

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

**MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS**

**TUESDAY
JULY 19, 2016
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
at the

Mustang SUD Administrative Offices
7985 FM 2931

Aubrey, Texas

Tuesday, July 19 2016, at 10:00 a.m.

Board Meeting

The regular Board Meeting will begin at 10:00 a.m.

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 May 10, 2016, board meeting
5. Consider and act upon approval of invoices and reimbursements
6. Consider and act upon 2015 Audit
7. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
 - 2) Consider and act upon 2017 Operating Budget and adopt Rate Schedule
 - b. Investment Committee
 - 1) Receive Quarterly Investment Report
 - c. Rules and Bylaws Committee
 - d. Groundwater Monitoring and Database Committee
 - e. Policy and Personnel Committee
 - f. Conservation and Public Awareness Committee
 - g. Management Plan Committee
 - 1) Consider and act upon authorizing LBG Guyton Associates to begin developing the District's Management Plan

2) Receive Quarterly Report On Management Plan
h. Desired Future Condition Committee

8. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs)
9. Consider and act upon approval of a District Newsletter
10. Consider and act upon authorizing the migration of the District and Groundwater Management Area 8 website to a new website development platform
11. Receive presentation from LBG Guyton Associates on the draft Water Level Monitoring Plan
12. Consider and act upon approving and submitting the District's Desired Future Conditions Summary Report for GMA 8
13. Consider and act upon compliance and enforcement activities for violations of District
14. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District
15. Open forum / discussion of new business for future meeting agendas
16. 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 schedules represent 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); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

ATTACHMENT 4

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

TUESDAY, MAY 10, 2016

**MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS**

Members Present: Eddy Daniel, Chris Boyd, Evan Groeschel, Joseph Helmberger, Philip Sanders, Thomas Smith, Ron Sellman, Kenny Klement, and Ronny Young

Members Absent: None

Staff: Drew Satterwhite, P.E., Velma Starks, Carolyn Bennett, Wayne Parkman, Theda Anderson, Scott Perry

Legal Counsel: Kristen Fancher, Smith/Robertson Attorneys at Law

Visitors: James Beach, LBG Guyton
Neal Welch, City of Sanger
Bob Patterson, Northern Trinity GCD
Peter Schulmeyer, Collier Consulting
Axel and May Haubold, Bed Rock Ranch
Ann Killian, Bed Rock Ranch
Ronna Hartt, UTRWD

Public Hearing

1. President Daniel called the Public Hearing to Order at 10:01am, established a quorum was present, declared the Public Hearing open to the public, and introduced the Board. President Daniel informed the participants at the meeting that the purpose of the Public Hearing was to discuss the District's proposed Desired Future Conditions ("DFCs").
2. Summary presentation and review of proposed Desired Future Conditions.

Kristen Fancher of Smith Robertson, the District's Legal Counsel, presented a summary of the background relating to the creation of the District, how the District is governed, the District's role in Groundwater Management Area 8 ("GMA-8"), the joint planning in developing the District's DFCs, and the significance of the DFCs.

James Beach of LBG Guyton presented the Board a summary of the GMA-8 process for DFC, the DFC considerations, and the proposed DFCs. Mr. Beach reviewed the description of confined and unconfined aquifers, the hydrogeologic regions within the District and the aquifers in those regions, Run 10 and the pumping and drawdown, the District's proposed DFC and associated drawdown in the District's aquifers, and the next steps associated with the District adopting it's DFC.

President Daniel stated the District has been working on the DFC process for over three years, with the process to begin again in a year. The DFC process has to be completed every five years, and is a

major role of the District. Vice President Young stated the District participated in funding the hydrogeologic study the Texas Water Development Board adopted, along with several other Districts in the GMA-8.

3. Public Comment on Proposed District Desired Future Conditions (verbal comments limited to three (3) minutes each; written comments may also be submitted for the Board's consideration).

Axel Haubold with Bed Rock Ranch, 228 Private Road 2841, Decatur, Texas asked the Board where he could find the data utilized in the development of the proposed DFC. President Daniel informed Mr. Haubold the information utilized to develop the DFC is available, if Mr. Haubold will contact the District staff that information will be provided to him.

There were no other public comments regarding the Public Hearing on the proposed DFC for the North Texas Groundwater Conservation District.

4. Adjourn or continue Public Hearing on the Desired Future Conditions.

President Daniel adjourned the Public Hearing at 10:46am.

Board Meeting

1. President Daniel provided the invocation and led the group in the pledge of allegiance.

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

President Daniel called the meeting to order at 10:47 am, established a quorum was present, and declared the meeting open to the public.

3. Public comment

There were no citizens present requesting to appear before the Board of Directors for public comment.

4. Consider and act upon approval of Minutes from the March 8, 2016 board meeting

Motion was made by Thomas Smith and seconded by Evan Groeschel to approve the Minutes from the March 8, 2016 board meeting. Ronny Young abstained from voting, as he was absent from the meeting. Motion passed.

5. Consider and act upon approval of invoices and reimbursements.

After a brief discussion, Ronny Young made the motion to approve Resolution 2016-05-10-01. Ron Sellman seconded the motion. Motion passed unanimously.

6. 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.

- b. Investment Committee

No report.

c. Rules and Bylaws Committee

No report.

d. Groundwater Monitoring and Database Committee

General Manager Satterwhite informed the board an RFQ will be developed for the geo database process.

e. Policy and Personnel Committee

No report.

f. Conservation and Public Awareness Committee

g. Management Plan Committee

No report.

h. Desired Future Condition Committee

No report.

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

President Daniel stated this item was previously discussed.

8. Consider and act upon compliance and enforcement activities for violations of District.

There were no compliance or enforcement activities necessary to be considered by the Board at this time.

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

General Manager Satterwhite discussed the quarterly report with the Board, the March and April reports for newly registered wells, introduced Scott Perry, the new Field Technician and Theda Anderson, Core employee for the District.

Mr. Satterwhite informed the Board the auditors for the District are currently entering their third year in a five-year contract for completing the District's annual audit. The contract contains a provision to change auditors after the third year, and if this is the Board's desire, the District employees will need to start that process.

The Board discussed the current auditors and their performance. It was the consensus of the Board to retain the current auditors until the end of their fifth year.

10. Open Forum / discussion of new business for future meeting agendas

President Daniel asked if there were any items of discussion requested by the Board for future agendas. There were no items requested to be on future agendas for the District.

At this time, Thomas Smith extended the Board's gratitude to Chris Boyd for the use of the Mustang SUD's offices for the monthly board meetings. It is a central location for the District and the District appreciates being able to meet at the facilities.

12. Adjourn public meeting

President Daniel declared the meeting adjourned at 11:06 a.m.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 6



AGENDA COMMUNICATION

DATE: July 14, 2016

SUBJECT: AGENDA ITEM NO. 6

CONSIDER AND ACT UPON 2015 AUDIT

ISSUE

2015 Audit

BACKGROUND

Earlier this year, the Board engaged the services of Hankins Eastup Deaton Tonn & Seay to provide the independent audit of the District's accounting records for the 2015 fiscal year. The auditors have advised that they expect to be present at the July meeting to present the audit.

CONSIDERATIONS

If there are questions or concerns about the audit, the Board will have the opportunity to further discuss them with the auditor.

STAFF RECOMMENDATIONS

The District Staff met with Carl Deaton, Partner, to review the audit and have no concerns about the information contained in the audit.

