

Lakeway Municipal Utility District

Finance Committee

2016 Audit Review Meeting

February 9, 2017

- All five members were present along with the Board Liaison and the General Manager.
- Don Mc Phee of PMB Helin Donovan, the auditing firm, took us through:
 - Cover letter to the LMUD Board with adjusting entries
 - The auditors had **NO disagreements** with LMUD Management and issued a **“clean” opinion**
 - Single page “Report on Internal Controls over Financial Reporting”-- While this was not a full Audit on all Financial Controls, there were **no deficiencies noted as “material weaknesses”**. Don was generally upbeat in discussing the MUD’s financial position and financial processes.
 - As to the **Audit Report** itself:

There were questions raised by the Committee relative to Table 1 on page 5. Don subsequently reviewed that portion and moved \$4 Mill back from “Unrestricted” to “Invested in Capital Assets for ” a calculation or estimate taking net fixed assets less outstanding debt for **governmental accounting reporting**”. For the second straight year, there were discussions about the changes in **pension liability accounting** rules and Don took us through the implications while commenting that there are no extraordinary shortfalls or supplemental charges required at this time.

We reviewed the pages on the MUD’s **debt obligations** and their timing, interest rate, ‘callability’, etc.

The Committee reviewed **tax liens** going back to 1992, and earlier, which are still due to the district and can be collected at the closings for these properties in the form of liens that will be processed by the respective title companies. The totals range roughly \$70 thousand.

Don subsequently corrected some typographical issues that we raised during the meeting.
- Our next **Finance Committee meeting** is scheduled for March 2nd at 1 PM.