

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

PERMIT HEARING AND BOARD MEETING

**PILOT POINT ISD ADMINISTRATION
829 S. HARRISON ST.
PILOT POINT, TEXAS 76258**

**TUESDAY
AUGUST 27, 2019
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
at the

Pilot Point ISD Administration Office
829 S. Harrison St.
Pilot Point, TX 76258
Tuesday, August 27, 2019

Permit Hearing

The Permit Hearing will begin at 10:00 a.m.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") will conduct a permit hearing on the following Production Permit Applications:

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Review the Production Permit Applications of:

Applicant: Aqua Texas, Inc.; 9450 Silver Creek Road, Fort Worth, Texas 76108

Location of Well: 15510 Sam Reynolds Road, Justin, TX 76247; Latitude: 33.076844°N, Longitude: 97.367553°W; Located north of Sam Reynolds Road about 500 feet west of the Sam Reynolds Road and Dalrymple Lane intersection

Purpose of Use: Public Water System

Requested Amount of Use: 8,630,000 gallons per year

Production Capacity of Well: 340 gallons per minute

Aquifer: Antlers (Trinity) Aquifer

Applicant: Prosper ISD, 605 E. 7th Street, Prosper, TX 75078

Location of Well: 3080 Fishtrap Road, Prosper, TX 75078; Latitude: 33.232°N Longitude: -96.849°W; Located west of Harper Road about 800 feet north of the Fishtrap Road and Harper Road Intersection

Purpose of Use: Irrigation

Requested Amount of Use: 8,500,000 gallons per year

Production Capacity of Well: 150 gallons per minute

Aquifer: Twin Mountains (Trinity) Aquifer

3. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).

4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.
5. Adjourn or continue permit hearing.

Board Meeting

The regular Board Meeting will begin upon adjournment of the above noticed Permit Hearing.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

Agenda:

1. Pledge of Allegiance and Invocation.
2. Call to order, establish quorum; declare meeting open to the public.
3. Public comment.
4. Consider and act upon approval of the minutes from the July 16, 2019, Board meeting.
5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2019-08-27-01.
6. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
7. Consider and act upon confirming execution of Engagement Letter for Audit Services for Fiscal year ending December 31, 2019.
8. Consider and Act upon amendments to the District's Hydrogeological Report Requirements
9. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
 - a. Creation of a DFC Committee for this planning cycle
10. Consider and act upon compliance and enforcement activities for violations of District rules.
 - a. DWW Golf Management Company
 - b. C. L. Miller Drilling
11. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District.
 - a. District's Disposal/Injection Well Program
 - b. Monitoring Well Equipment

12. Open forum / discussion of new business for future meeting agendas.
13. Adjourn public meeting.

* Reports from District standing committees will include a briefing by each committee for the Board on the activities of the committee, if any, since the last regular Board meeting.

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

These public meetings are available to all persons regardless of disability. If you require special assistance to attend the meeting, please call (855) 426-4433 at least 24 hours in advance of the meeting to coordinate any special physical access arrangements.

For questions regarding this notice, please contact Velma Starks at (855) 426-4433, at ntgcd@northtexasgcd.org, or at 5100 Airport Drive, Denison, TX 75020.

At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the North Texas Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); deliberation regarding personnel matters (§551.074); deliberation regarding security devices (§551.076); and deliberation regarding cybersecurity (§551.089). Any subject discussed in executive session may be subject to action.

ATTACHMENT 4

**MINUTES OF THE BOARD OF DIRECTORS' BOARD MEETING AND PUBLIC HEARING
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

TUESDAY JULY 16, 2019

**PILOT POINT ISD ADMINISTRATION OFFICE
829 S. HARRISON ST/
PILOT POINT, TEXAS 76258**

Members Present: Ronny Young, Allen Knight, Ryan Henderson, Lee K. Allison, Thomas Smith, David Flusche, and Ron Sellman

Members Absent: Evan Groeschel and Joe Helmberger

Staff: Drew Satterwhite, Paul Sigle, Carolyn Bennett, Debi Atkins, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal
Tim Long, Billingsley
Peter M. Schulmeyer, Collier Consulting
Laura Robinson, Barco Well Service
Dylan Cyr, Barco Well Service
Roger McInnis, Villages at Legacy
Matt Van Hatt, Collier Consulting

Permit Hearing

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.