ATTACHMENTS

2015 Audit

PREPARED BY:

Debi Atkins, Finance Officer

RECOMMENDED BY:

Drew Satterwhite, P.E., General Manager

**NORTH TEXAS GROUNDWATER
CONSERVATION DISTRICT**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2015

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2015
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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
North Texas Groundwater Conservation District
5100 Airport Drive
Denison, TX 75020

We have audited the accompanying financial statements of the governmental activities and each major fund of North Texas Groundwater Conservation District (the "District"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Texas Groundwater Conservation District as of December 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4 through 8 be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Texas Groundwater Conservation District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2016 on our consideration of North Texas Groundwater Conservation District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Texas Groundwater Conservation District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 3, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2015

As management of North Texas Groundwater Conservation District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2015. Please read this narrative in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements that begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of North Texas Groundwater Conservation District exceeded its liabilities at the close of the fiscal year by \$999,636 (Total Net Position). Of this amount, \$985,181 is unrestricted and may be used to meet the District's ongoing obligations and responsibilities to taxpayers and creditors.
- The District's net position increased by \$423,468, from \$576,168 in the prior year to \$999,636 as of December 31, 2015.
- At December 31, 2015, the District had a \$1,292,699 total fund balance in its General Fund, representing a \$196,845 or 17.9% increase from the \$1,095,854 fund balance in the previous year. \$1,287,719 of the fund balance is unassigned, constituting 195% of the \$658,739 in General Fund expenditures for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management discussion and analysis is intended to serve as an introduction to North Texas Groundwater Conservation District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of North Texas Groundwater Conservation District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure in addition to the financial information provided in this report.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2015

The purpose of the District is to help accomplish the objectives set forth in Article XVI, Section 59 of the Texas Constitution related to the conservation and development of water resources of the State of Texas. With many other governmental entities, the aforementioned government-wide financial statements normally identify and distinguish between either governmental activities supported by general revenues and fees or business-type activities which are typically self-supported by user fees and charges. Both government-wide financial statements consist of one government fund principally supported by groundwater usage fees. The District has no business-type activities.

The governmental-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements: A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Depending upon their reporting needs and requirements, governmental entities utilize three types of funds, including governmental funds, proprietary funds, and fiduciary funds. The North Texas Groundwater Conservation District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Since the District has no legitimate need or requirement to have either proprietary or fiduciary funds, all of its funds are maintained and reported as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains a single governmental fund, its General Fund. The General Fund is used to account for the acquisition and use of the District's spendable financial resources and the related liabilities.

The government fund financial statements can be found on pages 12 and 14 of this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. It can be found in the "Basic Financial Statements" section of this report.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2015

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-24 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. Supplementary information follows the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2015, the North Texas Groundwater Conservation District's assets exceeded liabilities by \$999,636.

At December 31, 2015, \$1,418,319 in total assets were recorded. Of that amount, current and other assets (cash, receivables, and prepaid expenses) represented 99.0% and capital assets (vehicle and equipment) constituted 1.0%.

Total liabilities at year end equaled \$418,683, none of which consisted of long-term debt.

Of the \$999,636 in total net position, 1.4% or \$14,455 is in capital assets. The District uses these capital assets to carry out its responsibilities and to provide information and services to citizens and the taxpayers which support the District. Capital assets are non-liquid and cannot be used to satisfy District obligations. The unrestricted net position total of \$985,181 may be used to meet the District's ongoing obligations and responsibilities.

Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Assets:		
Current assets	\$1,403,864	\$1,198,946
Capital assets (net of depreciation)	<u>14,455</u>	<u>15,761</u>
Total Assets	<u>1,418,319</u>	<u>1,214,707</u>
Liabilities:		
Current liabilities	418,683	347,379
Long-term liabilities	<u>-</u>	<u>291,160</u>
Total Liabilities	<u>418,683</u>	<u>638,539</u>
Net Position:		
Net investment in capital assets	14,455	15,761
Unrestricted	<u>985,181</u>	<u>560,407</u>
Total Net Position	<u>\$ 999,636</u>	<u>\$ 576,168</u>

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2015

Governmental Activities: The following table provides a summary of the District's operations for the years ended December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Changes in Net Position		
Program Revenues:		
Charges for Services	\$ 853,755	\$ 752,662
General Revenues:		
Interest Income	<u>1,829</u>	<u>1,959</u>
Total Revenues	<u>855,584</u>	<u>754,621</u>
Expenditures By Governmental Activity:		
Administration	435,045	518,896
Debt Service - interest	<u>(2,929)</u>	<u>31,775</u>
Total Expenditures	<u>432,116</u>	<u>550,671</u>
Change In Net Position	423,468	203,950
Net Position – Beginning	<u>576,168</u>	<u>372,218</u>
Net Position – Ending	<u>\$ 999,636</u>	<u>\$ 576,168</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds: The focus of North Texas Groundwater Conservation District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing and budgeting requirements. In particular, the unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At December 31, 2015, the District has a \$1,292,699 total fund balance. This is 18% higher than the \$1,095,854 prior-year fund balance – primarily due to increased revenue and lower debt service loan repayments in 2015. \$1,287,719 of the fund balance is unassigned.

General Fund Budgetary Highlights: There was one amendment to the originally adopted budget during the year. Actual expenditures for the year ended December 31, 2015 were \$658,739, that being \$5,661 or 0.8% less than the \$664,400 budgeted for the year.

Actual revenues for the year were \$855,584 or 125.0% of the budgeted revenues for the year.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets for its governmental activities as of December 31, 2015 amounted to \$14,455 (net of accumulated depreciation). This represents a \$1,306 decrease from the previous fiscal year. Capital asset additions during the year consisted of some small equipment. The following table portrays the District's mix of capital assets at December 31, 2015:

Vehicles	\$ 6,332
Equipment	<u>8,123</u>
	<u>\$14,455</u>

Debt Administration: At the end of the year, the District had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For fiscal year 2016 the District's latest adopted budget shows total anticipated expenditures of \$708,600, a \$49,861 increase from total actual expenditures of \$658,739 in fiscal year 2015. The majority of the increase is attributable to an increase in debt service payments on the District's outstanding loans. Rates assessed groundwater users are not expected to increase for fiscal year 2016.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact Drew Satterwhite, General Manager of the District, at 5100 Airport Drive, Denison, TX 75020, (855) 426-4433.

BASIC FINANCIAL STATEMENTS

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,187,942
Accounts Receivable	208,743
Other Receivables	2,199
Prepaid Expenses	4,980
Total Current Assets	<u>1,403,864</u>
Capital Assets:	
Vehicle and Equipment, net	14,455
Total Capital Assets	<u>14,455</u>
Total Assets	<u>1,418,319</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	84,159
Well Driller Deposits	27,006
Interest Payable	7,518
Unearned Revenue	8,840
Current Portion of Long-Term Debt	291,160
Total Current Liabilities	<u>418,683</u>
Total Liabilities	<u>418,683</u>
<u>Net Position</u>	
Net Investment in Capital Assets	14,455
Unrestricted	
Unreserved	<u>985,181</u>
Total Net Position	<u>\$ 999,636</u>

The accompanying notes are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
				<u>Governmental Activities</u>
Governmental activities				
Administration	\$ 435,045	\$ 853,755	\$ -	\$ 418,710
Debt Service - interest	(2,929)	-	-	2,929
				-
Total Government Activities	<u>432,116</u>	<u>853,755</u>	<u>-</u>	<u>421,639</u>
Total Primary Government	<u>\$ 432,116</u>	<u>\$ 853,755</u>	<u>\$ -</u>	<u>421,639</u>
		General Revenues:		
		Interest income		<u>1,829</u>
		Total General Revenues		<u>1,829</u>
		Change in Net Position		423,468
		Net Position – beginning of year		<u>576,168</u>
		Net Position – end of year		<u>\$ 999,636</u>

The accompanying notes are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

BALANCE SHEET
DECEMBER 31, 2015

	<u>General Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,187,942
Accounts Receivable	208,743
Other Receivables	2,199
Prepaid Costs	<u>4,980</u>
Total Current Assets	<u>1,403,864</u>
 Total Assets	 <u>\$ 1,403,864</u>
 <u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$ 84,159
Well Driller Deposits	<u>27,006</u>
Total Current Liabilities	<u>111,165</u>
 Total Liabilities	 <u>111,165</u>
 Fund Balance:	
Nonspendable Fund Balance:	
Prepaid Costs	4,980
Unassigned Fund Balance	<u>1,287,719</u>
Total Fund Balances	<u>1,292,699</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,403,864</u>

The accompanying notes are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total fund balance – governmental fund	\$ 1,292,699
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental fund balance sheet.	14,455
Long-term debt, including loans payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(291,160)
Interest payable on long-term debt is not reported in the fund financial statements	<u>(16,358)</u>
Total net position - governmental activities	<u>\$ 999,636</u>

