

LMUD Finance Committee
Meeting Minutes – July 31, 2012

Members in Attendance: Loyd Smith (Chair), Larry Burmeier, Bill Cobb, Jack Lewis,

Earl Foster (General Manager) and Kay Andrews (Board Liaison)

Absent: Vince Maggio (out of town)

Meeting called to order at 3:00 PM

1. Loyd reminded committee members to acknowledge receipt of meeting minutes and submit corrections, if any, within 72 hours.
2. Loyd inquired as to what action the Board took on the Finance Committee's recent recommendation to eliminate the employee's 457 retirement supplement matching contribution. Kay reported that the Board sent the proposal back to the APC Committee for further review.
3. **Review of July Financial Report**
Earl advised that tax revenue will be reported separately. He also advised that the report did not include some expenses, which will be reported later. The committee reviewed the report and concluded the report, as submitted, looked good from a format and calculation standpoint.
4. **General Fund Balance Sheet**
Earl delivered a General Fund Balance Sheet showing Assets and Liabilities, as of June 30, 2012. This was in response to a request made at an earlier meeting. There was no discussion.
5. **Review of Bond Indebtedness**
Earl delivered reports showing LMUD's aggregate debt service, as prepared by Specialized Public Finance, Inc., which showed a total debt ,through Sept. 2029, of \$36,340, 313.28 (\$20,178,100 in Principal and \$16,162,213 in interest) on ten 20 year bonds issued from 1997 to 2009. Loyd wanted to know what the penalties would be if we paid off some bonds early. Larry wanted to know the reason for the significant variation of interest owed in some years, and whether our Financial Advisor was providing recommendations in addition to his service. Earl could not provide this information, so the Committee requested, and Earl agreed, to invite the Advisor to our next meeting for further discussion of bonds.

On the subject of additional bonds needed in the future, Earl reported that new bonds will be needed to fund future projects. He estimates a need of \$3 Million by 2013 and \$2 Million in 2016 to fund a new "Trident" water treatment plant. In his report, "Notes to the Financial Statement, Year Ended Sept. 30, 2011", page 20 he noted there was \$7,430,000 in remaining authorized, but unissued bonds.

6. Financial Audit for fiscal year end 2012

Earl reported that it was time to select an accounting firm to conduct our annual financial audit for fiscal year ending, September 30, 2012 . He stated the firm of *PMB Helin Donovan* had conducted LMUD audits the last two years, had charged \$12,100 this past year, was the least expensive of the accounting firms to bid, and they have done a satisfactory job. He recommended that we continue to use *PMB Helin Donovan* and not request bids from other CPA firms. The Committee agreed.

7. Loyd announced that our next meeting is scheduled for Tuesday, September 4th. It will be a regular meeting plus a work session on rates, and is expected to last at least 2 hours.

Meeting was adjourned at 4:00 PM.

Jack Lewis

Secretary