President Ronny Young called the permit hearing to order at 10:02 a.m.

2. Review the Production Permit Applications of:

Applicant: Aqua Texas, Inc.; 9450 Silver Creek Road, Fort Worth, Texas 76108

Location of Well: 13720 George Foster Road, Ponder, Texas 76259; Latitude: 33.2376717° N, Longitude: 97.3705189° W

Purpose of Use: Public Water Supply

Requested Amount of Use: 25,242,000 gallons per year

Production Capacity of Well: 130 gallons per minute

Aquifer: Antlers (Trinity) Aquifer

Applicant: Lakes at Legacy, LLC; 10950 Research Road, Frisco, Texas 75034

Location of Well: 1212 Streamside Drive, Prosper, Texas 75078; Latitude: 33.222278° N Longitude: - 96.846167° W

Purpose of Use: Landscape Irrigation and Filling Pond(s)

Requested Amount of Use: 20,660,000 gallons per year

Production Capacity of Well: 180 gallons per minute

Aquifer: Woodbine Aquifer

Applicant: U.S. Concrete, Inc.; 706 S Dallas Parkway, Prosper, Texas 75078

Location of Well: 706 S Dallas Parkway, Prosper, TX 75078; Latitude: 33.228726° N Longitude: 96.821191° W

Purpose of Use: Industrial Use at Concrete Plant

Requested Amount of Use: 11,600,000 gallons per year

Production Capacity of Well: 75 gallons per minute

Aquifer: Woodbine Aquifer

General Manager Drew Satterwhite reviewed the permits with the Board. The Board discussed the permits. Mr. Satterwhite provided information for the new board members regarding the DFCs and how they relate to the permitting process. Paul Sigle, Groundwater Technical Lead, provided MAG Reports for the Board.

3. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).

There were no public comments.

4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.

Board Member Thomas Smith made the motion to grant the Production Permit Applications as submitted and with special permit conditions as stipulated in Lakes at Legacy application. Board Member David Flusche seconded the motion. Motion passed unanimously.

5. Adjourn or continue permit hearing.

Board President Ronny Young adjourned the permit hearing at 10:25 a.m.

Board Meeting

1. Pledge of Allegiance and Invocation

President Ronny Young led the group in the Pledge of Allegiance and provided the invocation.

2. Call to order, establish quorum; declare meeting open to the public

President Ronny Young called the meeting to order 10:28 a.m., established a quorum was present, and declared the meeting open to the public.

3. Act upon Election of Officers.

The nominees are Thomas Smith for President, Allen Knight for Vice President and Ron Sellman for Secretary/Treasurer. The office of President is a 2-year term which alternates by per the District's enabling legislation. Board Member Thomas Smith made the motion to elect the officers as presented. Board Member Ron Sellman seconded the motion. Motion passed unanimously.

4. Public Comment

There were no public comments.

5. Consider and act upon approval of the minutes from the June 11, 2019, Board meeting.

New Board President Thomas Smith asked for approval of the minutes from the June 11, 2019 meeting. Board Member Ron Sellman made the motion to approve the minutes. Board Member Ronny Young seconded the motion. Motion passed unanimously.

6. Consider and act upon approval of invoices and reimbursements, Resolution No. 2019-07-16-01.

General Manager Drew Satterwhite reviewed the liabilities with the Board. Board Member Allen Knight made the motion to approve Resolution No. 2019-07-16-01. Board Member David Flusche seconded the motion. Motion passed unanimously.

7. Receive reports from the following Committees*:

- a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information

General Manager Drew Satterwhite reviewed the financial information with the board.