The accompanying notes are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund
Revenues:	
Groundwater Usage Fees	\$ 739,685
Well Registration Fees	23,000
Well Driller Deposit Forfeitures	3,300
GMA8 Fees	80,956
Interest Earned	1,829
Penalties and Late Charges	6,814
Total Revenues	<u>855,584</u>
Expenditures:	
Administrative - General Manager	41,760
Administrative - Secretarial & Clerical	60,524
Administrative - Project Coordinator	8,393
Field Technicians	77,498
Consultants	55,915
Accounting and Auditing	22,098
Legal	52,999
Software Maintenance	8,057
Direct Costs Reimbursed	3,216
Insurance	4,136
Vehicle Costs	4,324
Office Rent	2,400
Telephone	1,884
GMA8 Costs	84,595
Legal Notices	102
Dues and Subscriptions	1,770
Meetings and Conferences	965
Injection Well Monitoring	818
Capital Outlay	2,285
Debt Service	225,000
Total Expenditures	<u>658,739</u>
Excess of revenues over expenditures and net change in fund balance	196,845
Fund balance at beginning of year	<u>1,095,854</u>
Fund balance at end of year	<u>\$ 1,292,699</u>

The accompanying notes are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Net change in fund balance – total governmental fund	\$ 196,845
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay purchases are reported as expenditures in the statement of activities, but are recorded as capital assets in the government-wide statements.	2,285
Depreciation expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(3,591)
Principal payments on long-term debt are expenditures in the governmental funds but are considered a reduction of long-term debt balances in the government-wide statements.	211,370
Current year change in interest payable does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	<u>16,559</u>
Change in net position of governmental activities	<u>\$ 423,468</u>

The accompanying notes are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance Positive/ (Negative)
	Original	Final		
Revenues:				
Groundwater Usage Fees	\$ 615,000	\$ 615,000	\$ 739,685	\$ 124,685
Well Registration Fees	5,000	5,000	23,000	18,000
Well Driller Deposit Forfeitures	-	-	3,300	3,300
GMA8 Fees	64,575	64,575	80,956	16,381
Interest Earned	-	-	1,829	1,829
Penalties and Late Charges	-	-	6,814	6,814
Total Revenues	684,575	684,575	855,584	171,009
Expenditures:				
Administrative - General Manager	45,000	45,000	41,760	3,240
Administrative - Secretarial & Clerical	65,000	65,000	60,524	4,476
Administrative - Project Coordinator	10,000	10,000	8,393	1,607
Field Technicians	70,000	70,000	77,498	(7,498)
Consultants	50,000	60,000	55,915	4,085
Accounting and Auditing	25,200	25,200	22,098	3,102
Legal	60,000	60,000	52,999	7,001
Software Maintenance	7,500	7,500	8,057	(557)
Direct Costs Reimbursed	4,000	4,000	3,216	784
Insurance	5,000	5,000	4,136	864
Vehicle Costs	3,000	3,000	4,324	(1,324)
Office Rent	2,400	2,400	2,400	-
Telephone	2,000	2,000	1,884	116
GMA8 Costs	73,800	73,800	84,595	(10,795)
Legal Notices	1,000	1,000	102	898
Dues and Subscriptions	1,000	1,000	1,770	(770)
Meetings and Conferences	2,000	2,000	965	1,035
Injection Well Monitoring	-	-	818	(818)
Capital Outlay	2,500	2,500	2,285	215
Debt Service	225,000	225,000	225,000	-
Total Expenditures	654,400	664,400	658,739	5,661
Excess of revenues over expenditures and net change in fund balance	30,175	20,175	196,845	176,670
Fund balance at beginning of year	1,095,854	1,095,854	1,095,854	-
Fund balance at end of year	\$ 1,126,029	\$ 1,116,029	\$ 1,292,699	\$ 176,670

The accompanying notes are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The basic financial statements of the North Texas Groundwater Conservation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The North Texas Groundwater Conservation District (District), is a political subdivision of the State of Texas, created under the authority of Article XVI, Section 59, Texas Constitution, and operating pursuant to the provisions of the Texas Water Code, Chapter 36, and Senate Bill 2497, Acts of the 81st Texas Legislature, Regular Session, 2010. The District encompasses the North Texas counties of Collin, Cooke, and Denton. The Board of Directors (Board), a nine member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities within the jurisdiction of the District. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Reporting Standards, since Board members are appointed, have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The purpose of the District is to help accomplish the objectives set for in Article XVI, Section 59 of the Texas Constitution related to the conservation and development of water resources of the State of Texas.

Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision not to include a potential component unit in the reporting entity was made by applying the criterion set forth in GAAP. The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units have been included in this report. The District has no ability to exercise influence or control any other government unit's operations, budgets, or funding.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – continued

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The District has no proprietary activities, or non-major funds.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental fund:

General Fund

The General Fund is the main operating fund of the District. This is a budgeted fund and is used to account for the acquisition and use of the District's expendable financial resources and the related liabilities. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting – continued

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Assessments are recognized under the susceptible to accrual concept. Interest income is recorded as earned, since it is measurable and available.

Budgetary Data

The District uses the following procedures in establishing the budget reflected in the general purpose financial statements:

1. Prior to the beginning of each fiscal year, the Board of Directors is presented with a proposed budget for the year beginning on the following January 1. The budget includes proposed expenditures and the means of financing them. The budget is legally enacted through passage of a resolution.
2. Public hearings are conducted to obtain citizen's comments.
3. An annual budget is legally adopted for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
4. Revisions to the budget that alter General Fund expenditures must be approved by the Board of Directors. The fund level is the legal level of budgetary control. Appropriations lapse at year-end.
5. Original budgeted amounts presented in the budgetary comparison schedule are as originally adopted by the Board of Directors. The final amended budget is as amended by the Board during the year.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which can include land, buildings, vehicles, furniture and equipment, are reported in government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. The District's capital assets at December 31, 2015 consist of a vehicle and equipment that are being depreciated over a 7 year estimated useful life.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value or cost, if maturities are one year or less. Fair value is determined as the price at which two willing parties would complete an exchange.

Fund Balance

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District had no restricted fund balances at December 31, 2015.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Directors. The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District had no committed fund balances at December 31, 2015.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board delegating this responsibility to other individuals in the District. The District had no assigned fund balances at December 31, 2015.
- **Unassigned:** This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 2 – DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS

The District's funds are deposited and invested in Independent Bank, McKinney, TX. The bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At December 31, 2015, the carrying amount of the District's deposits in checking accounts and interest-bearing accounts was \$1,187,942 and the bank balance was \$1,186,960. The District's cash deposits at December 31, 2015 were entirely covered by FDIC insurance or pledged collateral.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptance, (7) mutual funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2015, the District's cash balances totaled \$1,186,960. The District's deposits were not exposed to custodial credit risk at December 31, 2015.
- b. **Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2015, the District was not exposed to custodial credit risk.
- c. **Credit Risk:** This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The District was not exposed to credit risk at December 31, 2015.
- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at December 31, 2015.
- e. **Foreign Currency Risk:** This is the risk that exchange rates will adversely affect the fair value of an investment. At December 31, 2015, the District was not exposed to foreign currency risk.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

**NOTE 2 – DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS
(continued)**

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. At December 31, 2015, the District was not exposed to concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	<u>Balance</u> <u>January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31, 2015</u>
Governmental activities:				
Vehicle	\$ 16,624	\$ -	\$ -	\$ 16,624
Equipment	<u>7,757</u>	<u>2,285</u>	<u>-</u>	<u>10,042</u>
Totals at Historical Cost	<u>24,381</u>	<u>2,285</u>	<u>-</u>	<u>26,666</u>
Less accumulated depreciation:				
Vehicle	(7,917)	(2,375)	-	(10,292)
Equipment	<u>(703)</u>	<u>(1,216)</u>	<u>-</u>	<u>(1,919)</u>
Total accumulated depreciation	<u>(8,620)</u>	<u>(3,591)</u>	<u>-</u>	<u>(12,211)</u>
Governmental activities capital assets, net	<u>\$ 15,761</u>	<u>\$ (1,306)</u>	<u>\$ -</u>	<u>\$ 14,455</u>

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three years.

