

**Lakeway MUD Finance Committee
Meeting Minutes
February 5, 2019**

Members in Attendance (all)

Vince Maggio, Chair; Bud Wellborn, Vice Chair; Bill Cobb, Ann Smith; Hal Hirsch, Secretary; Lawrence Christian, (Board Liaison); and Earl Foster, (General Manager)

Fiscal Year 2018 Audit

Two of PMB Helin Donovan LLP's Partners and their Accountant who performed the work took us through a Draft of the Audit:

- Accounting Adjustments were minimal; no key Issues
- No Material weaknesses; no Control Issues
- Balance Sheet increased per the sale of the initial portion of the land on Lohmans Crossing
- LMUD's Long Term Debt reduced from \$15.3 M to \$12.8 M related to the 2018 refinancing
- After performing major tests, Pension Liability deemed adequately funded
- With the new Billing System and the new Meters, opportunity now for an Internal Controls audit

Fiscal December Year to Date 2019 LMUD Profit and Loss

December 2018, a non-revenue month, was Fiscal Month 3 of LMUD's 2019:

- Revenues of \$850 K were \$47 K below Plan, and 13% below 2018 YTD, due to the rains.
- Costs and Expenses of \$842 K were \$85 K favorable to Plan and 5% less than 2018 YTD.
- December's Net P&L (prior to accounting for Capital purchases or debt repayments) of \$8K is \$38 M better than Plan, but \$68 K worse than Dec YTD 2018 again due to the rains.
- In Q1 of Fiscal 2019, LMUD sold 140 M gallons of water, 42 M less Q1 of Fiscal 2018. Wastewater, however, increased in that time frame to 61 M gal, 9 M above Q1 of 2018.

Additional topics

- While attending a recent meeting, Earl learned that major emphasis on water conservation is required to position Central Texas for the future. LMUD plans to assign an employee to work with customers that have high water usage.
- With upcoming retirements of senior and skilled employees, Earl will request temporary approval to carry three extra headcount for Training. The introductory wage rate of \$15 per hour may need to increase, since it has not moved in 5 or 6 years.
- Out of District Wastewater project is now ongoing with 17 sign-ups and an additional 13 inquiries.
- The remaining portion of the Land Sale is still pending and under active discussion with the buyer and the City of Lakeway
- We started communicating via "Boardbook" software for this meeting

Next Meeting of the Finance Committee

Tuesday, March 12, 2019 at 1:30 PM