- 2) Consider and act upon 2020 Operating Budget and Adopt Rate Schedule

General Manager Drew Satterwhite provided background information to the Board. The District's fiscal year is based on a calendar year from January 1st through December 31st, while many of the groundwater producers who pay production fees operate on fiscal years that begin October 1st through September 30th. For this reason, the Board has attempted to establish production fees as early as possible in the budget planning process. The Budget Committee which consisted of Ron Sellman, Evan Groeschel and Joe Helmsberger met on July 3, 2019. General Manager Drew Satterwhite presented the proposed budget and rate schedule. The Board discussed the budget and fee schedule. It was suggested that the fee schedule remain the same. The Board requested a study on possible legal cost if District were taken to court for the next time that we discuss fund balance policy. Board Member Ronny Young made the motion to accept the budget and fee schedule as presented. Board Member David Flusche seconded the motion. Motion passed unanimously.

- b. Investment Committee
 - 1) Receive Quarterly Investment Report

General Manager Drew Satterwhite reviewed the Quarterly Investment Report.

- c. Management Plan Committee
 - 1) Receive Quarterly Report

General Manager Drew Satterwhite Reviewed the Quarterly Report.

- 8. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).

General Manager Drew Satterwhite informed the Board that GMA 8 will meet on Friday, July 26, 2019. Input for DFCs will begin in the next few months.

- 9. Consider and act upon compliance and enforcement activities for violations of District's Rules.
 - a. DWW Golf Management Company

General Manager Drew Satterwhite gave update on DWW Golf Management Company. The Board suggested scheduling a Show Cause Hearing for the month of September, allowing time for City of McKinney opportunity to assist with getting the system into compliance.

- 10. Consider and act upon monthly Board meeting time and location.

President Thomas Smith suggested that a letter be sent to Pilot Point ISD thanking them for the use of their facilities. The Board discussed and decided they would like to use the Pilot Point ISD Administration facilities for future meetings. Board Member Ryan Henderson made the motion to meet at the Pilot Point ISD Administration office for future meetings and to provide them with a \$75 fee per meeting. Board Member Ronny Young seconded the motion. Motion passed unanimously

The Board decided the next meeting will be held on Tuesday, August 27 due to regular meeting date conflicts.

- 11. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District.

- a. District's Disposal/Injection Well Program

A memo had been previously provided to the Board concerning the Injection Well Program and the current status of injection wells.

- b. Upcoming rules changes based on legislative changes

The Rules Committee was appointed: Ron Sellman, Ronny Young and Allen Knight.

- c. Changes to Hydrogeological Report Guidelines

General Manager Satterwhite stated the staff is developing a listing of items regarding the

Hydrogeological Report that are in need of clarification.

- 12. Open forum/discussion of new business for future meeting agendas.

No future meeting items were discussed.

- 13. Adjourn public meeting

Board President Thomas Smith declared the meeting adjourned at 11:05 a.m.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RESOLUTION NO. 2019-08-27-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE
MONTH OF JULY

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - July	25,950.57
<u>Advertising</u>	
Star Local Media - Conservation Awareness Ads	314.00
<u>Consultant</u>	
WSP - For services through June	6,364.50
WSP - For services through July	5,370.00
<u>Direct Costs</u>	
Hillerby Printing - #10 envelopes with window	132.30
NexTraq - GPS Tracking - June	39.95
NexTraq - GPS Tracking - July	39.95
<u>GMA-8</u>	
Cleburne Conference Ctr. - Room Rental for November Meeting	270.00
WSP - GMA-8 Hyrdo Geo services through June	2,502.50
<u>Injection Well Monitoring</u>	
Statewide Plat Services - Services Through June	55.70
<u>Legal Legislative</u>	
Sledge Law - April 2019 Professional Services	3,000.00
<u>Legal General Council</u>	
Fancher Legal - June	2,834.00
<u>Legal-Injection Well Monitoring</u>	
Sledge Law - April 2019 Professional Services	5,193.85
<u>Meetings & Conferences</u>	
Pilot Point ISD - Meeting Room	75.00
<u>Software Maintenance</u>	
Aquaveo - July well database maintenace	500.00
<u>Well Production Drillers</u>	
Patrick Cassidy - Refund for closed account	5.90
GRAND TOTAL:	\$ <u>52,648.22</u>