NOTE 5 – ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 6 – SUBSEQUENT EVENTS

Management has reviewed events subsequent to December 31, 2015 through May 18, 2016, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

NOTE 7 – LONG-TERM DEBT

The following is a summary of long-term activity of the District for the year ended December 31, 2015:

	Beginning Balance <u>1/01/15</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>12/31/15</u>	Current Portion of Debt
Loans Payable	<u>\$ 502,530</u>	<u>\$ -</u>	<u>\$ 211,370</u>	<u>\$ 291,160</u>	<u>\$ 291,160</u>
Total	<u>\$ 502,530</u>	<u>\$ -</u>	<u>\$ 211,370</u>	<u>\$ 291,160</u>	<u>\$ 291,160</u>

Loans

The District is obligated under a contract executed by the Board for the organizational and operational costs of the District prior to the receipt of revenues necessary for operations. This contract is with the participating counties of Collin, Cooke, and Denton. This loan, in the contract-stated amount of \$900,000, incurs no interest and has a payback schedule that calls for repayment of the loan, in equal payments to each county, beginning in 2013 and maturing fully in 2017. Though the contract terms of the agreement state that the loan carries no interest, GAAP requires that interest be imputed on long-term loans, thus converting \$133,968 of the loan repayment to interest, and causing the remaining \$766,032 to be reflected as principal payable on the Statement of Net Position. Interest expense, as imputed, accrues each year and is reflected as interest expense. Amounts representing the accrued but unpaid portion of interest expense, calculated at 3.25% based on market rates for loans of similar amounts and terms, appear on the Statement of Net Position as "Interest Payable". Amounts representing subsequent years' portions of interest expense, having been received but not recognized, appear on the Statement of Net Position as "Unearned Revenue".

The loan contract does not specify the amount required to be paid each year on the loan. The following schedule of debt service requirements to maturity is based on the District's estimate of expected future payments on the loan:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	<u>\$ 291,160</u>	<u>\$ 8,840</u>	<u>\$ 300,000</u>
Total	<u>\$ 291,160</u>	<u>\$ 8,840</u>	<u>\$ 300,000</u>

OTHER SUPPLEMENTARY INFORMATION

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

COMPARATIVE BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and Cash Equivalents	\$ 1,187,942	\$ 979,195
Accounts Receivable	208,743	190,642
Other Receivables	2,199	25,007
Prepaid Costs	4,980	4,102
Total Assets	<u>\$ 1,403,864</u>	<u>\$ 1,198,946</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable	\$ 84,159	\$ 76,461
Well Driller Deposits	27,006	26,631
Total Liabilities	<u>111,165</u>	<u>103,092</u>
Fund Balance:		
Nonspendable Fund Balance:		
Prepaid Costs	4,980	4,102
Unassigned Fund Balance	1,287,719	1,091,752
Total Fund Balance	<u>1,292,699</u>	<u>1,095,854</u>
Total Liabilities and Fund Balance	<u>\$ 1,403,864</u>	<u>\$ 1,198,946</u>

See accompanying auditors' report.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Groundwater Usage Fees	\$ 739,685	\$ 692,003
Well Registration Fees	23,000	15,500
Well Driller Deposit Forfeitures	3,300	2,400
GMA8 Fees	80,956	35,407
Interest Earned	1,829	1,959
Penalties and Late Charges	<u>6,814</u>	<u>7,352</u>
Total Revenues	<u>855,584</u>	<u>754,621</u>
Expenditures:		
Administrative - General Manager	41,760	43,900
Administrative - Secretarial & Clerical	60,524	52,882
Administrative - Project Coordinator	8,393	8,325
Field Technicians	77,498	63,733
Consultants	55,915	167,423
Water Quality Analysis	-	32,058
Accounting and Auditing	22,098	28,892
Legal	52,999	63,813
Software Maintenance	8,057	8,087
Direct Costs Reimbursed	3,216	3,577
Insurance	4,136	3,821
Vehicle Costs	4,324	5,246
Office Rent	2,400	2,400
Telephone	1,884	1,766
GMA8 Costs	84,595	44,900
Legal Notices	102	468
Dues and Subscriptions	1,770	1,895
Meetings and Conferences	965	2,329
Injection Well Monitoring	818	-
Small Equipment	-	1,631
Capital Outlay	2,285	7,757
Debt Service	<u>225,000</u>	<u>330,000</u>
Total Expenditures	<u>658,739</u>	<u>874,903</u>
Excess (deficit) of revenues over expenditures and net change in fund balance	196,845	(120,282)
Fund balance at beginning of year	<u>1,095,854</u>	<u>1,216,136</u>
Fund balance at end of year	<u>\$ 1,292,699</u>	<u>\$ 1,095,854</u>

See accompanying auditors' report.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
North Texas Groundwater Conservation District
Denison, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of North Texas Groundwater Conservation District, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise North Texas Groundwater Conservation District's basic financial statements, and have issued our report dated June 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 3, 2016

ATTACHMENT 7 A-2



AGENDA COMMUNICATION

DATE: July 12, 2016

SUBJECT: AGENDA ITEM NO. 7 A-2

CONSIDER AND ACT UPON 2017 OPERATING BUDGET AND ADOPT RATE SCHEDULE

ISSUE

2017 operating budget and rate schedule

BACKGROUND

In the past, the Board of Directors of the North Texas Groundwater Conservation District ("District") has established the practice of trying to adopt a budget and rate schedule as early as possible. 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.

A draft 2017 budget was previously presented to the Budget Committee. The attached draft budget addresses all comments received by the Budget Committee.

OPTIONS/ALTERNATIVES

The Board has the option to review this information and not take action at the July meeting. However, this would provide a short period of time for all non-exempt producers that operate on a fiscal year beginning October 1, 2014. At a minimum, the staff recommends the Board adopt the fee schedule in order to provide this information to the non-exempt producers.

CONSIDERATIONS

The committee requested that the Board hold a discussion on the 2017 rate schedule. If the board decides to adopt a fee schedule, this will provide the area water providers with the information in time to plan for their upcoming budgets.

The Board should feel an additional level of confidence in the District's financial position due to the fund balance of \$1,292,699 as of December 31, 2015. This fund balance is sufficient to provide a source of funding should production fees drastically decrease for any reason.

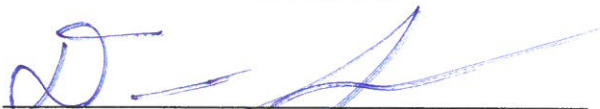
STAFF RECOMMENDATIONS

The staff requests direction from the Board on the budget and rate schedule.

ATTACHMENTS

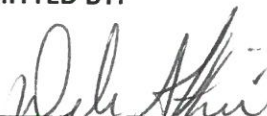
Draft 2017 Operating Budget
Draft Fee Schedule
Resolution

PREPARED AND SUBMITTED BY:

A handwritten signature in blue ink, appearing to read 'Drew Satterwhite', written over a horizontal line.

Drew Satterwhite, P.E., General Manager

SUBMITTED BY:

A handwritten signature in blue ink, appearing to read 'Debi Atkins', written over a horizontal line.

