is still asking \$360K for the parcel. It was the feeling of the committee that the \$60K difference between the LMUD offer and the City's asking price is not worth delaying the project and the extra dollars can be recouped in a relative short period of time.

3. Other Business

There being no other business the meeting was adjourned.

Next Meeting: January 31, 2023 at 1:30PM