On motion of _____ and seconded by

the foregoing Resolution was passed and approved on this, the 27th day of August, 2019 by the following vote:

AYE:

NAY:

President

Secretary/Treasurer

ATTACHMENT 6 A-1

Balance Sheet

For General Fund (00)

July 31, 2019

Assets

00-01-10001	Checking Account	93,524.45
00-01-10005	Index Account	6,661.70
00-01-10008	Cash- TexStar	272,785.86
00-01-10010	Investments	1,350,000.00
00-01-10025	Accounts Receivable	157,219.87
00-01-10026	Allowance for Uncollectible Accounts	(15,500.00)
00-01-10041	A/R Saratoga UWCD	173.02
00-01-10050	A/R 440 Ranch	1,500.00
00-01-10070	A/R Liens - Strittmatter Irrigation	14,000.00
00-01-12001	PP Expense	3,618.08
	Total	<u>1,883,982.98</u>
	Total Assets	<u>\$ 1,883,982.98</u>

Liabilities and Fund Balance

00-01-23100	Accounts Payable	42,652.52
00-01-23150	Well Drillers Deposits	31,850.00
	Total	<u>74,502.52</u>
	Total Liabilities	<u>74,502.52</u>
00-01-35100	Fund Balance	1,292,708.63
00-01-35110	Current Year Excess of Revenue over Expenses	526,943.69
	Total	<u>1,819,652.32</u>
	Excess of Revenue Over Expenditures	(10,171.86)
	Total Fund Balances	<u>1,809,480.46</u>
	Total Liabilities and Fund Balances	<u>\$ 1,883,982.98</u>

North Texas Groundwater Conservation District
Statement of Revenue and Expenditures

Revised Budget
 For General Fund (00)
 For the Fiscal Period 2019-7 Ending July 31, 2019

Account Number	Current Budget	Current Actual	Annual Budget	YTD Actual	Remaining Budget %
Revenues					
00-01-46001 Well Production Fees	\$ 0.00	\$ 0.00	\$ 686,000.00	\$ 245,609.55	64.20%
00-01-46003 Well Registration Fees	1,666.67	800.00	20,000.00	5,600.00	72.00%
00-01-46010 GMA8 Fees	1,666.67	0.00	20,000.00	0.00	100.00%
00-01-46015 Late Fees	0.00	0.00	0.00	7,351.42	0.00%
00-01-46016 Penalty and Fines	0.00	0.00	0.00	500.00	0.00%
00-01-46100 Interest Inc	250.00	725.33	3,000.00	10,082.89	(236.10%)
Total General Fund Revenues	\$ 3,583.34	\$ 1,525.33	\$ 729,000.00	\$ 269,143.86	63.08%
Expenditures					
00-01-77012 Admin-Mileage	\$ 250.00	\$ 166.34	\$ 3,000.00	\$ 1,301.42	56.62%
00-01-77013 Admin-Secretarial	2,083.33	1,554.00	25,000.00	10,507.00	57.97%
00-01-77014 Admin-Project Coordinator	1,666.67	1,537.00	20,000.00	11,222.75	43.89%
00-01-77015 Admin-GM	5,000.00	4,212.00	60,000.00	34,424.00	42.63%
00-01-77016 Admin-Clerical	2,833.33	2,411.50	34,000.00	21,508.50	36.74%
00-01-77025 Accounting	2,083.33	1,304.50	25,000.00	19,894.00	20.42%
00-01-77027 Auditing	458.33	0.00	5,500.00	5,400.00	1.82%
00-01-77030 Advertising	166.67	0.00	2,000.00	66.60	96.67%
00-01-77050 Banking Fees	0.00	0.00	0.00	35.00	0.00%
00-01-77150 Consulting- Hydrogeo	5,000.00	5,370.00	60,000.00	15,028.50	74.95%
00-01-77325 Direct Cost	350.00	332.93	4,200.00	3,663.15	12.78%
00-01-77450 Dues & Subscription	250.00	0.00	3,000.00	358.00	88.07%
00-01-77480 Equipment	833.33	0.00	10,000.00	968.08	90.32%
00-01-77485 Equipment-Database	833.33	0.00	10,000.00	0.00	100.00%
00-01-77500 Fees-GMA8	1,833.33	145.80	22,000.00	4,137.12	81.19%
00-01-77550 Field Tech	10,416.67	8,359.00	125,000.00	66,232.10	47.01%
00-01-77560 Field Permitting/Geologist	5,833.33	4,945.00	70,000.00	31,855.00	54.49%
00-01-77650 Fuel/Maintenance	291.67	278.48	3,500.00	1,555.23	55.56%
00-01-77800 Injection Well Monitoring	58.33	55.70	700.00	324.20	53.69%
00-01-77810 Insurance	385.17	1,822.92	4,622.00	2,359.40	48.95%
00-01-77970 Legal	4,166.67	0.00	50,000.00	11,084.00	77.83%
00-01-77975 Legal-Injection	1,250.00	0.00	15,000.00	12,821.90	14.52%
00-01-77980 Legal-Legislation	1,250.00	0.00	15,000.00	12,000.00	20.00%
00-01-78010 Meetings & Conferences	541.67	307.81	6,500.00	3,038.83	53.25%
00-01-78310 Rent	200.00	200.00	2,400.00	1,400.00	41.67%
00-01-78600 Software Maint	416.67	550.00	5,000.00	6,073.41	(21.47%)
00-01-78610 Telephone	200.00	261.16	2,400.00	2,057.53	14.27%
00-01-78780 Well Monitoring/Testing	375.00	0.00	4,500.00	0.00	100.00%
Total General Fund Expenditures	\$ 49,026.83	\$ 33,814.14	\$ 588,322.00	\$ 279,315.72	52.52%
General Fund Excess of Revenues Over Expenditures	\$ (45,443.49)	\$ (32,288.81)	\$ 140,678.00	\$ (10,171.86)	