Debi Atkins, Finance Officer

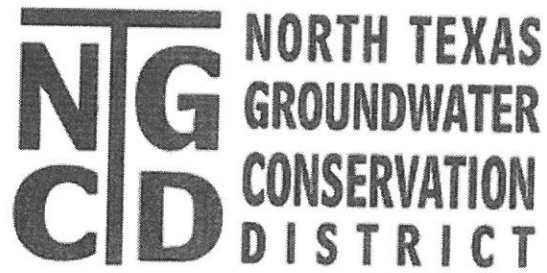
NORTH TEXAS GROUNDWATER
CONSERVATION
DISTRICT

PROPOSED BUDGET

FISCAL YEAR 2017

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
BUDGET 2017

Ordinary Income/Expense	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Adopted 2016	Actual @ 5/31/16	EST @ 12/31/16	PROPOSED 2017
Income								
4003 OMAJ	7,487	625	35,407	80,956	36,364	121,381.74		10,000.00
*4001 PRODUCTION FEES	816,378	928,254	698,005	746,247	712,000			746,000.00
4005 Drillers Fees		2,400	2,400	3,300	5,000	6,200.00		10,000.00
4008 WELL REO FEES		23,736	15,500	23,000	1,000	1,511.08		1,500.00
4016 Penalty & Fines		4,150	1,953	1,829		648.51		1,000.00
4018 Interest		3,203		3,654				3,000.00
4016 LATE FEES		952,614	760,618	882,146	754,364	129,741		771,500.00
Total Income	923,875	952,614	760,618	882,146	754,364	129,741	2,000.00	771,500.00
Expense								
7012 ADMIN MILEAGE	2,577	2,617	2,850	1,718	2,400	999.67	2,000.00	2,400.00
7013 ADMIN-SECRETARIAL	29,597	33,041	26,927	38,116	30,000	12,460.00	29,904.00	30,000.00
7014 ADMIN-PROJECT COORD	16,861	19,924	8,325	8,393	8,400	3,525.00	8,460.00	8,500.00
7016 ADMIN-DM	33,840	36,560	43,900	41,760	48,000	22,099.00	53,037.60	50,000.00
7018 ADMIN-CLERICAL	7,933	18,995	25,955	22,408	31,200	15,978.00	36,347.20	38,000.00
7030 ADS-LEGAL	626	420	468	102	1,000	525.50	1,261.20	1,000.00
7025 ACCOUNTING	10,624	21,720	18,918	16,898	20,000	9,836.00	20,000.00	20,000.00
7027 AUDITING	4,975		9,975	5,200	5,000	5,300.00	5,300.00	5,400.00
7089 BANKING FEES	270							
7108 CONSULTING UPDATE	134,298	214,085	148,748	0				
7108 CONSULTING HYDROGEO			18,676	34,206	34,400	17,045.62	40,909.49	75,000.00
7116 CONSULTING-MODEL RUNS				21,709	5,000	6,138.36	6,138.36	20,000.00
7159 CONTRACT FIELD PERSON	80,287	46,357	63,879	77,797	95,000	43,548.00	104,515.20	120,000.00
7160 CONTRACT FIELD PERMITTING/GEOLOGIST								
7326 DIRECT COSTS-REIMB	3,322	3,910	3,648	3,826	4,000	2,230.93	5,354.23	4,000.00
7460 CUES & SUBSCRIPTION	458	1,250	1,583	2,073	1,600	55.50	1,600.00	2,000.00
7460 EQUIPMENT	4,040	1,082	9,388	2,285	2,500		2,500.00	2,000.00
7600 FEES-OM46	3,615	2,429	44,900	84,595	40,000	4,347.97	40,000.00	11,000.00
7859 FUEL/MAINTENANCE	1,548	1,610	2,138	2,349	3,000	1,184.97	2,843.93	3,000.00
7859 Inject Well Monitoring				618	700	155.40	700.00	700.00
7859 INSURANCE & BONDING	4,587	4,909	4,016	3,941	5,000	219.00	5,000.00	5,000.00
7790 LEGAL	46,406	20,576	63,813	32,160	50,000	16,334.92	39,203.81	60,000.00
7780 LEGAL-LEGISLATION		9,979		10,000				10,000.00
7795 LEGAL-INJECTION				10,839	7,500	8,264.65	19,835.16	10,000.00
7800 LOAN REIMB		45,000	330,000	10,839	7,500		300,000.00	
7810 MEETINGS & CONFERENCES	878	1,295	2,183	2,250	2,000	1,365.92	2,000.00	3,000.00
7810 RENT		2,400	2,400	881	2,000	1,000.00	2,400.00	2,400.00
7860 SOFTWARE MAINT	2,885	9,373	8,313	8,068	7,500	3,180.00	7,632.00	30,000.00
7810 TELEPHONE	1,505	2,173	32,058	1,884	2,000	789.52	1,894.85	2,000.00
7875 WATER QUALITY ISSUES				1,766				
7875 WELL MONITORING/TESTING				1,894				
Total Expense	391,530	499,705	874,824	659,423	633,600	176,588	740,837	585,400.00
Net to Fund Balance	432,345	452,909	(114,206)	202,722	120,764			



2016 Fee Schedule

Well Registration Fee****	\$100
Well Driller Log Deposit Fee***	\$100 (refundable if log submitted within 60 days)
Agricultural Water Use Fee**	\$1 per acre-foot
Non-Exempt Water use Fee**	\$0.10 per 1,000 gallons
Failure to Pay Water Use Fee within 30-days*	15%
Failure to Pay Water Use Fee within 60-days*	Major Violation – See Appendix A of the Temporary Rules for schedule of Violations

* Adopted on August 12, 2014 in Temporary Rules

** Adopted on July 14, 2015 by Resolution No. 2015-07-14-2

*** Adopted on January 10, 2012 by Resolution No. 2012-01-10-3

**** Adopted on February 12, 2013 by Resolution No. 2013-02-12-2

RESOLUTION 2016-07-18-2

ADOPTING A BUDGET FOR 2017

THE STATE OF TEXAS

§
§
§

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Whereas, North Texas Groundwater Conservation District (the “District”) was created as a groundwater conservation district by the 81st Texas Legislature under the authority of Section 59, Article XVI, of the Texas Constitution, and in accordance with Chapter 36 of the Texas Water Code by the Act of May 19, 2009, 81st Leg., R.S., ch. 248, 2009 Tex. Gen. Laws 686, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8856 (“the District Act”);

Whereas, the District’s Board of Directors (“Board”) has considered the anticipated activities of the District for January 1, 2017 through December 31, 2017, all anticipated expenses and revenues, and has reviewed the proposed budget prepared by the District’s Budget & Finance Committee;

Whereas, pursuant to § 36.154 of the Texas Water Code, the District has developed a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposal budget, and the estimated fee revenues that will be required; and

Whereas, the Board finds that the adoption of the attached budget is merited to support the District’s activities and related expenses from January 1, 2017 through December 31, 2017, and that the attached budget will allow the District to carry out the District’s objectives and responsibilities as prescribed by the District Act and Chapter 36 of the Texas Water Code.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT AS FOLLOW:

- (1) The above recitals are true and correct.
- (2) The Board of Directors of the North Texas Groundwater Conservation District hereby adopts an operating budget for January 1, 2017, to December 31, 2017, as provided in the budget appended hereto as “Attachment A”, which is incorporated herein by reference and hereby approved and adopted.
- (3) The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 19th day of July, 2016.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

By: _____
President

SEAL

Secretary

ATTACHMENT 7 B-1

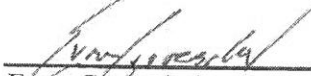
North Texas Groundwater Conservation District
Investment Report
June 30, 2016

This report complies with the requirements of the Public Funds Investment Act and covers all the funds of the District that are subject to the Act. At June 30, 2016, the investment position was a little more than \$1,253,000. \$775,009.07 of these funds are invested in a CDARS program thru Independent Bank earning .25%.

The District was in compliance with all provisions on the investment policy and the Public Funds Investment Act as of June 30, 2016.

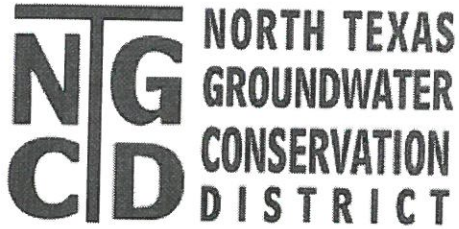
All transactions were routine.

Presented by North Texas Groundwater Conservation District Investment Officers:



Evan Groeschel

ATTACHMENT 7 G-1



AGENDA COMMUNICATION

DATE: July 15, 2016

SUBJECT: AGENDA ITEM NO. 7 G-1

CONSIDER AND ACT UPON AUTHORIZING LBG GUYTON ASSOCIATES TO BEGIN DEVELOPING THE DISTRICT'S MANAGEMENT PLAN

ISSUE

The District's current management plan is set to expire on June 19, 2017.

BACKGROUND

The District's initial Management Plan became effective on April 19, 2012. The Texas Water Development Board ("TWDB") requires each district's management plans to be renewed every 5 years. The TWDB's rules require that we submit the final version of our plan adopted by the board ninety (90) days ahead of expiration of current plan, which is March 21, 2017.