ATTACHMENT 7



AGENDA COMMUNICATION

DATE: August 21, 2019

SUBJECT: AGENDA ITEM NO. 7

**CONSIDER AND ACT UPON ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING
DECEMBER 31, 2019**

ISSUE

Consider and act upon confirming execution of engagement letter for audit services fiscal year ending December 31, 2019

BACKGROUND

In 2018, the Board instructed the staff to solicit proposals for audit services for a period up to five (5) years. The staff initiated invitations to several firms in North Central Texas. As a result of that solicitation, four proposals were received. The audit committee reviewed the proposals and recommended McClanahan and Holmes, LLP of Bonham, Texas. This recommendation was accepted and confirmed by the Board at the September 11, 2018 meeting.

CONSIDERATIONS

District staff is of the opinion that McClanahan and Holmes, LLP of Bonham, Texas has provided thorough and quality audits during their tenure with the District. The fees for the 2019 audit services will be \$5,500 which was \$35 less than they indicated in their 5-year proposal to the District.

STAFF RECOMMENDATIONS

The staff recommends the Board authorize an engagement letter with McClanahan and Holmes, LLP of Bonham, Texas for the 2019 audit

ATTACHMENTS

Engagement Letter

PREPARED AND SUBMITTED BY:

Drew Satterwhite, General Manager

RECOMMENDED BY:

Debi Atkins, Finance Officer

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
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1400 WEST RUSSELL
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FAX 903-583-9453

Bonham, Texas
August 8, 2019

Members of Management and Board
North Texas Groundwater Conservation District

We are pleased to confirm our understanding of the services we are to provide North Texas Groundwater Conservation District for the year ended December 31, 2019. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of North Texas Groundwater Conservation District as of and for the year ended December 31, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement North Texas Groundwater Conservation District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to North Texas Groundwater Conservation District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Comparative Balance Sheet – General Fund
2. Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of North Texas Groundwater Conservation District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of North Texas Groundwater Conservation District's financial statements. Our report will be addressed to members of the board of North Texas Groundwater Conservation District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that North Texas Groundwater Conservation District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of North Texas Groundwater Conservation District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of McClanahan and Holmes, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of McClanahan and Holmes, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in approximately April 2020 and to issue our reports no later than June 1, 2020, unless extenuating circumstances occur. April J. Hatfield is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, including expenses will not exceed \$5,500. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoice for these fees will be rendered upon completion of the audit and is payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to North Texas Groundwater Conservation District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

McClanahan and Holmes, LLP
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of North Texas Groundwater Conservation District.

Signature: _____

Title: _____

Date: _____

ATTACHMENT 8



AGENDA COMMUNICATION

DATE: August 21, 2019

SUBJECT: AGENDA ITEM NO. 8

CONSIDER AND ACT UPON AMMENMDMENTS TO THE DISTRICT'S HYDROGEOLOGICAL REPORT REQUIREMENTS

ISSUE

The District staff would like the Board to consider minor amendments to the Hydrogeological Report Requirements.

BACKGROUND

As the District moved into permanent rules, the District now requires a hydrogeological report to be submitted as part of the application process for wells capable of producing 200 gallons per minute or more.

The staff has now identified a few items that the Board may want to consider adding or changing within the requirements to make the guidelines more clear as well as making the end product more versatile for future permit requests.

CONSIDERATIONS

A hydrogeological report is only required on wells or well systems capable of producing 200 gallons per minute or more.

STAFF RECOMMENDATIONS

The staff recommends that the Board review and consider adopting the amended Hydrogeological Report Requirements.

ATTACHMENTS

Redlined Hydrogeological Report Requirements

PREPARED AND SUBMITTED BY:

Drew Satterwhite, General Manager



HYDROGEOLOGICAL REPORT REQUIREMENTS

Adopted pursuant to District Rules 3.10(a)(13), 3.10(b) and 3.15(b)

I. Introduction

- A. Hydrogeological Reports that meet the criteria in these guidelines must be included with administratively complete applications for any of the following:
 - 1. requests to drill and operate a proposed new well or well system with a proposed aggregate production capacity of 200 gallons per minute or more;
 - 2. requests to modify or increase an existing well or well system that would result in the existing well(s) being equipped to produce 200 gallons per minute or more; and/or
 - 3. exception to spacing requirements for wells covered by (1) or (2) above.
- B. Purpose of the Hydrogeological Report is to provide the District with hydrogeological information addressing the impacts of the proposed well on existing wells and in relation to the Desired Future Condition (DFC) for the applicable aquifer, as required by Sections 36.113(d) and 36.1132 of the Texas Water Code.
- C. Reports submitted pursuant to District Rules 3.10(a)(13), 3.10(b) and 3.15(b) and these guidelines are required to be sealed by a Professional Geoscientist or Professional Engineer licensed in the State of Texas.
- D. Hydrogeological Reports submitted to the District should follow the chronological order of the criteria set forth in Section II.

II. Required Content of Hydrogeological Reports

- A. Well construction specifics must include the following:
 - 1. Details on all aspects of well.
 - 2. Schematic well construction diagram.
 - 3. Lithologic description of geology encountered during well drilling.
 - 4. Identify specific location through maps:
 - a. Maps showing location of property relative to county level, location of well relative to property boundaries, and other relevant features
- B. Discussion of hydrogeologic setting must include the following:
 - 1. Identification of the aquifer.