Given the deadlines described above, the staff believes that it would be in the District's best interest to move forward with authorizing the work this year to begin developing the new Management Plan.

CONSIDERATIONS

The staff believes that LBG Guyton Associates is qualified to perform this work. The staff also believes it will be beneficial to have the District's Hydrogeologist perform this work due to their familiarity with the District's hydrogeology and operation.

LBG Guyton Associates has committed to providing a Scope of Services with estimated costs by July 16, 2016. After the staff receives this document, this will be forwarded to the Board under separate cover. James Beach will be on hand at the meeting to discuss the Scope in detail.

RECOMMENDATIONS

The staff will provide a recommendation to the Board at the meeting after having the opportunity to review the Scope of Services.

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

ATTACHMENT 7 G-2

NTG NORTH TEXAS GCD GROUNDWATER CONSERVATION DISTRICT

COLLIN COUNTY - COOKE COUNTY - DENTON COUNTY

General Manager's Quarterly Report June 2016 North Texas GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending June 30, 2016.

Well Registration Program:

Current number of wells registered in the District: 1,685

Aquifers in which the wells have been completed: Trinity and Woodbine

Well Inspection/Audit Program:

2016 Well Inspections

Month	Collin	Cooke	Denton	Total
January	1	0	1	2
February	1	0	0	1
March	0	0	16	16
April	1	0	6	7
May	0	1	0	1
June	4	0	5	9
July				
August				
September				
October				
November				
December				
Total	7	1	28	36

ATTACHMENT 9



AGENDA COMMUNICATION

DATE: July 14, 2016

SUBJECT: AGENDA ITEM NO. 9

CONSIDER AND ACT UPON APPROVAL OF A DISTRICT NEWSLETTER

ISSUE

Consider and act upon approval of a District Newsletter that has been prepared by the District Staff

BACKGROUND

Earlier this year, the Board requested that a newsletter be put together for interested parties in the District. The staff has put together a draft newsletter that covers conservation tips as well as a status update on where the District stands in regards to the Desired Future Conditions process.

OPTIONS/ALTERNATIVES

The staff developed the topics that were discussed in the draft newsletter. The staff is requesting input from the Board on the contents of the newsletter.

There are many ways in which we could distribute the newsletter which include but are not limited to: 1) mailing a copy to all active drillers and well owners in the District, 2) distribution via our email distribution list which would include all email addresses on file with the District, and 3) asking area water providers to include in their water bills.

STAFF RECOMMENDATIONS

The staff is requesting the board to provide recommendations and approval of the newsletter for distribution to interested parties within the District. The staff also requests direction from the Board on how to distribute the newsletter.

ATTACHMENTS

Draft Newsletter

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

Desired Future Conditions

The North Texas Groundwater Conservation District ("District") is charged by the State of Texas with protecting the groundwater resources in Collin, Cooke and Denton Counties. The District is in the process of developing Desired Future Conditions ("DFCs") for the three counties within its boundaries, which is required to be done in conjunction with the 10 other groundwater conservation districts ("GCDs") within Groundwater Management Area 8 ("GMA 8"). GMA 8 is one of the largest GMAs in the state, covering the aquifers in several counties along the Red River, the Dallas/Fort Worth metroplex area, Waco, rural areas along IH-35, the Stephenville and surrounding rural areas, and extending all the way to the northern part of Austin.

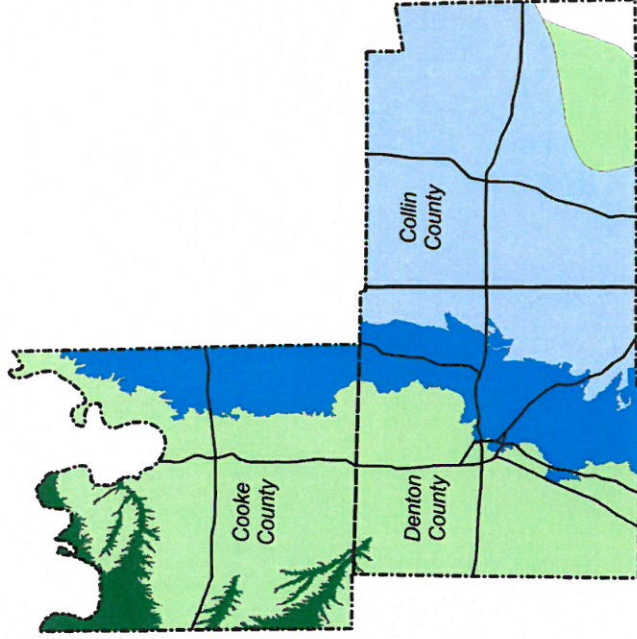
DFCs are defined in Section 36.001 of the Texas Water Code as the description of the desired condition of the groundwater resources in a management area at one or more specified future times. The DFCs provide long-term goals of how to manage the groundwater resources in the area. The current planning horizon for GMA 8 extends through 2070, which means that the DFCs established for the District provide long-term management goals for the groundwater resources in the local area through this time period.

GMA 8 is 1 of 16 GMAs across the state created to assist GCDs with joint planning for the common aquifers within the GMA. Each GCD appoints one (1) representative to serve as the voting member for that GCD in its respective GMA. A DFC must be approved by the GMA through a 2/3 vote of the GMA representatives, and the DFCs are then brought back to each individual GCD for final adoption. The GMAs in Texas operate on five (5) year planning cycles, similar to the regional water planning groups. This process allows the GCDs to refine and adjust the DFCs as necessary over time as more science and other applicable data is made available and improved upon.

Prior to the current round of joint planning, several of the GCDs in GMA 8, including the District, participated in funding a "Model Overhaul Project" to improve the Texas Water Development Board's groundwater availability model for the Northern Trinity and Woodbine Aquifers. Models are key tools for establishing the DFCs and showing how much groundwater is available for production in order to achieve a DFC at the end of the planning horizon. After the Model Overhaul Project was complete in 2015, the GMA 8 GCDs collectively performed 10 model simulations using a wide variety of pumping scenarios. These model runs provided the GMA 8 GCDs with a better understanding of the aquifers and the impacts to these aquifers from pumping. After careful consideration of all of the statutory factors and other relevant data and information, proposed DFCs were approved by the GMA 8 at its April 1, 2016 meeting. The District held a public hearing on the proposed DFCs that apply within its boundaries on May 10, 2016. GMA 8 will next meet to consider all public comments received on the proposed DFCs, and will vote to officially adopt the DFCs. Once GMA 8 adopts the DFCs, then the District must adopt those DFCs that apply within its boundaries. The current round of DFC planning is anticipated to be complete by early 2017.

The District will update its Groundwater Management Plan following its final adoption of the DFCs, and will thereafter begin the permanent rulemaking process to implement the DFCs, as required by law. The District anticipates having permanent rules in place by 2018.

NTGCD Aquifer Overview



NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

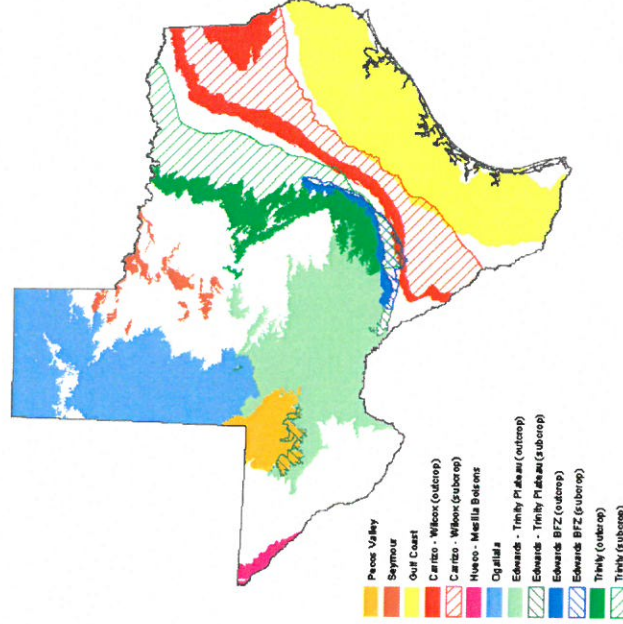
P.O. Box 508
Gainesville, TX 76241

855-426-4433

email: ntgcd@northtexasgcd.org

website: northtexasgcd.org

Texas Aquifers



Ways to Save Water

In the bathroom:

- ◆ Replace showerheads with water efficient models
- ◆ Replace older toilets with high-efficiency toilets that use 1.3 gallons per flush
- ◆ Shut off water when brushing teeth

In the laundry room:

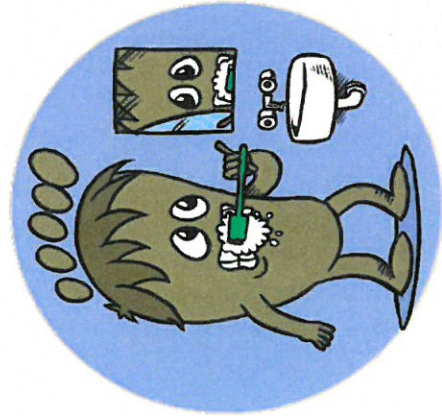
- ◆ Wash only full loads
- ◆ Use cold water as often as possible

In the kitchen:

- ◆ Run dishwasher only when full
- ◆ Install faucet aerators
- ◆ Use garbage disposals sparingly

Outside:

- ◆ Water only when needed –once a week is sufficient in Texas weather
- ◆ Water early morning or late evening
- ◆ Plant drought tolerant shrubs and plants



PLANT THE RIGHT GRASS FOR TEXAS

- ◆ Common Bermuda Grass
 - ⇒ Best for yards with little shade
 - ⇒ Drought tolerant
 - ⇒ Affordable
 - ⇒ Mowing height 1.5"
- ◆ Celebration Bermuda Grass
 - ⇒ Best for yards with partial shade
 - ⇒ Drought tolerant
 - ⇒ Very durable
 - ⇒ Mowing height 1.5"
- ◆ Zoysia Grass
 - ⇒ Best for yards with some sun but mostly shade
 - ⇒ Slow to establish, but very durable
- ◆ Buffalo Grass
 - ⇒ Great in direct sunlight
 - ⇒ Whispy appearance
 - ⇒ Not for heavy use
 - ⇒ Originated in Texas

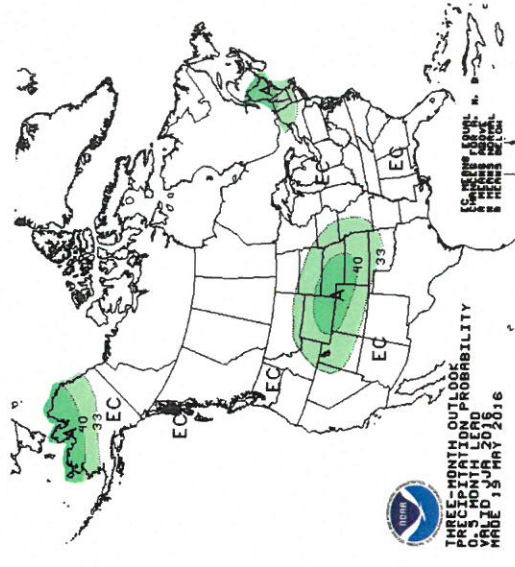
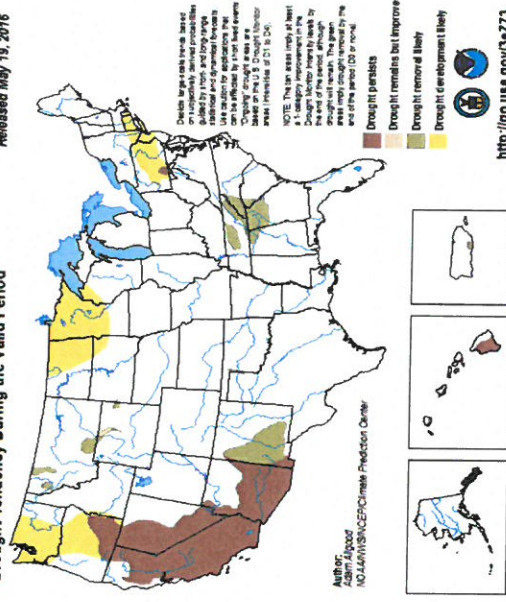
El Niño - La Niña

El Niño is still hanging around, and it's expected to continue through spring or early summer, but the impact on U.S. weather during this transition season is usually minor. Meanwhile, NOAA issued a La Niña Watch: conditions are favorable for La Niña to emerge in the next few months. In particular, heat content in the central Pacific dropped below average in March for the first time in a year.

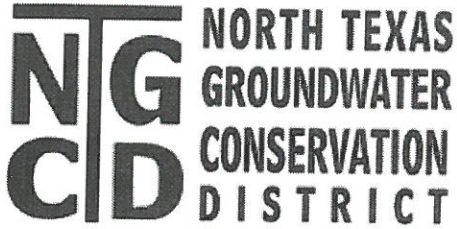
Most models predict the end of El Niño and a brief period of ENSO-neutral by early summer. The forecaster consensus favors La Niña onset during the summer, with a 75% chance of La Niña during the fall and winter.

U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for May 19 - August 31, 2016
Released May 19, 2016



ATTACHMENT 10



AGENDA COMMUNICATION

DATE: July 14, 2016

SUBJECT: AGENDA ITEM NO. 10

CONSIDER AND ACT UPON AUTHORIZING THE MIGRATION OF THE DISTRICT AND GROUNDWATER MANAGEMENT AREA 8 WEBSITE TO A NEW WEBSITE DEVELOPMENT PLATFORM

ISSUE

The District's current website platform is expiring in September and needs to be migrated to a newer version

BACKGROUND

The District's website is currently hosted by GoDaddy. Go Daddy has hosted the Districts website since it was initially built. Recently, we were notified by GoDaddy that the current platform, Website Builder 6, is being phased out in favor of Website Builder 7. The current platform will be phased out in September of this year.

The District also maintains the Groundwater Management Area ("GMA") 8 website which is on the same platform as the District's and is set to expire in September.

OPTIONS/ALTERNATIVES

The Board has the option to direct the staff to seek other website providers to host and build our website. However, the staff has been pleased with GoDaddy's service and feel that they are a good option moving forward.

CONSIDERATIONS


The staff also sought input on this issue from our IT Consultant, Diamond Computers, who recommended continuing with GoDaddy, as well as hiring GoDaddy to do the migration. They recommended staying with GoDaddy as they stated they were the most cost effective in addition to having an outstanding support team. They also suggested that the District hire GoDaddy to perform the migration as it would be a major task for the staff to undertake with no expertise in this field.

GoDaddy has provided prices for modifying the District and GMA8 websites for \$399.99 and \$299.99, respectively.

STAFF RECOMMENDATIONS

The staff recommends authorizing the expenditure of \$399.99 and \$299.99 for GoDaddy to perform the migration of the District and GMA8 websites to the new platform, Website Builder 7.

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E., General Manager

ATTACHMENT 11



AGENDA COMMUNICATION

DATE: July 14, 2016

SUBJECT: AGENDA ITEM NO. 11

RECEIVE PRESENTATION FROM LBG GUYTON ASSOCIATES ON THE DRAFT WATER LEVEL MONITORING PLAN

ISSUE

James Beach with LBG Guyton Associates will present a draft of the Water Level Monitoring Plan his team has developed.

BACKGROUND

Currently, the District monitors the groundwater levels in the wells that the Texas Water Development Board has monitored for the past several decades. The District saw value in continuing to monitor the wells in which we had a long history of the water levels.

The District is getting closer to having a Desired Future Condition (DFC) set for the Groundwater Management Area 8. In order to further our understanding of the impacts of the production of the aquifers and to enhance our ability to track our progress toward the DFCs, the District hired LBG Guyton to develop a Water Level Monitoring Plan. This plan will include additional monitoring strategies (location, frequency, timing, etc.) that will expand on what we currently have in place.