2. Discussion of surface and subsurface geology at well site.
 - a. Include whether there is any occurrence of any significant groundwater recharge features such as outcrop, surface water bodies, caves, sinkholes, faults or other geologic features.
 3. Include depth interval of proposed water bearing zone and identify target production zone.
 4. Provide anticipated thickness of water bearing zone.
 5. Identify whether the target production zone is anticipated to be confined or unconfined.
 6. Provide estimates of thickness of confining layer at well site location.
 7. Provide specific aquifer parameters at the well site, including transmissivity, hydraulic conductivity and storativity based on the Texas Water Development Board (TWDB) approved Groundwater Availability Model for the aquifer.
 - a. Provide a discussion of the variability of wells in the area, if applicable.
 8. Identify all registered wells within a 1-mile radius of the proposed well using publicly-available District well database.
 - a. In the event the 1-mile radius does not include any registered wells, the radius will be extended to a 2-mile radius in order to address impacts under Section II(D)(3) of these guidelines.
 9. Include identification of streams or springs within 1-mile radius of the proposed well.
- C. Water quality analysis must include the following:
1. Include discussion of known quality in the area based on literature and well reports.
- D. Interference analysis must include the following:
1. Provide a quantitative analysis that shows the projected impacts ~~from~~ from 1) the proposed production from the well or well system (if applicable) and 2) the well or well system (if applicable) running 100% of the simulation periods. NOTE: Applicant is advised to work with District Staff to settle on proposed production volume prior to performing the analysis.-
 - a. Simulation results must be included showing drawdown at 24 hours, 30 days, and 1 year (contoured with the smallest contour equal to 1-foot water level decline).
 - i. Include discussion of the methodology used for estimating drawdown, including software that was used, the assumptions and/or solution method employed.

- ii. Include illustration and/or maps showing the estimated cone of depression. If there is more than one well in the group, two maps should be included demonstrating:
 - (1) contours for impacts from pumping the proposed well only; and
 - (2) contours for impacts from all wells in the system.
 - 2. For well systems, include a discussion of the amount or degree of interference that each of the system wells may exert on other same system wells.
 - 3. Include a discussion of the estimated impacts on existing registered wells identified under Section II(B)(8) of these guidelines.
- E. Desired Future Condition (DFC) and Modeled Available Groundwater (MAG) Analysis
- 1. Discussion of the proposed pumping amount in relation to the MAG, as well as the impact of the proposed pumping on the adopted DFC.

F. Copies of the modeling files must be submitted with the report.

III. Post-Drilling Requirements

A. Mandatory requirements:

- 1. Geophysical logs required to be submitted upon completion of the well.
 - a. Geophysical logs must consist of a resistivity or induction curve and a spontaneous potential or gamma ray curve at a minimum.
 - b. Geophysical logs performed in the initial open-borehole are required and will consist of resistivity (self potential and gamma ray at a minimum).
 - c. Wells cased with PVC require induction and gamma ray logs.
 - d. All digital log files to be submitted in LAS format as well as printed.
- 2. All public water supply sampling completed in accordance with TCEQ/EPA requirements must be submitted to the District.

B. Must provide if available:

- a. Digital or tabulated data of water levels measured during drawdown, specific capacity, or pumping test;
- b. Field parameters of specific conductivity, temperature and pH of measurements made during the drawdown or pumping test; and/or
- c. Any laboratory analysis completed on samples collected from the well after construction and development.

IV. Additional Construction Requirements

- A. Measuring tube at least one inch in diameter to be installed from the well head to the bottom most screen interval in all new wells with a capacity to produce 200 gpm or more.
 - 1. The measuring tube shall be a separate PVC pipe connected/adjacent to the casing.

ATTACHMENT 11

North Texas Groundwater Conservation District

Well Registration Summary
As of July-31-2019

Well Type	Total Registered Collin County	Total Registered Cooke County	Total Registered Denton County	Total NTGCD	New Registrations since Jun-30-2019
Agriculture	8	12	40	60	0
Commercial / Small Business	7	8	34	49	0
Domestic Use (household / lawn watering at residence)	82	411	710	1204	12
Filling a pond or other surface impoundment**	47	14	93	155	0
Golf course irrigation	15	2	21	38	0
Industrial / Manufacturing	8	11	8	28	0
Irrigation	88	4	177	269	0
Leachate	0	0	0	0	0
Livestock Watering	7	65	55	127	0
Monitoring	0	0	0	0	1
Municipal / Public Water System	34	75	228	338	0
Other	11	7	34	52	1
Piezometer	0	0	0	0	0
Poultry	0	0	0	0	0
Solely to supply water for rig actively***	1	1	7	9	0
Supplying water for oil or gas production*	0	5	62	67	0
Not Specified	18	9	42	69	0
SUM	326	624	1511	2465	14

ADJOURN