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

ATTACHMENT 12



AGENDA COMMUNICATION

DATE: July 15, 2016

SUBJECT: AGENDA ITEM NO. 12

CONSIDER AND ACT UPON APPROVING AND SUBMITTING THE DISTRICT'S DESIRED FUTURE CONDITION SUMMARY REPORT FOR GMA8

ISSUE

Consider and act upon approving and submitting the District's Desired Future Condition Summary Report for Groundwater Management Area ("GMA") 8

BACKGROUND

The GMA8 proposed for adoption Desired Future Conditions ("DFCs") at the April 1, 2016 GMA8 meeting. After the DFCs were proposed for adoption by the GMA8, the GMA8 put together a cloud based folder that contained the supporting materials for the proposed DFCs. The link to these materials was subsequently posted to the North Texas Groundwater Conservation District's ("District's") home page of its website.

The District Board of Directors held a public hearing to present and summarize the DFCs relevant to the District for interested parties. This public hearing was held on May 10, 2016. Notice of the public hearing was provided in accordance with Section 36.063 of the Texas Water Code. At the hearing, the District provided a comprehensive presentation and discussion related to the proposed DFCs that apply within the District's boundaries.

CONSIDERATIONS

As of 5:00 p.m. on July 12, 2016, which was the close of the 90-day public comment period, the District received no verbal or written comments in regards to the proposed DFCs. Therefore, the staff does not see any reason to recommended changes to the DFCs relevant to the District.

The District is required to have a Summary Report approved by the Board for submission to the GMA8 prior to the next GMA8 meeting.

STAFF RECOMMENDATIONS

The staff is recommending the Board authorize a resolution to approve the Summary Report for submission to GMA8.

ATTACHMENTS

Summary Report
Resolution

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

North Texas Groundwater Conservation District Summary Report of Comments Received on Proposed DFCs

The Groundwater Management Area ("GMA") 8 proposed for adoption Desired Future Conditions ("DFCs") at the April 1, 2016 GMA 8 meeting. After the DFCs were proposed for adoption by the GMA, the GMA put together a cloud based folder that contained the supporting materials for the proposed DFCs. The link to these materials was subsequently posted to the North Texas Groundwater Conservation District's ("District's") home page of its website.

The District Board of Directors held a public hearing to present and summarize the DFCs relevant to the District for interested parties. This public hearing was held on May 10, 2016. Notice of the public hearing was provided in accordance with Section 36.063 of the Texas Water Code. At the hearing, the District provided a comprehensive presentation and discussion related to the proposed DFCs that apply within the District's boundaries. The District received no verbal or written comments on the proposed DFCs at the hearing, but did receive a technical question from Axel Haubald, who is a registered well owner in the District. His question pertained to how the pumping was allocated in the model. The District answered his question and followed up with Mr. Haubald after the hearing to direct him to where this information could be found in the supporting materials.

As of 5:00 p.m. on July 12, 2016, which was the close of the 90-day public comment period, the District received no verbal or written comments in regards to the proposed DFCs. Therefore, the District has no recommended changes to the DFCs relevant to the District

Attachments

Copy of the Public Hearing Presentation

**RESOLUTION TO ADOPT SUMMARY REPORT ON PROPOSED
DESIRED FUTURE CONDITIONS FOR THE NORTH TEXAS
GROUNDWATER CONSERVATION DISTRICT**

THE STATE OF TEXAS

§
§
§

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

WHEREAS, the North Texas Groundwater Conservation District (the "District") is a political subdivision of the State of Texas organized and existing under and by virtue of Article XVI, Section 59, of the Texas Constitution as a groundwater conservation district, acting pursuant to and in conformity with Chapter 36, Texas Water Code and Act of May 19, 2009, 81st Leg., R.S., ch. 248, 2009 Tex. Gen. Laws 686, codified at Chapter 8856 of the Texas Special District Local Laws Code (the "District Act");

WHEREAS, the District is a governmental agency and a body politic and corporate that is statutorily charged under Chapter 36 of the Texas Water Code and the District Act with protecting the quantity and quality of the groundwater resources within Cooke, Collin, and Denton Counties;

WHEREAS, the District participated in joint planning for the relevant aquifers in Groundwater Management Area 8 ("GMA 8") pursuant to Section 36.108 of the Texas Water Code;

WHEREAS, GMA 8 voted to propose Desired Future Conditions ("DFCs") for adoption for the relevant aquifers within the management area on April 1, 2016;

WHEREAS, in accordance with Section 36.108(d-2) of the Texas Water Code, the District held a public hearing to provide a summary and presentation of the DFCs that are relevant to the District on May 10, 2016;

WHEREAS, the District's public hearing on the proposed DFCs was held within the 90-day public comment period on the proposed DFCs, and was properly noticed in accordance with Section 36.063 of the Texas Water Code;

WHEREAS, the District did not receive any verbal or written comments on the proposed DFCs at the public hearing or before the expiration of the 90-day public comment period, which ended at 5:00 p.m. on July 12, 2016;

WHEREAS, the District received a technical question related to pumping figures in the model at the public hearing, which was discussed by the Board of Directors ("Board") at the hearing, and to which District staff subsequently provided information to the requestor to assist in answering the question;

WHEREAS, Section 36.108(d-2) of the Texas Water Code requires the District to prepare a summary report of relevant comments received on the proposed DFCs and to recommend revisions, if any, to the proposed DFCs relevant to the District, which must be provided to GMA 8 for consideration in adopting the DFCs;

WHEREAS, the District Board does not recommend any revisions to the DFCs relevant to the District; and

WHEREAS, the Board finds that this proposed resolution to adopt the summary report is merited and necessary to support the District's efforts in managing the groundwater resources within the boundaries of the District in a manner consistent with the requirements of Chapter 36, Water Code, and the District Act, and that it is supportable under the laws of the State of Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

- (1) Each of the above recitals are true and correct.
- (2) The Board of Directors of the North Texas Groundwater Conservation District hereby adopts the "North Texas Groundwater Conservation District Summary Report of Comments Received on Proposed DFCs," which is attached hereto and fully incorporated herein by reference, in order to meet the requirements of Section 36.108(d-2) of the Texas Water Code.
- (3) The Board of Directors of the North Texas Groundwater Conservation District does not recommend any revisions to the proposed Desired Future Conditions relevant to the District.
- (4) The Board of Directors, its officers, and District staff are further authorized to take any and all actions necessary to implement this resolution, including but not limited to providing a copy of this resolution and the summary report to Groundwater Management Area 8 for consideration in adopting the Desired Future Conditions.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 19th day of July, 2016.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

By: _____
Board President

ATTEST:

Board Secretary-Treasurer

ATTACHMENT 14

North Texas Groundwater Conservation District

Well Registration Summary
As of May-31-2016

Well Type	Total Registered Collin County		Total Registered Cooke County		Total Registered Denton County		Total NTGCD	New Registrations since Apr-30-2016
	County		County		Denton County			
Agriculture	6		11		33		50	0
Commercial / Small Business	4		8		20		32	1
Domestic Use (household / lawn watering at residence)	53		248		390		694	7
Filling a pond or other surface impoundment**	33		15		42		92	3
Golf course irrigation	15		2		22		39	0
Industrial / Manufacturing	6		9		4		20	0
Irrigation	59		5		114		179	1
Leachate	0		0		0		0	0
Livestock Watering	6		48		29		83	0
Monitoring	0		0		0		0	0
Municipal / Public Water System	34		69		209		315	1
Other	11		5		25		41	0
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		53		60	0
Not Specified	12		11		32		56	3
SUM	240		437		980		1670	16

North Texas Groundwater Conservation District

Well Registration Summary
As of June-30-2016

Well Type	Total Registered Collin County	Total Registered Cooke County	Total Registered Denton County	Total NTGCD	New Registrations since May-31-2016
Agriculture	6	11	33	50	0
Commercial / Small Business	4	8	20	32	0
Domestic Use (household / lawn watering at residence)	53	250	399	705	12
Filling a pond or other surface impoundment**	33	15	42	92	0
Golf course irrigation	15	2	22	39	0
Industrial / Manufacturing	6	9	4	20	0
Irrigation	60	5	116	182	2
Leachate	0	0	0	0	0
Livestock Watering	6	48	29	83	0
Monitoring	0	0	0	0	0
Municipal / Public Water System	34	69	209	315	0
Other	11	5	25	41	0
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	53	60	0
Not Specified	12	11	33	57	1
SUM	241	439	992	1685	15

ADJOURN